

Appendix I

Summary of Report of Audit Assignments: April 2012 – September 2012: Assurance Assessments

Ref.	Report/Project	Date of Report	Report Assurance Level	Adequacy of response extract	Follow Up Assurance Assessment
1	Property Maintenance	May 2012	Limited	Appendix II	Substantial
2	Customer Complaints	May 2012	Substantial	Appendix III	Substantial
3	Building Control Partnership	June 2012	Substantial	Appendix III	Follow up scheduled 6 December 2012
4	Health & Safety	July 2012	Substantial	Appendix III	Follow up due February 2013
5	Grounds Maintenance	August 2012	Limited	Appendix II	Follow up due February 2013
6	Receipt and opening of tenders	August 2012	Substantial	Appendix III	Follow up due January 2013
7	Whistle-blowing Policy Review	September 2012	N/A – Policy review	Appendix IV	Not applicable
8	IT security policy & internal procedures	September 2012	Investigation	Appendix IV	Not applicable
9	Faversham Pools	September 2012	Substantial	Appendix III	Follow up due April 2013
10	Licensing of Private Sector Landlords	September 2012	Substantial	Appendix III	Follow up not required - no recommendations
11	NFI	September 2012	N/A	Appendix IV	Not applicable
-	Strategic Risk	September 2012	N/A	Appendix IV	Not applicable
MBC	Parking Enforcement (SBC and MBC) audit completed by MBC	July 2012	Substantial	Appendix III	Scheduled for January 2013

Summary of Internal Audit Evaluation of Control Environment – Assessed as Limited or Minimal

Service: Property Services
Audit title: Property Maintenance
Report Issued: April 2012

Audit Objectives:

The audit set out to verify that key management controls are in place to ensure the effective maintenance of the property portfolio through implementation of a sound property management strategy; well managed property maintenance contracts and an effective carbon reduction programme.

Key Findings:

The main issues arising from the audit were:

- Detailed condition surveys had not been completed for the Council's property portfolio during the past three years and a programme of reviews was required to inform the performance measure for property maintenance and to support the Asset Management Strategy and objectives.
- Confirmation was required from the Head of Property and the Asset Management Group of responsibility for approving projects to be funded by the Building Maintenance Reserve, and for the Carbon Management Invest to Save Reserve.
- Weaknesses were identified in the management of annual property service contracts and arrangements for the pre and post-inspection of repairs and maintenance work.
- Confirmation was required of ongoing responsibilities for delivery of the Council's Carbon Management Plan objectives.

Level of Assurance Issued: Limited

Management Response Summary:

All recommendations were accepted. The majority of actions were planned to be implemented immediately with the remainder planned for completion before December 2012. The management action plan was considered to be satisfactory.

Follow-up Assessment: Substantial

The only recommendation outstanding at the time of the follow up related to proactive management of reduction of carbon emissions from the Council's estate. During the follow up it was identified that the Head of Property Services will be incorporating this in service planning for 2013/14 and the Council has recently signed up to a Kent wide strategy – Climate Local Kent, which will consider actions/plans from the existing carbon management plan.

Service: Contracts & Procurement
Audit title: Grounds Maintenance
Report Issued: August 2012

Audit Objectives:

To establish and evaluate the processes and controls in place to effectively manage the Council's Grounds Maintenance Service Contract, including:

- Management and monitoring of the contractor in delivering the expected service
- Performance of the service and contractor
- Budgetary control and contract payments

Key Findings:

The audit established that there were strong financial controls in place surrounding Grounds Maintenance contract payments and budgetary control. However, weaknesses were identified in relation to the contract documents, additional work requests and contract monitoring.

Level of Assurance Issued: Limited

Management Response Summary: All of the recommendations have been agreed. Actions due to be implemented include: locating the original contract document and performance bond; introducing a pro-active on-location monitoring programme – including monitoring of health and safety; facilitating regular meetings between the contractor and the client and introducing a protocol for issuing additional work requests to the client.

Some of the recommendations have already been implemented and the remaining recommendations are due to be implemented by the end January 2013.

The management response is considered to be satisfactory

Proposed Date for Follow-up: Scheduled for February 2013

Summary of Internal Audit Evaluation of Control Environment Assessed as Substantial or High

Service: Commissioning & Customer Contact
Report title: Customer Complaints (CRM System)
Report Issued: May 2012

Audit Objectives:

- To review and evaluate the policy, strategy and structure in place for the management of complaints and any statutory provisions
- To review the CRM System to ensure that complaints are properly recorded, promptly actioned and resolved in line with authority guidance and standards
- To establish monitoring procedures to confirm delivery of accurate, timely and relevant management information
- To review resolutions procedures in place to support regulatory and local customer satisfaction objectives

Key Findings:

Controls over the complaints process are generally strong. The CRM system provides an efficient and effective monitoring control over customer complaints management. Systems training has been provided to front line staff and customer service standards have been introduced.

Improvements are needed in relation to the more consistent logging and classification of complaints and arrangements for keeping individual customers informed of the progress of their complaint investigation. Improvements were also recommended in the quality of complaints responses and monitoring and reporting procedures to ensure that customers are satisfied with the complaints processes and that adequate information on performance is provided to them.

Level of Assurance Issued: Substantial

Management Response Summary: All recommendations were accepted. The majority were due to be implemented by October 2012 with all actions scheduled for completion by March 2013. The Management response is considered to be satisfactory.

Follow-up Assessment: Substantial

One action remains incomplete, but had significantly progressed at the time of the follow up - the Customer Access Strategy is currently being reviewed with approval being sought from Cabinet at the March/April 2013 meeting.

Service: Property Services
Report title: Health & Safety
Report Issued: September 2012.

Audit Objectives:

- To review the Council's policy regarding health and safety of employees, and the adequacy of arrangements for carrying out the policy.
- To review the responsibilities and activities of the Health and Safety Officer and the Health and Safety Committee to monitor, promote and maintain health and safety arrangements within the Council.
- To review the systems in place to ensure that adequate training and awareness on health & safety is provided to the Council's employees.

Key Findings: The Audit concluded that the arrangements are generally strong. The Health & Safety policy is reviewed annually and there is a well established Health & Safety Committee which meets regularly. There are concise procedures in place for staff guidance with strong controls around the administration of the accident reporting system.

There is a strong Health & Safety training ethic with the introduction of an online training programme alongside external professional training companies. The Council's Health & Safety operations were subject to a peer review in September 2011. The review led to a number of recommendations for improvements; progress against the recommendations was considered during the audit and outstanding actions arising from the review were confirmed to have been prioritised and incorporated within the Corporate Health & Safety work plan.

Four recommendations were raised within the audit report. Key recommendations related to improvements in oversight and monitoring of Health and Safety arrangements both across the Council and for contracted-out Council services.

Level of Assurance Issued: Substantial

Management Response Summary: All recommendations were accepted and are due to be implemented by the end of December 2012. The management response is considered to be satisfactory.

Proposed Date for Follow-up: Scheduled for 31st January 2013

Service: Head of Planning Services
Report title: Building Control Partnership
Report Issued: June 2012

Audit Objectives:

- To identify and evaluate the governance arrangements surrounding the building control partnership
- To consider the financial arrangements surrounding the building control partnership (fee and non fee earning services)
- To establish whether the building control service provided through the partnership enables the Council to meet its statutory responsibilities
- To establish whether the building control service provided through the partnership enables the Council to meet its non-statutory, fee earning, value for money and customer care performance objectives

Key Findings: The audit identified that there are strong controls in place over the Building Control Partnership. A few minor improvements were identified to ensure that the Council continues to meet its statutory obligations in the future; for example, completing a full risk assessment of the partnership arrangements; ensuring that planned changes to the existing partnership model are subject to legal consultation / advice; performance targets are reviewed to ensure they remain achievable and procedures are introduced to ensure all recoverable costs from the abatement of dangerous structures are pursued.

Level of Assurance Issued: Substantial

Management Response Summary: All of the actions have been agreed and the actions are due to be implemented by December. The management response was considered to be satisfactory.

Proposed Date for Follow-up: Scheduled for December 2012

Service: Economies & Communities
Report title: Faversham Swimming Pools

Report Issued: September 2012

Audit Objectives:

- To establish the adequacy of governance arrangements in place between the Council and the Faversham Pools Management Committee (the Trust) and associated properties
- To consider the adequacy of the monitoring arrangements over the SLA and Trust agreement and the Council's internal monitoring and reporting arrangements
- To confirm whether payments made to Faversham Swimming Pool are authorised and in line with agreed terms

Key Findings: The audit identified that there is a good working relationship between the Council and the FSPMC and there are strong financial controls over the payments made to the FSPMC. Recommendations were made in the report to improve the monitoring arrangements over the service level agreement and to ensure that the new service level agreement, which will be in place from 1 April 2013, clearly sets out responsibility for health and safety, property maintenance and public liability insurance.

Level of Assurance Issued: Substantial

Management Response Summary: All of the recommendations have been agreed and all of the actions are due to be implemented by 1 April 2013.

The management response is considered to be satisfactory.

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

Service: Commissioning & Customer Contact
Audit title: Receipt and Opening of Tenders
Report Issued: September 2012

Audit Objectives:

- To establish compliance with Contract Standing Orders and internal procedures for the secure receipt and opening of tenders
- To consider the adequacy of the arrangements which are proposed for the receipt of electronic tender documents

Key Findings: Responsibility for the tendering process lies with the Contracts team. The Contracts team has been in place for 9 months and, in that time, have put in place documented procedures and templates to assist officers in the procurement process.

The report concluded that controls over the arrangements are generally strong

Recommendations arising from the audit related to the administration of tender receipt records and improved staff awareness of responsibilities for the receipt and secure storage of tenders.

Level of Assurance Issued: Substantial

Management Response Summary: All recommendations were accepted and are due to be implemented by the end of December 2012. The management response is considered to be satisfactory.

Proposed Date for Follow-up: Scheduled for January 2013

Service: Housing Services
Report title: Private Sector Licensing & Housing Inspection
Report Issued: September 2012

Audit Objectives:

- To establish and review arrangements for the licensing of private sector landlords;
- To establish the adequacy of inspection and enforcement procedures.

Key Findings: The audit confirmed that the Council is complying with statutory legislation for the licensing of HMO's, as prescribed by the Housing Act 2004, and that there are documented procedures in place which are being complied with. Audit testing confirmed that all known and relevant HMO's have a current and correct licence. All have been inspected and have been part of an active re-inspection programme. There are clear enforcement procedures in place to address non compliance with HMO conditions and at the time of the audit there were no outstanding enforcement issues.

The service also conducts reactive housing inspections in response to complaints from both tenants and private homeowners and inspection of properties prior to the award of a rent guarantee bond. Audit assessment of service performance targets, including response times, inspections and enforcement action, confirm that targets are being met and relevant health and safety and environmental standards are being maintained.

No recommendations for improvement in controls arose from the audit

Level of Assurance Issued: Substantial

Management Response Summary: A management response was not required as no recommendations arose from the audit.

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

Audit Objectives:

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

Key Findings:

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

Additional recommendations were raised:

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

Level of Assurance Issued: Substantial

Management Response Summary:

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

The management response was considered to be satisfactory.

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

Summary of 'Other' work completed by Internal Audit during the period April – September 2012.

Investigation: ICT security policy and internal procedures

Internal audit were requested to investigate an alleged breach of the Council's IT security policy and internal procedures

Key Findings:

The investigation did not identify any evidence to suggest that the Council's ICT security policy or internal procedures had been breached on this occasion. However, the investigation did identify issues with the reliability and quality of the data reported by the Council's internet usage monitoring software (Barracuda). The issues relating to the internet usage monitoring tool has now been addressed by the ICT team.

A full audit of PC & internet controls is scheduled within the 2013/14 audit Plan. This audit will test the controls surrounding the Council's internet usage monitoring tool and it will consider awareness of and compliance with the Council's ICT security policy.

Strategic Risk Management

Internal Audit is responsible overseeing the development of Strategic Risk Management within the Council. A fundamental review of the Council's strategic risks was undertaken by the Strategic Management Team and Cabinet Members in July/August and a new Risk Register agreed by Cabinet in September 2012.

Whistle Blowing Policy

This is one of four Policy work streams being carried out by the audit teams within the Audit partnership. The other topics are Risk Management, Money Laundering, and Anti-Fraud and Corruption. Each work stream has sought to identify best practice and policies/strategies that can be implemented across the four Councils. The intention is to bring a suite of revised policies for consideration by the respective Council's.

Audit Commission Fraud Survey 2011-1

The Audit Commission requires that the Council undertake an internal fraud survey and to submit the results to them in a prescribed format.

Internal Audit coordinated the survey and provided the information to the Commission. There were no issues arising from the survey. The results of the survey have been included within the Audit Commission publication – protecting the Public Purse 2012

National Fraud Initiative (NFI) – data matching exercise

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

Internal Audit facilitated the Council's NFI operations and sought to confirm that data matches from the 2011/12 Single Person Discount/Rising 18s exercise were being appropriately investigated and that the new data sets had been correctly and completely submitted for the wider 2012/13 initiative.

The review confirmed that investigation resources had been appropriately applied for the 2011/12 exercise and that 566 SPD matches had been fully investigated to date (91%), resulting on the removal of benefit to 118 claimants to the value of £46,660. The remaining cases were confirmed to be awaiting decision. A further 139 investigations have also been completed relating to the Rising 18s data matches (98%), resulting in £7,013 of withdrawn payments.

Summary Report of Audit Follow Up Assurance Assessments

	Follow Up reviews carried out April 2011- March 2012	Date of Follow Up	Audit Assurance Assessment	Follow Up Assurance Assessment	Direction of Travel
1	Appointment of Consultants	May 2012	Limited	Substantial	↑
2	Freedom of Information Compliance	May 2012	Substantial	High	↑
3	Housing Assistance Policy	May 2012	Substantial	High	↑
4	General Ledger (Budgetary Control)	May 2012	Substantial	High	↑
5	Project Management (Gateway Project)	August 2012	Substantial	Substantial	→
6	Income, cash, collection and banking	August 2012	Substantial	High	↑
7	Treasury Management	September	Substantial	Substantial	→
8	Benefits (overpayments & recovery)	October 2012	Substantial	High	↑
9	Council Tax (valuation, liability & billing)	October 2012	Substantial	Substantial	→
10	NDR (collections & refunds)	October 2012	Substantial	Substantial	→
11	Insurance	November 2012	Substantial	Substantial	→
12	Refuse Collection – waste and recycling	November 2012	Substantial	High	↑
13	Property Maintenance	November 2012	Limited	Substantial	↑
14	Complaints	November 2012	Substantial	Substantial	→

Remainder of Audit Plan: October 2012 – March 2013

Audit Subject	Service
Cemeteries	Leisure Services
Operational Risk Management	Corporate Review
CCTV	Community Safety
Property Management – Income	Property Services
Business Continuity	Resilience
Staying Put	Housing
Bank Reconciliation	Finance
Housing Benefits (claim application & assessments)	Finance
Payroll (SBC and MBC)	Human Resources
NNDR (recovery & enforcement)	Revenues & Benefits
Council Tax (collection & refunds)	Revenues & Benefits
Parking Income (SBC and MBC)	Parking Services
Accounts Payable & credit cards	Finance
Legal Services – shared service review (SBC/MBC/TWBC)	Legal Services

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 are 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>