

BUSINESS ASSURANCE PROGRESS REPORT – JULY TO SEPTEMBER 2015

1 Purpose

- 1.1 To receive the Business Assurance Services Progress Report of activity undertaken since June 2015.

2 Recommendations

- 2.1 The committee is recommended to note the progress report at Appendix A

3 Supporting Information

- 3.1 This report provides an update on the progress made against the 2015/16 Assurance Plan. Appendix A includes information on:
- Summary of assurance reviews completed or in progress
 - Overdue Audit Recommendations
 - Update on impact of Single Fraud Investigation Service
 - Revised Assurance Plan
 - Resource Changes

4. Reasons for Recommendations

- 4.1 Ensuring a proper and effective flow of information to Audit Committee Members enables them to perform their role effectively and is an essential element of the corporate governance arrangements at the council.

5. Resource Implications

- 5.1 There are no resource implications to report.



Business Assurance Services

Assurance Progress Report

September 2015

Contents

	Page
1. Assurance Work Completed since July 2015	3
2. Follow up Work	3
3. Assurance Plan Work in Progress	3
4. Revised Assurance Plan	4
5. Update on Impact of SFIS	4
6. Overdue Recommendations	5
7. Resources	5
APPENDICES	
Appendix 1 - Assurance Criteria	6
Appendix 2 - Revised Assurance Plan	7-13
Appendix 3 - Overdue Recommendations	14

1. Assurance reviews completed since the last progress report

Assurance Reviews			
No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
		Enterprise Car Pool (Savings)	
		Section 106 (Developer Contributions)	
		Conference Centre Income	

2. Follow up Work

Transparency Code – Compliance

A target of the end of June 15 was agreed for all datasets to be published. At the July committee it was agreed that this date would be extended to 31 August.

As at the date of this report there are still two main areas of the Code that are not compliant. The 2 areas are; ‘The Organisation’ (salaries, pay scales, senior posts and union facility time) and ‘Land & Property’. The Land & Property is more complex to resolve and work has started to update the Uniform system but this may take a couple of months to be completed. The HR information will be upload before the end of September 2015.

Technology One (Finance System) – Status Update

We reported in July that the replacement finance system Technology One went live on 1 June 2015. There were a number of areas of control that were not implemented at that stage and these were listed in the appendix to the report. The Project Board agreed that these outstanding areas would be implemented by 30 September 2015.

Business Assurance will carry out detailed testing during October / November and will report back at the next Audit Committee on the status of the outstanding recommendations.

3. Assurance Plan Work in progress

The following areas are in progress from the Assurance Plan

Assurance Plan Area	Type of Assurance	Progress
14/15 Policy	Advisory	Contract for software agreed and project

Compliance Software		implementation started. Expected to go live in October 2015.
15/16 Data Protection (Off site & Mobile Devices)	Assurance	The review is being scoped with a view to issuing a Terms of Reference and starting the review in September 2015.
15/16 Supplier Resilience	Assurance	The review is being scoped with a view to issuing a Terms of Reference and starting the review in September 2015.
15/16 Housing Allocations	Assurance	The review is being scoped with a view to issuing a Terms of Reference and starting the review in September 2015.

4. Revised Work Plan

The Assurance Plan has been reviewed and updated for the remaining six months to reflect changes which have meant some reviews are no longer a priority for this year and in other cases they have been merged with other reviews or removed all together. **Appendix 2** shows the work completed, outstanding and the changes.

5. Update on Impact of Single Fraud Investigation Service

The two Fraud Investigation staff who reported to the Revenues and Benefits Service Manager transferred to the DWP's Single Fraud Investigation Service on 2 February 2015. The Revenues and Benefits Service had already established a Compliance Team at that point and since then the work of the team has expanded to deal with the ongoing referral of Housing Benefit fraud cases to the DWP and to be the point of contact for any exchange of information between the Council and the DWP. These arrangements are documented in an SLA.

Any other allegations of council tax fraud are referred to the Compliance Team mailbox. The team are responsible for drawing information from various sources and making decisions to amend council tax accounts. Penalties will be added to your accounts where appropriate.

In addition the compliance team have a process for reviewing all discounts, exemptions and disregards on Council Tax which includes a risk based priority system.

In November the committee will receive a more detailed update on the work of the compliance team and the number of housing benefit fraud referrals and the amount of council tax recovered through the compliance team reviews.

6. Overdue Recommendations and Tracker

Appendix 3 shows the recommendations which have been outstanding over six months.

7. Resource Update

It was reported at the last committee that one of the internal auditors had left the Council at the start of April 2015. The work plan is being managed by the remaining auditor.

Since the last meeting the Business Assurance Manager has been seconded to a new role to lead a new venture to achieve substantial future income for the Council. This has initially been agreed for a twelve month period.

The Council is legally required to have an internal audit provision (albeit it can be provided by external provider if necessary) as directed by the Audit and Accounts Regulations 2015.

As the Business Assurance Manager has responsibilities which are not only internal audit the Director with responsibility Finance is seeking to find an interim solution. This may involve buying in or seconding in expertise from outside the Council as the Head of Internal Audit has to be experienced and qualified.

The aim is to have these arrangements in place from the beginning of October 2015. The Chair of the Audit Committee will be consulted before any arrangements are formalised.

A verbal update will be provided at the meeting.

Assurance Definitions

<p>Substantial</p>	<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p> <p>The risk of the activity not achieving its objectives or outcomes is low.</p> <p>As a guide there are a few low risk / priority actions arising from the review.</p>
<p>Reasonable</p>	<p>Our critical review or assessment on the activity gives us a reasonable level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are some improvements needed in the application of controls to manage risks. However, the controls are in place and operating sufficiently so that the risk to the activity not achieving its objectives is medium to low.</p> <p>As a guide there are mostly low risks and a few medium risk/priority actions arising from the review.</p>
<p>Limited</p>	<p>Our critical review or assessment on the activity identified some concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>The controls to manage the risks are not always being operated or are inadequate. Therefore, the risk of the activity not achieving its objectives is medium to high.</p> <p>As a guide there are mostly medium and a few high risk / priority actions arising from the review.</p>
<p>None</p>	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance. The controls to manage the risks are not being operated or are not present. Therefore the risk of the activity not achieving its objectives is high.</p> <p>As a guide there are a large number of medium and high risks / priority actions arising from the review.</p>

REVISED ASSURANCE PLAN 2015/16

Updated September 2015

COMPLETED REVIEWS

Review Area	Description	Reported to Audit Committee
Data Transparency	Provide assurance that the transparency requirements have been implemented and review data quality of key areas	Reported in Progress report July 15
Depot fuel management	To review the control and management of fuel at the depot including fuel cards	Reported in Progress report July 15
S106 allocations	Review of process for determining and allocation S106 monies.	Reported in Progress report Sept 15
Enterprise Car Pool	To review the controls in place for monitoring the use and administration of the pool cars and company cars	Reported in Progress report Sept 15
Conference Centre Income	Review of arrangement for the charging and collection of income	Reported in Progress report Sept 15
Fraud Identification – post SFIS	To review the impact of staff transferring to SFIS	Reported in Progress report Sept 15

OUTSTANDING REVIEWS

Review Area	Description	Progress/Expected Start date
Taxi Licensing	To review processes and controls for the issue of taxi licenses	Testing completed and report findings to be discussed on 17/9/15
Data Protection – Home working	To review the information risks and arrangements for staff who regularly work out of the office with access to personal data	Scope being discussed with Data Protection Officer.
Data protection – use of personal devices	To review use of personal devices for work	Scope being discussed with IT
Supplier Resilience	Assurance that key suppliers/contracts have adequate business continuity plans in place	Scope being discussed with HS&Resilience Officer

Core Financial - General Ledger	A review of budget setting, monitoring processes and reconciliations	Feb-16
Core Financial - Payroll	A review of payroll system and controls	Feb-16
Core Financial - Accounts payable	Review of new T1 process and controls to test that they are working as expected	Oct-15
Core Financial - Debtors	To review the new T1 process and controls to test that they are working as expected	Nov-15
Council Tax and Business Rates collections	A review of the key controls around the collection process	Dec-15
Housing Benefits and CT reduction	Review the processes and controls for the correct payment of housing benefits and application of CT reductions/exemptions	Nov-15
Housing Allocations	Review of housing allocations process	Scope being discussed with Housing Officers.
Banking	Review of closure of Coop Bank	Nov-15
Elections funding	To review the expenditure and resources incurred in managing the elections	Jan-16
SALIX funding	Review arrangements for managing SALIX projects	Jan-16
Chiltern Rail Account	Review controls around the account and reconciliation	Mar-16
Safeguarding	To assess the awareness and understanding of safeguarding in the high/medium risk services	Dec-15

OUTSTANDING/ONGOING ADVISORY WORK

Review Area	Description	Progress/Expected Start date
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New models of service delivery	Provide assurance/risk advice as part of any restructures or changes in model of delivery	ongoing
Major Projects	Ongoing assurance of major projects	BAS Manager attends meetings
Risk Management of Projects	Specific review of the management of risks in key projects –VALP, web replacement	RHRN done. VALP to be completed
Corporate Governance - Committee Reporting	Review arrangements for reducing risk of decisions being presented to committee without due diligence by key officers	Jan-16
Financial Regulations	Involvement in review of financial regulations	Finance expected to complete update by 30 Sept 15
Fraud Strategy	To update strategy and plan	Nov-15

ITEMS REMOVED OR CHANGED FROM ORIGINAL PLAN

ASSURANCE REVIEWS

Review Area	Description	Reason for Change	
NBM projects	Assurance review that benefits have been achieved	A separate review has been undertaken for the Car Pool Scheme which was an NBM project. There are no other major schemes to review in 15/16	Review need in Jan 16
Universal Credit	To be involved in the assessment of the impact of universal credit	More an item for gathering information in this year with a greater impact to come in following year	Postpone to 16/17
Corporate Plan	To assist in the development of the new corporate plan and monitoring arrangements	There are no plans to have a specific "corporate plan" in the format that has been adopted in previous years. There is ongoing work on developing a wider strategy for the future of the council	Review need in Jan 16

Culture	Assessment of culture against the AVDC values/future organisational needs	As a result of ongoing review of organisation direction and strategy the	Review need in Jan 16
Performance Scorecards	To work with services to develop performance scorecards	This is not a priority for Corporate Board and only the Corporate Scorecard is currently required	Review need in Jan 16
Shop Mobility	Review the legality of arrangements for the collection of donations and the running of raffles.	This is being picked up as part of a wider review of Shop Mobility by Engine Room	Remove
Debt collection – Bailiffs	To review process for the recovery of debts across the council using internal and external bailiffs	To be picked up as part of wider review of debt management planned by Director of Resources	Remove
Legal compliance	Review of new arrangements for legal advice	Arrangements for provision of legal services from HB Law has only been formalised from 1 Sept 15 so move to 16/17 plan	Postpone to 16/17
Garden and Trade Waste income	To provide assurance that Customers in receipt of service are correctly charged and non payments are promptly dealt with	Whole process reviewed as part of Right Here Right Now and automation due to start in November 15	Remove
VAT	Assurance that T1 process for VAT accurate	Include as part of review of AC Receivables	Remove
Recruitment	To review the processes around recruitment which manage the risk of fraud	Include as part of payroll audit	Remove

ADVISORY WORK

Fraud data matching	To review options for maximising the internal and external sources of data for identifying fraud	Limited resources to progress. RHRN project providing some cross matching for customer relationship system (CRM)	Postpone to 16/17
Asset Management Strategy	Is the council securing value from its assets /review development of asset management strategy	There is no strategy in place yet	Postpone to 16/17
Contract Management	Continue with work on contract management	Resource limitations - pushed work	Remove

	arrangements	back to iESE	
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Appendix 3 – Overdue Recommendations Tracker

Recommendation	Risk and Impact	Management Action agreed	Priority	Target date	P (Partial) N(not started)	Update management response as at September 2015
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Network Drives Audit

A more managed environment should be created and properly communicated by IT to facilitate joint-working and file-sharing across services.	<p>Risk: Unmanaged data storage environment leads to noncompliance with AVDC Information Security Policies and Data Protection Act. Because of the volume of data that has built up over 10+ years on the AVDC-High Street drive information is difficult to search and much of it is likely to be obsolete.</p> <p>Impact: Financial cost of supporting the drive plus low-probability/high impact risks related to Data Protection Act compliance. (E.g. obsolete Shared Housing Register was secure in the sense that it was held on the network but it was not kept in compliance with the Data Protection Act principles because the data was no longer needed.)</p>	A Sharepoint environment to replace the current 'shared area' will enable more and better sharing of information. This will need to be carefully managed as per project plan to be developed as a response to Rec 1 page 8.	High	1/5/2012	P	<p>Update 16/9/15</p> <p>Kirsten Shaw – IT Division</p> <p>We are still evaluating options. The licensing for Box has been found to be prohibitively expensive, the complexity and cost of designing and implementing a SharePoint solution are similarly off putting. Other potential solutions are now being researched.</p>
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