Audit Committee
26 June 2018

INTERNAL AUDIT PROGRESS REPORT – JUNE 2018

1   Purpose

1.1   To receive the Internal Audit Progress Report of activity undertaken since March 2017.

2   Recommendations

2.1   The committee is recommended to note the progress report.

3   Supporting Information

3.1   This report provides an update on the progress made against the 2017/18 Internal Audit Plan and includes information on:

- Internal audit reviews completed and in progress
- Changes to the 2017/18 internal audit plan
- Implementation of agreed audit actions

3.2   The Committee requested that all internal audit reports are presented in full. These are included in Appendix 3.

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.

Contact Officer:
Kate Mulhearn, Corporate Governance Manager 01296 585724
Background papers: none

Internal Audit

Progress Report

June 2018

Contents

1. Activity and progress

The 2017/18 internal audit plan was approved by the Audit Committee in July 2017. A summary of the plan is included in Appendix 2. We monitor progress against the plan during the year and advise the Audit Committee of any changes.

Final reports issued since the previous Committee meeting

Name of review	Risk rating*	Date of final report	No of recommendations made*			
			🔴 Critical	🟠 High	🟡 Medium	🟢 Low
Accounts Payable	Medium	12.6.18	-	1	1	1
Payroll	Low	12.6.18	-	-	2	-

* See Appendix 1 for the basis for classifying internal audit findings and reports.

The full reports are attached in Appendix 3 and summarised below:

Accounts Payable

This report is classified as Medium Risk. We issued one high, one medium and one low risk finding relating to:

- The timeliness of Purchase Order (PO) approval and payments made to suppliers within 30 days performance has deteriorated compared to the prior year. We analysed 100% of purchase transactions made from April 2017 to January 2018. From the 5,652 invoices received by the Council during this period, 40% had POs raised either on the same day or later than the invoice date. 21% of invoices were processed for payment over 30 days later than the invoice dates. (High)

- Key performance indicators have not been reported and monitored. (Medium)

- Historic duplicate and incomplete supplier information should be reviewed and cleared in TechOne. (Low)

Overall, there has been a decline in performance compared to prior year, primarily as a result of organisational changes, new staff and capacity issues.

Payroll

This report is classified as Low Risk. We issued two medium risk findings as a result of:

- There is no up to date Travel and Subsistence Policy for staff and Managers to follow when submit the claims and the narratives held in expense claims are not sufficient. (Medium)

- Starters, leavers and variations are not always processed in line with the Council's requirement and forms were completed post and prior to the start and leaving dates respectively. (Medium)

Against the key objective of payroll i.e. payments made are in line with Council establishment lists and are accurate/complete through to payslips, we did not identified any issues.

2017/18 internal audit plan work in progress

With the exception of a small piece of work to obtain an independent review of the Annual Governance Statement, the Internal Audit Plan for 2017/18 has been completed.

Summary of changes to the 2017/18 internal audit plan

To remain relevant, the annual internal audit plan should be flexible to respond to emerging or changing risks. With budget constraints, there is also a need to ensure prioritisation is given to work which will achieve the greatest value to the organisation. The following changes were made to the 2017/18 plan since it was approved in July 2017:

Name of review	*Comment*
Accounts Receivable	Work is continuing to progress on implementing actions identified in prior year internal audit reports. Progress is being monitored through the audit action follow up process. A review will be performed in 2018/19 when the new processes are in place.
Tech1	An action plan is in place to update the Tech1 system and improve operational functionality. A Tech1 "system review" will be included in the 2018/19 plan and an appropriate scope of work agreed.
Budget Management	The prior year actions relating to improved budgetary reporting are progressing but are dependent on the Tech1 upgrades outlined above. The Council has delivered a balanced MTFP and forecast outturn for 2017/18 so the overall risk is considered low at this stage.
Aylesbury Vale Estates	A review of governance arrangements over the investment in AVE will be undertaken in 2018/19, drawing upon lessons leaned from the review of Aylesbury Vale Broadband.

In addition to the agreed internal audit plan for 2017/18, the Audit Committee commissioned an independent review of the Council's governance arrangements for Aylesbury Vale Broadband. The outcome of this was reported to Audit Committee in June 2018.

2. *Implementation of agreed audit actions*

We monitor the implementation of actions and recommendations raised by internal audit reviews to ensure that the control weaknesses identified have been satisfactorily addressed. Actions arising from low risk audit findings are followed up by management and reviewed, but not validated, by internal audit.

Progress on implementing the prior year actions for Accounts Payable and Payroll is set out in the attached reports (Appendix 3).

A detailed listing of all internal audit actions, together with status update is included in Appendix 4. In total 112 actions were followed up for the June 2018 Audit Committee – this included an update on all actions whether they were due for June 2018 or whether they had a later due date. 62 out of 112 actions are complete which equates to 55%.

Appendix 1: Internal audit opinion and classification definitions

The overall report classification is determined by allocating points to each of the individual findings included in the report.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Report classification		Points
●	Critical risk	40 points and over
●	High risk	16– 39 points
●	Medium risk	7– 15 points
●	Low risk	6 points or less

Individual findings are considered against a number of criteria and given a risk rating based on the following:

Finding rating	Assessment rationale
Critical	A finding that could have a: • *Critical* impact on operational performance; or • *Critical* monetary or financial statement impact [quantify if possible = materiality]; or • *Critical* breach in laws and regulations that could result in material fines or consequences; or • *Critical* impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: • *Significant* impact on operational performance; or • *Significant* monetary or financial statement impact [quantify if possible]; or • *Significant* breach in laws and regulations resulting in significant fines and consequences*; or* • *Significant* impact on the reputation or brand of the organisation.
Medium	A finding that could have a: • *Moderate* impact on operational performance; or • *Moderate* monetary or financial statement impact [quantify if possible]; or • *Moderate* breach in laws and regulations resulting in fines and consequences; or • *Moderate* impact on the reputation or brand of the organisation.
Low	A finding that could have a: • *Minor* impact on the organisation's operational performance; or • *Minor* monetary or financial statement impact [quantify if possible]; or • *Minor* breach in laws and regulations with limited consequences; or • *Minor* impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Appendix 2: Internal audit plan and progress tracker

The 2017/18 Annual Internal Audit Plan was approved by members of the Audit Committee in July 2017. Progress and changes are reported below.

Review	Description	Status/Comment	Overall Risk Rating
General Ledger	Assurance over control design and operating effectiveness of key financial processes.	Complete	High
Accounts Receivable		Defer to 2018/19	-
Accounts Payable		Complete	Medium
Payroll		Complete	Low
ITGC for TechOne	Review T1 application controls to ensure the data is complete, accurate and valid.	Will be considered in 18/19 after T1 upgrades	-
Budget Management	Deferred for consideration in 2018/19, with focus on completion of previous audit actions during current year.		-
Governance & Risk Management	Review of compliance with CIPFA framework.	AGS 2017/18 will be reviewed (June 18)	Advisory
Housing Benefits		Complete	High
Council Tax & Business Rates		Complete	Medium
Planning & Planning Enforcement	Processes for applications/appeals, data validation and enforcement.	Complete	Medium
Building Control	Include fire safety checks.	Complete	Medium
Licensing	Focus on taxi licensing and safeguarding controls.	Complete	Medium
Commercial AVDC Programme Assurance	Focus on structures and processes to monitor and report savings & income commitments.	Complete	Advisory
Aylesbury Vale Estates	Assess governance arrangements for the Council's wholly or partly owned companies.	Defer to 2018/19 post AVB (Jan18) review	-
Vale Commerce		Company has been wound up	-
Aylesbury Vale Broadband (follow up)		Complete	Advisory
Follow up audit actions	Validation that agreed internal audit actions have been implemented.	Complete	N/A
Disabled Facilities Grant	Grant compliance requirements	Complete	N/A
2016/17 reviews concluded and reported in 2017/18			
Commercial Property Service Charges		Complete	Medium

Appendix 3: Internal audit reports

The Committee requested to see all internal audit reports in full. Those completed since the last meeting are attached below.

1.   Accounts Payable
2.   Payroll

Appendix 4: Summary of internal audit actions

In total 112 actions were followed up for the June 2018 Audit Committee – this included an update on all actions whether they were due for June 2018 or whether they had a later due date. In the detailed follow-up report, the previous action dates are shown along with the new revised date.

62 out of 112 actions are complete which equates to 55%. Of these, 17 High rated actions are complete with 10 High actions outstanding which demonstrates 63% completion rate of actions arising from High risk findings.

The overall engagement in the follow-up process was strong with clear demonstration that the actions arsing from Internal Audit reviews were being actively progressed. This is a significant improvement on previous follow-up reports.

In-Progress and Completed internal audit actions are set out in the tables below.

Name of review	Agreed actions due	Outstanding			Completed actions
		High	Medium	Low	
Accounts Receivable 2016/17	8	3	-	1	4 (50%) (3H / 1L)
Budget Monitoring 2016/17	6	-	1	-	5 (83%) (5 L)
Commercial Property Service Charges 2017/18	9	-	-	-	9 (100%) (4H / 1M / 4L)
Contract Management 2016/17	1	-	-	-	1 (100%) (1M)
Council Tax and Business Rates 2017/18	4	-	1	1	2 (50%) (1M / 1L)
Disabled Facilities Grant 2016/17	2	-	-	-	2 (100%)
Fixed Assets 2016/17	6	-	2	-	4 (67%) (4L)
Safeguarding 2016/17	8	2	-	2	4 (50%) (4H)
Treasury Management 2016/17	2	-	-	-	2 (100%) (2L)
Building Control 2017/18	13	-	5	5	3 (21%) (3L)
General Ledger 2017/18	17	1	6	3	7 (41%) (2H / 3M / 2L)

Name of review	Agreed actions due	Outstanding			Completed actions
Housing Benefit 2017/18	11	4	-	-	7 (64%) (4H / 3L)
Planning & Planning Enforcement 2017/81	10	-	3	4	3 (30%) (3M)
Taxi Licensing 2017/18	15	-	4	2	9 (60%) (9M)
Total	**112**	**10**	**22**	**18**	**62 (55%)**

Internal Audit Report 2017/18

Accounts Payable

May 2018

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Distribution List

For action   Amanda Williams - Finance & Payroll Manager

                        Nuala Donnelly – Strategic Finance Manager

For information   Isabel Edgar Briancon – Assistant Director

                        Andrew Small – Section 151 Officer

                        Audit Committee

This report has been prepared only for Aylesbury Vale District Council in accordance with the agreed terms of reference. The findings should not be relied upon by any other organisation.

1. *Executive summary*

Report classification*	Total number of findings				
		Critical	High	Medium	Low
	Control design	-	-	1	-
Medium Risk (14 points)	Operating effectiveness	-	1	-	1
2016/17 – Low risk (3 points)	**Total**	**-**	**1**	**1**	**1**

*We only report by exception, which means that we only raise a finding / recommendation when we identify a potential weakness in the design or operating effectiveness of control that could put the objectives of the service at risk. The definition of finding ratings is set out in Appendix 1.

Summary of findings

This report is classified as Medium Risk. We have issued one high, one medium and one low risk finding. Overall, there has been a decline in performance compared to prior year, primarily as a result of organisational changes, new staff and capacity issues.

The Council's 'No PO, No Pay' policy was implemented in response to previous years' internal audit findings. Although both manual and automated (TechOne) procedures have been designed to ensure that all payments are supported by an approved purchase order (PO), goods received note (GRN) and invoice, the controls are somewhat ineffective as a large volume of POs (40%) are raised on the same date or after the invoice is received. Unless POs are raised and authorised in advance of placing the order for goods or services, there is a risk that the Council may be committed to unauthorised or unbudgeted expenditure. We also noted that 21% of invoices were processed over 30 days (up to 241 days) later than the invoice date.

With regards to performance indicators, since the previous Income Manager left (summer 2017), no KPIs have been reported and monitored, leading to insufficient oversight and scrutiny of the functions performance. We also noted duplicate and/or incomplete suppliers' information being input in TechOne.

Since the prior year internal audit, controls have been put in place to ensure that each Council credit card transaction is allocated to a General Ledger (GL) code within a month from the statement date, and VAT receipts are attached to the transactions in TechOne for cost centre managers' review. The Strategic Finance Team review them again before posting in GL. Our sample testing identified no discrepancies.

Summary of findings

- The timeliness of Purchase Order approval and payments made to suppliers within 30 days performance has deteriorated compared to the prior year. We analysed 100% of purchase transactions made from April 2017 to January 2018. From the 5,652 invoices received by the Council during this period, 40% had POs raised either on the same day or later than the invoice date. 21% of invoices were processed for payment over 30 days later than the invoice dates. (High – Finding 1)

- Key performance indicators have not been reported and monitored (Medium – Finding 2)

- Duplicate and incomplete supplier information should be reviewed and cleared in TechOne (Low – Finding 3).

Good practice noted

- Accounts Payable documentation of processes are being amended to reflect the current practice which given the size of the team and changes due to the restructure is good practice

- Controls have been put in place since August 2017 to ensure all corporate credit card transactions are allocated to the correct GL code with receipt attached, and authorised properly by the Cost Centre Managers. Our sample testing did not identify any discrepancies

- Segregation of duties are maintained via the TechOne workflow and between the Departments and The Finance Team, ensuring that no PO is raised by the same person who processes the invoice

- There are sound procedures over the correct authorisation and verifying the accuracy of transactions for the process of matching the purchase order, invoice and receipt of goods on the system. There are work flow processes for purchase orders, invoice data has to be input by an Officer and goods need to be confirmed on the system as being receipted. Once all three elements agree, the system will automatically identify those where there is a 'three-way match' and transfer them to the payment run

- A report monitoring all changes made to bank details is run from TechOne and reviewed by the Payroll and Finance Manager at the end of each week

- Our testing concluded that for a sample of 15 purchase orders that, they were all raised through the TechOne workflow system and authorised by line managers and we had no issues to note on the accuracy of transactions and whether they were authorised by an individual with delegated authority

Management comments

The report has brought to light some key opportunities to improve controls and processes within the team and the wider organisation. The findings themselves are reflected in the work programme for the Finance & Payroll team, additionally the Finance & Payroll Manager is working closely with the Procurement and Contract Management team, to support the roll out of new training/awareness raising for new managers and administrators across the organisation to embed new process around the "No PO No Pay" policy.

2. Background and Scope

Background

Accounts Payable and the procure to pay process is managed through the main financial system, TechOne. The Accounts Payable Team within Business Support & Enablement are responsible for setting up new customers, making changes to accounts and authorising invoices for payment runs; local teams raise and authorise purchase orders, as well as receipt goods. The activities within accounts payable are underpinned by the Council's financial regulations and procedures.

Scope

The scope covered the key risks set out in the Terms of Reference (see Appendix 2), including a review of the use of corporate credit cards, the payment run process and change controls for supplier details. We reviewed the Council's procedures for raising a new supplier and a sample of payments made to suppliers.

Our testing in these areas included:

- Testing a sample of 5 new/existing supplier forms raised, reviewed and inputted appropriately and accurately

- Correct use of corporate credit cards, receipting and approval. Declaration forms authorising the use of corporate credit cards

- Detailed testing of a sample of 15 transaction entered, obtaining purchase order forms, reviewing invoices and confirmation of the goods received

- Undertaking data analytics on 100% (5,652) of purchase transactions raised through TechOne for the period 1 April 2017 to 31 January 2018, to identify duplicate payments; round some value on transactions; all transactions where the same user has requested the PO and verified the subsequent invoice; purchases outside users' authorisation limit; transactions made on a weekend; payments where the purchase order requisition date is later than the invoice date

- Undertaking data analytics on all supplier accounts recorded in TechOne as at 12 February 2018, to identify suppliers with duplicate bank details; accounts with the same supplier name or address but have different bank details; suppliers with duplicate supplier name and address; suppliers bank details which are the same with employee bank details.

This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Timeliness of Purchase Order approval and payments made to suppliers within 30 days performance has deteriorated compared to the prior year – Operating Effectiveness

Finding

No payment should be processed without a Purchase Order (PO) under the Council's 'No PO, No Pay' policy. The Department that needs to make the purchase raises the PO requisition, which becomes a PO when it is approved by the Department Manager. The Department also confirms receipt on TechOne when goods/services have been delivered. The Finance Team process the invoices received and send these for payment after checking they match the receipt notes and the POs.

PO requisitions should be made prior to the order being placed. This provides an essential control to ensure that the Council is not committed to unapproved or unbudgeted expenditure. The 'No PO, No Pay' policy requires that all invoices should have PO numbers stated on them, or else they will not be processed for payment.

From the 5,652 invoices received by the Council during 1 April 2017 to 31 January 2018, POs for 2,293 (40%) were raised either on the same day or later than the invoice date, and therefore non-compliant with expected practices. Waste, Fleet and Operations have raised the majority of late POs in 2017/18. We have been informed that deterioration in compliance is due to staff changes and individuals adjusting to new roles and responsibilities. The detailed listing of the most frequent non-compliances by username and supplier was shared with the Finance and Payroll Manager for monitoring purposes. Please also see Appendix 3 for the graph the of late POs by Department. As the graph below shows, compared to 2016/17, when the "No PO, No Pay" policy was being actively monitored, performance has deteriorated.
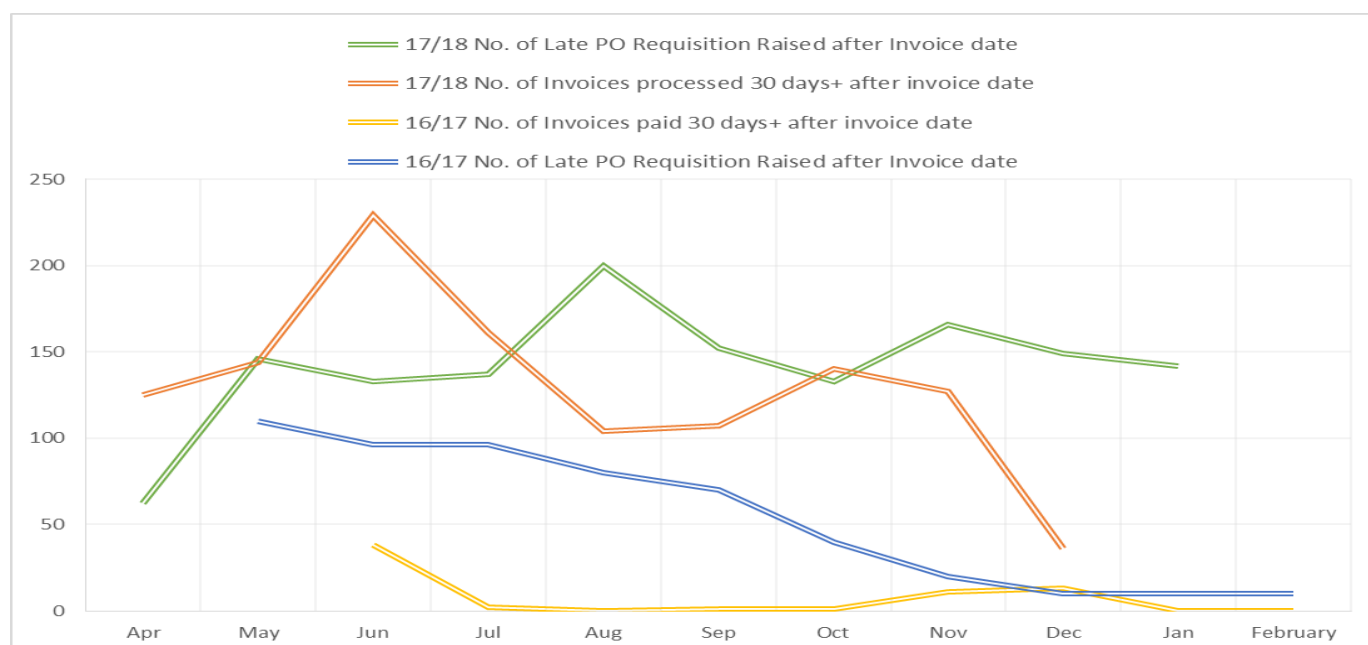
In addition, the rates of late payment being made (invoices paid 30 days+) have significantly increased during 2017/18 compared to last year. We noted that 1,173 (21%) invoices were processed over 30 days later than the invoice date. The main reason for the deterioration in processing times was due to the capacity in the post room where invoices were not scanned and forwarded to the Finance Team efficiently. The majority of delayed invoices were late for 35 – 50 days. Less than five invoices were very late (over 120

days), at the extreme, one was 241 days and two 210 days late.

Risks / Implications
The Council may be committed to unauthorised and unbudgeted expenditure. Late payments may result in penalty charges to the Council and poor supplier relationships.

Finding rating	Action Plan	
High	a) Review the process for receipting of invoices to automate where possible and avoid duplication, to ensure timely approval and payment. b) Produce updated guidance for staff on process and procedures to raise and approve PO and GRNs, including the 'No PO, No Pay' policy. c) The Finance Team should run the list of PO breaches on monthly basis to identify the most frequent offending department and report to the Finance Business Partner.	*Responsible person / title* Amanda Williams - Finance and Payroll Manager *Target date* 31 December 2018

2. *Performance is not monitored and reported – Control Design*

Finding

Key Performance Indicators (KPIs) are a useful tool which aid in evaluating how effectively the Council is achieving targets and objectives. Since the previous Income Manager left, no KPIs have been reported and monitored, leading to insufficient oversight and scrutiny of the functions performance. As finding 1 illustrates, performance has deteriorated compared to prior year when more active KPI monitoring was taking place.

KPIs that had been reported and monitored previously in 2016/17 were:

- Number of supplier creations after invoice date

- Number of invoices paid 30+ days after the invoice date

- Number of days after the invoice that a PO is approved.

Below is a list of KPIs that should/could be reported and monitored on monthly basis (including the KPIs recommended in the prior year Internal Audit Report).

To support financial control and efficiency:

- Number and % of POs approved on or after invoice date, analysed by department - Financial control

- Number and % of invoices processed 30+ days later than the invoice date – Financial Control

- Number and % of invoices paid within agreed payment terms – Supplier Relations

- Number of supplier creations after invoice date - Financial control

- Number of duplicate/incomplete supplier accounts as a % of total - Financial control (This will be covered further in finding 3).

- % of low value invoices (less than £x) – Consider moving to Credit Card Purchase

Additional good practice:

- Invoices processed per FTE in the Transaction Finance Team - Efficiency

- Processing cost per supplier invoice - Financial Control Process - Efficiency

- Total cost of the Accounts Payable process per £1,000 revenue – Efficiency

- Total cost of the Accounts Payable process per £1,000 purchases – Efficiency

- % of invoices under query – Efficiency

- % of invoices received electronically – Efficiency

Risks / Implications

Non compliance with established financial procedures may go unnoticed.
Opportunities for improved compliance and greater financial efficiencies might be missed.

Finding rating	Action Plan	
Medium	a) Agree the KPIs to be monitored and build standard system generated reports to support these.	*Responsible person / title*
		Amanda Williams - Finance and Payroll Manager
	b) The performance of key indicators should be reported to the Strategic Finance Manager monthly to ensure they have oversight of trends and performance and are able to take action on poor performing indicators.	*Target date*
		30 September 2018

3. *Duplicate/Incomplete Supplier Information in TechOne – Operating Effectiveness*

Finding
When a new supplier is required in order to make a purchase (value under £30k), a New Supplier Form should be completed by the department and approved by Procurement before Finance can set the new supplier up in TechOne. Changes to supplier information is confirmed and processed by the Finance Team. A weekly report monitoring all changes made to bank details is run from TechOne and reviewed by the Payroll and Finance Manager.

We obtained a list of the Council's suppliers that are recorded in TechOne as at 19 February 2018. From the 1,792 supplier accounts, we noted the following discrepancies -

- 34 suppliers accounts do not have a name - potential unqualified payees being set up

- 70 suppliers accounts do not have a corresponding bank account – weak data input that causes delay in the payment

- 9 groups of different accounts (21 accounts in total) that have the same bank account do not have the same name/address/post code – risk that unqualified suppliers being set up

- 38 pairs of accounts appear to be duplicate accounts (same bank account and same post code) but with different wording in the name/address – weak data input that causes confusion when payment is processed.

The Finance and Payroll Manager amended the New Supplier Form in January 2018 to ensure full supplier information is entered by the department when the Form is completed. The Finance & Payroll Manager reviews this before the new supplier is created in the system. The Procurement Team has also been involved to improve the new supplier approval process, with all purchases for less than £1,000 being directed to use the corporate credit card. |

Risks / Implications
Inefficiencies in the supplier set up process; wrong supplier is used; Payments to wrong bank account; Supplier payment fraud risk.

Finding rating	Action Plan	
Low	All supplier accounts held in TechOne should be reviewed to clear inaccurate/duplicate data. Thereafter this should be reviewed on at least a quarterly basis.	*Responsible person / title*
		Amanda Williams - Finance and Payroll Manager
		Target date
		31 July 2018

Appendix 1.   Finding ratings and basis of classification

Report classifications

The overall report classification is determined by allocating points to each of the individual findings included in the report.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Overall report classification		*Points*
●	Critical risk	40 points and over
●	High risk	16– 39 points
●	Medium risk	7– 15 points
●	Low risk	6 points or less

Individual finding ratings

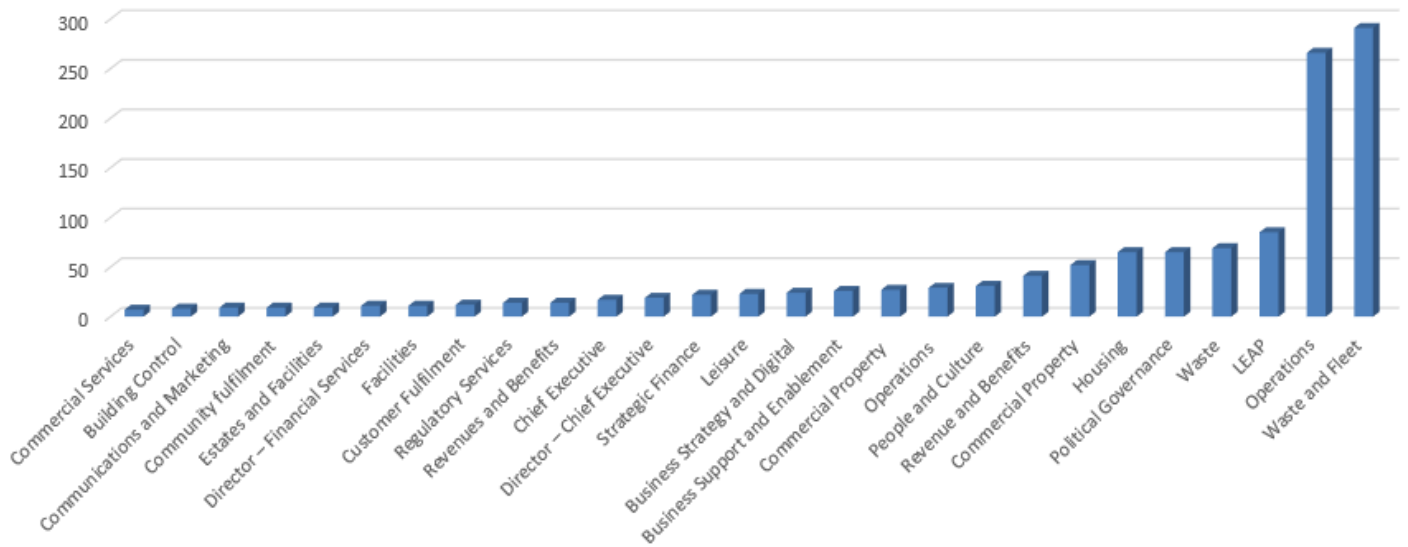| Finding rating	Assessment rationale
Critical	A finding that could have a: • **Critical** impact on operational performance; or • **Critical** monetary or financial statement impact **[quantify if possible = materiality]**; or • **Critical** breach in laws and regulations that could result in material fines or consequences; or • **Critical** impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: • **Significant** impact on operational performance; or • **Significant** monetary or financial statement impact **[quantify if possible]**; or • **Significant** breach in laws and regulations resulting in significant fines and consequences*; or* • **Significant** impact on the reputation or brand of the organisation.
Medium	A finding that could have a: • **Moderate** impact on operational performance; or • **Moderate** monetary or financial statement impact **[quantify if possible]**; or • **Moderate** breach in laws and regulations resulting in fines and consequences; or • **Moderate** impact on the reputation or brand of the organisation.
Low	A finding that could have a: • **Minor** impact on the organisation's operational performance; or • **Minor** monetary or financial statement impact **[quantify if possible]**; or • **Minor** breach in laws and regulations with limited consequences; or • **Minor** impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Appendix 2. Terms of reference

The key risks agreed in the Terms of Reference are set out below.

Sub-process	Risks	Objectives
Policies and Procedures	Inaccurate and untimely financial information	• Financial regulations, policies and procedures are in place • Processes are clearly documented • Roles and responsibilities are clearly defined and understood. Training is adequate for new users and system changes.
Supplier changes	Fraudulent payments to suppliers	• Due diligence is performed on new suppliers to ensure they are valid and approved • All requests to change supplier details are checked for legitimacy. Segregation of duties exists in the approval of changes before they are made and there is regular review of all changes to standing data.
Procure to Pay	Unapproved and unbudgeted expenditure	• Delegated authority and workflow processes to approve orders and purchases are operating effectively. • Payments are reviewed for accuracy and only made when receipt of goods/services is confirmed. • Procedures are in place to confirm the validity of data and approval of payment runs.
Corporate credit cards	Inaccurate and incomplete expenditure	• Card payments are monitored, verified and approved appropriately to ensure accuracy and validity of expenditure.
Financial commitments	Inability to manage financial commitments	• Procedures are in pace to monitor outstanding financial commitments in current and future years
Management information	Inaccurate and untimely management information	• Management information is reported and key performance indicator information is assessed to monitor the activities undertaken.
Prior year audit recommendations	-	• Prior year audit recommendations have been adequately addressed.

Appendix 3.   PO Requisition After Invoice Date

From the 5,652 invoices received by the Council during 1 April 2017 to 31 January 2018, 2,293 (40%) were raised either on the same day or later than the invoice date. We selected the POs raised after the invoice date (1,420, 25%), analysed the TechOne user who approved late POs more than five times during the period and list the volume of late POs by the Department they are in.

Appendix 4. Follow-up of previous audit actions

#	Finding (risk)	Agreed Action	Target Date	Action Taken	Complete
1	Corporate credit card expenditure is not always supported by receipts (Low)	1) Remind all credit holders of the importance of attaching receipts to purchases, with the need for a suitable explanation for any transactions not supported with a receipt. Credit card holders that continually do not attach receipts should be suspended from using their corporate credit cards for a limited time period and cards cancelled if issues continue. 2) Remind approvers to review receipts and ensure these are in line with the procedures for the type of transaction, i.e. standard receipt for non-VAT items and VAT receipts for VAT inclusive items. Purchases where a VAT receipt is required, but not attached, should not be approved unless a justification has been included in the comment box. 3) Update procedure notes to include a time-frame detailing when staff are expected to upload a receipt and assign an expenditure code. Roll out the new procedures to all credit card holders, highlighting the repercussion for appearing on the 'exception list' three times in 12 months.	June 2017	1) All purchases had receipts attached. A Finance Assistant is assigned to review this every month 2) Approvers review receipts for all purchases and allocate them to a GL code 3) The Finance Assistant makes sure that all transactions are reviewed and allocated to GL code within a month from the statement date	Yes
2	Future purchase commitments are not regularly assessed (Low)	1) The current year-end Purchase Order and commitment review process should occur on at least a quarterly basis. 2) Multi year contract expenditure should be appropriately recorded and phased over the life of the contract to enable future financial commitments to be assessed.	(no date set – part of Management Action Plan)	1) The Strategic Finance Manager confirmed that information on POs is extracted from the financial ledger at Year End. For POs that have not yet been matched to an invoice, the detail will be reviewed by the Business Partners and will be used to inform accruals of expenditure. This allows an accurate reflection of known	1) Complete – The team will continue to monitor spend and PO requisitions, work closely with Corporate Contracts and Procurement to capture

				commitments in the annual accounts, although it has not been taken place quarterly.	the information correctly and in a timely fashion as part of the financial management processes.
				2) The use of TechOne to record future years financial commitments is being phased out and a new process being developed with the Corporate Contracts & Procurement team. Expected implementation date September 2018.	2)Ongoing This will be reviewed as part of the Audit Actions follow up process
3	Insufficient performance indicators are assessed and not reported to Finance (Low)	1) Expand the key performance indicators and assess the performance of these monthly. This will be considered as part of the "In-phase" business intelligence project. 2) The performance should be reported to the Strategic Finance Manager to ensure they have oversight of trends and performance. The Income Manager should continue to take action on poor performing indicators.	1) July 2017 – Develop suit of KPIs 2) Ongoing – Analyse KPIs and report/ discuss monthly	Since the previous Income Manager left, no KPIs have been reported and monitored, leading to insufficient oversight and scrutiny of the functions performance	No. See Finding 2.

Aylesbury Vale
District Council

Internal Audit Report 2017/18

Payroll

May 2018

Contents

Distribution List

For action	Bethany Wootton - Payroll Manager
	Ella Palmer - HR Manager
	Amanda Williams - Finance and Payroll Manager
	Nuala Donnelly - Strategic Finance Manager
For information	Andrew Small – Section 151 Officer
	Isabel Edgar Briancon – Assistant Director
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This report has been prepared only for Aylesbury Vale District Council in accordance with the agreed terms of reference. The findings should not be relied upon by any other organisation.

1. Executive summary

Report classification*	Total number of findings				
		Critical	High	Medium	Low
	Control design	-	-	1	-
Low Risk (6 points)	Operating effectiveness	-	-	1	-
2016/17 – Low risk (6 points)	**Total**	-	-	**2**	-

*We only report by exception, which means that we only raise a finding / recommendation when we identify a potential weakness in the design or operating effectiveness of control that could put the objectives of the service at risk. The definition of finding ratings is set out in Appendix 1.

Summary of findings

This report is classified as Low Risk. We have issued two medium risk findings.

As reported in last years audit review, there is no up to date Travel and Subsistence Policy and insufficient guidance has been provided to Managers to ensure they review and authorise the claims properly. In addition, the narratives held regarding the nature and purpose of the expenses are not sufficient.

We also noted issues with the completion of New Starter and Leaver Forms. We found there were instances where Leaver Checklists are not fully completed in line with Council's standard procedures (not formally documented) and forms were completed post and prior to the start and leaving dates respectively.

Against the key objective of payroll i.e. payments made are in line with Council establishment lists and are accurate/complete through to payslips, we have not identified any issues – we have noted Good Practices below.

Summary of findings

- There is no up to date Travel and Subsistence Policy for staff and Managers to follow when submit the claims and the narratives held in expense claims are not sufficient (Medium – Finding 1)

- Starters, leavers and variations are not always processed in line with the Council's requirement (Medium – Finding 2)

Good practice noted

- The Payroll Manager reviews all elements of changes in pay compared to previous month as recommended in the prior year Internal Audit report - see Appendix 3

- iTrent updates are managed by the Payroll Manager. These are booked in with a test update scheduled with a week prior to the live update to provide assurance on the continuity of payroll

functions. Arrangements are in place for the next update to take place on 24 March 2018.

- Monthly Gross to Net reconciliations are completed by the Payroll team and reviewed properly by the Payroll Manager. Our review did not identify any discrepancies

- Core users of iTrent are properly authorised and set up by the Payroll and HR Managers. No iTrent access issues were identified.

- Initial and final pay calculations are accurate with appropriate documents to support calculations

- Tax and National Insurance deductions are accurately calculated in line with government standards, from our sample of parameters tested.

Management comments

Since the completion of audit fieldwork, the Council made a decision to replace iTrent with a new integrated HR and Payroll system, XCD. This will enable more automated workflows, reducing the amount of manual intervention in payroll data. XCD will replace iTrent fully in November 2018.

The findings of this report are being addressed in the design of controls in the new system.

2. Background and Scope

Background

AVDC uses the iTrent system to process payroll. The payroll team is led by the Payroll Manager who is supported by two payroll staff who process new starters, leavers and variations. Employee Contracts are managed by the HR team; these details are subsequently passed onto the payroll team for processing to ensure correct payments are made as per the employees' contract. In addition, the payroll team also process overtime and expenses.

Scope

The scope covered the key risks set out in the Terms of Reference (see Appendix 2), including a review of the user access on iTrent; starters, leavers and variation processes; payroll reconciliation records; iTrent system updates; transition of existing staff; and expense claims.

Our testing in these areas included:

- Testing a sample of 5 iTrent core users to confirm they were set up in the system appropriately

- Testing a sample of 10 starters, 10 leavers, 5 variations in hours and 5 variations in grades to confirm that they are properly processed and pay is calculated correctly

- Review the last three months' payroll reconciliation records to confirm payroll data is accurate and reviewed appropriately

- Testing a sample of 10 expense claims to ensure claims are made in accordance with the Council's Policy and there is sufficient narrative attached to the claims for management approval

- Review iTrent updating schedules to ensure the correct parameters are embedded in the system.

This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Expense claim policies outdated and expense claim narrative not sufficient – Control design

Finding

The Council reimburses its employees for all reasonable and necessary expenses, such as mileage and work related purchases. For the period 1 April 2017 to the 31 January 2018 mileage claims totalled £28,992 and fares and subsistence totalled £9,742.

Since April 2017, all expense claims should be made via iTrent Self-service by the individual member staff. Once submitted, the expense claim will be automatically routed to their manager, who is pre-determined based on delegation setup in the system. Payroll will only receive the expense claim after the relevant manager has authorised it for payment. We reviewed 10 expense claims from April 2017 to January 2018 to confirm each expense has been made reasonably and appropriately.
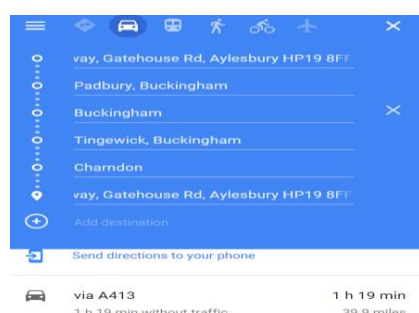
Subsistence

When Council staff submit expense claims for fares/subsistence, they are required to attach the VAT receipts for the managers' review. After submission, the receipt cannot be retrieved or reviewed from the system; it can only be seen at the time by the approving manager. Staff are advised to keep the receipts for one year to meet potential HMRC requests of evidence. Furthermore, there is no detailed description entered with the claim for managers to judge whether the claim is made appropriately. Typically, and in the vast majority of cases, single words such as 'London' or 'Coffee' was input.

Mileage

Staff enter business trip start and end locations, reason for the trip and relevant mileage (after deduction of home to office mileage) in iTrent for mileage claims. However, staff do not put post codes in the trip destinations as was advised in the Payroll Audit in 2016-17. We have done a sense-check using Google Maps on a number of the mileage claims tested and set out an example below.

In this example, our calculation shows 40 miles should be claimed rather than 48 miles. This journey was on the expense claim as travel from the "Council – Padbury - Buckingham – Tingewick – Charndon" (we presume a return at the end back to the Council). Our calculation, using the locations stated and not exact destinations as that is all we have to go by, leads to a difference of the 8 miles (17% less should be claimed). If this error rate was applied to all expense claims, the Council could have overpaid £4,832 based on the total expense claims (£28,992) in 2017/18. This is a cursory method of extrapolation however, does demonstrate how small differences could add up to greater amounts.

The Payroll Team relies on a managers' review and authorisation to ensure claims are made accurately and in line with the Council's Policy. As there is no up to date Policy that sets out what expenses are qualified as reimbursable, and there is no training/guidance provided to managers on what to check when reviewing a claim, we do not have sufficient assurance on whether manager's review is completed appropriately.

Policy

The Travel and Subsistence Policy on the Council's Intranet has not been updated since 2015. Issues relating to the current Policy:

- It still reflects the process of paper form claims
- There is no requirement for staff to attach the receipts with the claims
- There is no requirement of the level of detailed to input in the narratives
- There is no detailed list of reimbursable subsistence expenses – only breakfast, lunch and dinner on a business trip are listed in the Policy

Risks / Implications
Expense claims may not be valid.

Finding rating	Action Plan	
Medium	a) A full review of all HR/Employment policies and procedures is in progress and is due for completion in November 2018. The Travel and Subsistence policy will be reviewed and updated as part of this. b) Guidance documents will be produced including specific requirements for receipts and how to review the reasonableness of claims. c) The new payroll system should be configured to enable the capture of sufficient detail for expenses to be reviewed, reported and monitored.	*Responsible person / title* Payroll Manager - Bethany Wootton Ella Palmer - HR Manager *Target date* *a) & b) – 30 November 2018* *c) 31 December 2018*

2.   *Starters, leavers and variations incorrectly processed – Operating effectiveness*

Finding

Starter Forms are completed for new staff joining the Council. Leaver Forms are completed prior to the last working day for the member of staff. Both Starter and Leaver Forms must be signed off by the relevant Managers and payslips should be calculated appropriately with relevant documents on file supporting the calculations. Leaver Checklists Forms accompany the Leaver Forms and are completed by Payroll and Line Managers to ensure access rights are removed where appropriate.

During 2017 there was a Council wide restructure whereby a significant number of staff either left the Council or had their positions/hours changed. The process for staff who went through the restructure were the same as normal leavers or variation of contracts; this meant HR did issue a formal letter stating the variations to the employee after the line manager sends through the confirmation of variations.

We tested a sample of 10 starters, 10 leavers, 5 variations in hours, and 5 variations in grades to confirm that they are properly processed and pay was calculated correctly, and we identified:

Starter Forms

- 1 Starter Form was completed 14 days later than the start date. This did not affect pay but led to potential risk of a new starter getting access to Council activity and assets before all checks are undertaken.
- For new starters at Pembroke Road in December, we noted £2,230 was paid outside the normal pay run as the Starter Forms were not passed from HR to payroll until January 2018.

Leaver forms and checklists

- 1 leaver did not have a Leavers Form completed. This was a casual worker whose Leavers Form was missed by the Community Manager. As casual workers are paid based on actual shifts work, no pay has been made to this person since the leaving date. The Leavers Form was completed at the time of the audit.
- 1 Leaver Form was completed after the staff member's last day due to the Manager not processing the Leavers Form in timely manner. The individual was paid correctly however.
- 1 leaver had 10 remaining holidays before he left but the Manager incorrectly entered in the Leavers Form stating no holiday remained. The staff noted the error subsequently and informed the Council at which point the holiday pay was made two months after the staff member's last day.

Variations

- 1 member of staff was due to change their contract hours in August 2017 but HR incorrectly processed the Variation Form in June 2017 with the change, resulting in incorrect pay in June and back pay in July.

Risks / Implications

Incorrect calculation and payment of salary / benefits in the month due.

Inappropriate/unauthorised access to council systems.

Finding rating	Action Plan	
Medium	A project to develop an automated starter/leaver process involving IT, HR, Finance, Facilities, Admin teams, commenced in May 2018. This will address	*Responsible person / title*
		Payroll Manager – Bethany Wootton

	many of the manual process issues identified in this finding. In the mean time: d) Staff should be reminded that all Starter and Leaver Forms should be completed in a timely manner e) Variation letters should be checked by one other member of the HR team to verify accuracy before issuing.	Ella Palmer - HR Manager *Target date* 31 July 2018

Appendix 1.   Finding ratings and basis of classification

Report classifications

The overall report classification is determined by allocating points to each of the individual findings included in the report.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Overall report classification		Points
●	Critical risk	40 points and over
●	High risk	16– 39 points
●	Medium risk	7– 15 points
●	Low risk	6 points or less

Individual finding ratings

Finding rating	Assessment rationale
Critical	A finding that could have a: • ***Critical*** impact on operational performance; or • ***Critical*** monetary or financial statement impact **[quantify if possible = materiality]**; or • ***Critical*** breach in laws and regulations that could result in material fines or consequences; or • ***Critical*** impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: • ***Significant*** impact on operational performance; or • ***Significant*** monetary or financial statement impact **[quantify if possible]**; or • ***Significant*** breach in laws and regulations resulting in significant fines and consequences*; or* • ***Significant*** impact on the reputation or brand of the organisation.
Medium	A finding that could have a: • ***Moderate*** impact on operational performance; or • ***Moderate*** monetary or financial statement impact **[quantify if possible]**; or • ***Moderate*** breach in laws and regulations resulting in fines and consequences; or • ***Moderate*** impact on the reputation or brand of the organisation.
Low	A finding that could have a: • ***Minor*** impact on the organisation's operational performance; or • ***Minor*** monetary or financial statement impact **[quantify if possible]**; or • ***Minor*** breach in laws and regulations with limited consequences; or • ***Minor*** impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Appendix 2.   Terms of reference

The key risks agreed in the Terms of Reference are set out below. Each finding in the report is linked to a key risk from the Terms of Reference.

Sub-process	Risks	Objectives
Policies and Procedures	Insufficient policies and procedures are in place for staff to follow	• Policies and procedure are clear, understood and followed to ensure the objectives of payroll activity are met
Access	Inaccurate access and manipulation of data	• Access to systems is controlled to manage unauthorised manipulation of data
Reconciliation	Inaccurate payroll data and reconciliation record	• Reconciliation performed to ensure data held is accurate and complete
System upgrades	Incorrect payroll parameters in iTrent	• Upgrades including standing data occur in a timely manner and reflect changes to parameters
Starters, Leavers, Variations	Fictitious employees are created, leavers are not removed from pay run, and variations are not authorised and processed appropriately.	• Starters and leavers are processed accurately. Initial and final payroll transactions are calculated correctly. Variations to contracts undergo the correct approval process
Transition of internal staff	Inaccurate payroll data and incorrect payments made to staff change from temporary to permanent positions	• Appropriate procedures for the correct transition of temporary to permanent staff
Expense claims	Fraudulent expense claims are submitted	• Appropriate evidence to support expense claims and/or approval procedures are unclear and not followed
Parameters	Incorrect parameters placed into iTrent, impacting the classification and value payroll costs	• Payroll costs and payslips are calculated accurately and in line with government parameters.
Prior year agreed actions		• Prior year agreed actions are completed

Appendix 3.   Follow-up of previous audit actions

#	Finding (risk)	Agreed Action	Target Date	Action Taken	Complete
1	iTrent does not allow a report to be run for changes to hour and grade made within the year. There is no control to monitor and review changes to individuals' contracts. (Medium)	Payroll should consider the types of reports that should be run which can aid the financial reporting/management oversight and ensure these functionalities are built into iTrent. Periodically review of changes to standing data should be performed to ensure all changes are valid and authorised.	March 2017	Although the system still cannot generate report on changes, the Payroll Team has been comparing all staff pays between the current month and previous month via an 'Element of Changes Report' every month. Differences over £100 will be checked against relevant evidence on iTrent to ensure all changes are valid and authorised. We confirmed that all the changes are reviewed properly in 17/18	Yes
2	Insufficient narrative on iTrent to describe expenses. Inconsistent processes applied to support claims with receipts. (Low)	• HR to update the Travel and Subsistence policy to represent the new procedures for retaining receipts • The Council should remind all staff submitting expenses to include sufficient detail for the reviewer to assess whether the expense claim is appropriate or not. • If there are plans to move to a new Payroll system, the Council should consider implementing a system which allows the upload of receipts to support expense claims.	March 2017	Travel and Subsistence Policy has not been updated There are still no sufficient details in the expense claims Staff have been using self-service function on iTrent to submit claim and all claims are having receipts uploaded for managers review	Partly. See Finding 1
3	New starter and leaver forms are not always fully completed. (Low)	• Staff should be reminded that all starter and leaver forms should be completed in a timely manner. All leaver forms should be completed in full, including Payroll and Manager Checklists. • HR should consider the effectiveness of the Checklist with the	February 2018	We noted again the Starters and Leavers Forms are not completed in timely manner, but checklists are completed in line with the requirement HR has adopted the checklists we recommended There is no automated starter/leaver process	Partly. See Finding 2

	possibility of including tick boxes next to each requirement on the leaver checklist. See Appendix 3 • Consideration should be given to the automation of the starter/leaver process on the Service Desk Portal.				
4	Casual worker pay rates are not regulated or reviewed annually in the same way as the standard 'SG' grades that are applied to employees. A pay rate structure for casual workers is currently being drafted.(Low)	To formally adopt a Corporate 'Pay Rate Structure' for Casual Workers. Managers should not set their own hourly rates outside of this structure.	March 2017	A pay rate structure for casual workers is available for managers to comply with when submit pay for casual workers. The Community Managers (who are responsible for authorising casual workers shifts) review the claims and authorise the pay claims accordingly.	Yes

Progress update on overdue/not yet due actions

Name of review	Action	Finding risk rating	Update	Revised Date
Accounts Receivable 2016/17	For all income streams, develop reports and KPIs, including aged debt reports, to effectively monitor and manage debt at the corporate and budget holder level.	High	A debt report is now in place and is presented to the to Finance Group. This is a significant step to improve the control environment. This is deemed in progress however, as formal KPIs are in still being identified and we require to see evidence that these are effective and being monitored.	~~30/09/17~~ ~~28/02/18~~ 31/07/18
Accounts Receivable 2016/17	Identify good practice (external networks eg HB Overpayments) and benchmark debt management	High	Various groups are attended however, to make this relevant the Council first needed good and regular debt management reports. Per the above action, the report is now produced and reported however needs to embed for some time to judge whether it is effective and therefore this has been put as in progress.	~~30/09/17~~ ~~28/02/18~~ 31/07/18
Accounts Receivable 2016/17	Debt management procedure notes are required for all income streams, including raising invoices, chasing payment, writing off, timeframes, escalation and recovery mechanisms	High	The Debt Strategy needs to be rolled out which is still in progress. Once this has happened then detailed procedures behind each area can be produced/finalised.	~~30/09/17~~ 31/12/18
Budget Monitoring 2016/17	• In the Quarterly Digest, each portfolio area should be expanded to include an overall summary of the financial position in that area. • As part of the ongoing Business Intelligence project, plans should be developed to move towards integrated reporting, for example: o The extension of non-financial information to support the Quarterly Digest o The incorporation of corporate key performance indicators o The incorporation of corporate / portfolio risks. • Quarterly Digest must be issued within 6 weeks of the quarter ending and promptly be issued to Members for scrutiny. Ideally Members	Medium	Progress has been made in this area. On 5 February 2018 a paper was issued to Members asking for feedback on the Quarterly Digest and feedback was broadly positive with few changes to make. These changes have been made which included more income and expenditure information. However, the timeliness of issuing the Quarterly Digest is still not being met with the 2017/18 Q4 paper not being issued until June 2018. Management feel the Quarterly Digest could go further. The focus now is 'recognising month end' and conducting monthly checks and this has included a 'check and balances' document to look at key monthly statistics reviewed by the	~~31/07/17~~ ~~30/11/17~~ ~~30/06/18~~ 31/12/18

Name of review	Action	Finding risk rating	Update	Revised Date
	scrutiny occurs within 8 weeks of the quarter ending.		Strategic Finance Manager'. The Finance Team also have new business partner who started in April 2018 which has already led to a monthly look at agency spend per Assistant Director. There is a lot of activity here and therefore this is still in progress.	
Council Tax and Business Rates 2017/18	Northgate has a feature that enables an event date to be set. This should be utilised to prompt the Council Tax team to follow up on accounts to ensure that discounts are still applicable.	Medium	This is in progress. From July 2018 review dates will be used to ensure discounts and exemptions are reviewed on a regular basis. Reviews will be a monthly task. A procedure and training will be completed thereafter.	~~31/07/17~~ ~~28/02/18~~ 31/07/18
Council Tax and Business Rates 2017/18	Write off procedures should be produced and approved for future use.	Low	The debt policy has now been agreed and we have a format that has been approved by Andrew Small. However, the assessment of whether any balances over 180 days go for write off has not yet been complete as there are a large volume of transactions to go through and therefore this is in progress.	~~31/07/17~~ ~~28/02/18~~ 31/07/18
Fixed Assets 2016/17	Finance Manager should contact the IT Manager and Fleet Manager in February each year to request: • A comprehensive listing of all capital assets they hold • The location of the assets • The unique identifier of the asset • The current cost estimate of the asset • The useful economic life of the asset The Finance Manager should ensure the details are received by 31 March each year. Any necessary updates to LogoTech along with the relevant accounting changes should be made. Ongoing, regular reconciliation should be undertaken to ensure that system errors are	Medium	The Council have engaged LogoTech in early March 2018 for 2017/18 year-end who provided a full days training session and support. The Council as part of this: 1) Reconciled opening balances 2) Checked system and maximised its capabilities and; 3) Year end valuation engaged with partners early December 2017. This was followed by another day in early April 2018 with LogoTech. All of this is considered to have significantly improved the control environment and oversight of fixed assets. To date the work papers for external audit have been produced and completed. However, as external audit are due to conduct testing in this area in June and July it is deemed appropriate to show this as in progress and "completed" once the EA has concluded.	~~30/04/17~~ ~~31/03/18~~ 31/07/18

Name of review	Action	Finding risk rating	Update	Revised Date
	identified and corrected. Management should determine the frequency but of there is significant movements, this could be quarterly.			
Fixed Assets 2016/17	When the fixed asset register is updated annually in April the following steps should be taken: • Sample checks should be conducted to verify the correct calculation of depreciation in line with the Council's Accounting Policy • A review of the draft fixed asset register should be performed by the Finance Manager to identify any anomalies such as those identified as part of this review and these should then be investigated and corrected • The above tasks should be recorded on a template to identify that one member of the Finance Team conducted the sample checks and another member of the Finance Team (i.e. the Finance Manager) reviewed these checks. The template should be signed and dated by the two separate members of the Finance Team.	Medium	Per above, significant investment has been made with LogoTech but deemed in progress due to external audit review.	~~30/04/17~~ ~~31/03/18~~ 31/07/18
Safeguarding 2016/17	The training records for each employee and their safeguarding level should be linked to their profile in the HR system. Moreover monthly reports should be generated and sent to managers to raise awareness of the compliance rate of each unit. Non-compliance with training should be noted in individuals' performance appraisal discussions.	High	The Assistant Director is due to send an email to all Assistant Directors in June 2018 to request them to identify the correct level (1 to 4) for all their staff. Once this is returned, discussions can be undertaken re: appropriate training required.	~~31/12/17~~ ~~31/05/18~~ 31/08/18
Safeguarding 2016/17	Employees in the Level 4 Exposure list are advised to receive refresher trainings on a more frequent basis (every two years)	High	Per above. Assistant Directors need to classify the levels of their staff and then training can be delivered.	~~31/12/17~~ ~~31/05/18~~ 31/08/18

Name of review	Action	Finding risk rating	Update	Revised Date
Safeguarding 2016/17	Define the DS/DBS check criteria for a given job role and ensure it is consistently applied in the 'new structure'	Low	HR are in the process of doing this. So far this has been done for new staff but has not yet been done for existing staff. There is some work required to go through this as it requires an assessment of every employee.	~~30/09/17~~ ~~31/05/18~~ 31/10/18
Safeguarding 2016/17	The DS/DBS check records should include the date of each check and the date it needs to be re-checked.	Low	Per above, once HR have completed their assessment this can then be logged.	~~30/09/17~~ ~~31/03/18~~ 31/12/18
Planning & Planning Enforcement 2017/18	The internal process should also identify lessons learned from the types of feedback received and set actions to change processes – this should be documented.	Medium	This is in progress. Whilst the data is there and reported, there is not a formal lessons learned process in place and this is being developed.	~~31/01/18~~ 30/09/18
Planning & Planning Enforcement 2017/18	Proactive planning enforcement needs to be undertaken per the Planning Enforcement Plan. Formal reporting to the Group Manager/Assistant Director on a quarterly basis is needed to assess the effectiveness with action taken thereafter	Medium	Current resourcing of the team makes the delivery of proactive planning enforcement activities difficult. In addition there are dependencies with the planning service (e.g. discharge of conditions) that mean that work has to be carried out in planning before the Enforcement Team can implement a more proactive planning enforcement service. The Council have carried out an initial review into what forms of proactive work they may be able to deliver within available resource and will report to Env & Living Scrutiny Committee on this in October 2018.	~~31/03/18~~ 31/10/18
Planning & Planning Enforcement 2017/18	Twice yearly Member/Officer engagement sessions are held where concerns regarding process or systems are discussed openly with jointly agreed actions made.	Medium	At a demo session in February 2018 the second part of the session was general comments/feedback from Members. There was also a report taken to the Scrutiny Committee on 22 May 2018 setting out progress made in Development Management and a general update. However, a formal agreed list of actions was not developed and this needs to be produced.	~~31/05/18~~ 31/07/18
Planning & Planning Enforcement	The email traffic to the inbox needs to be monitored to assess the level of cases	Low	This is in progress. The Council have in place plans to split the Council Members into 4 districts	~~31/01/18~~ 31/07/18

Name of review	Action	Finding risk rating	Update	Revised Date
2017/18	coming in. Ideally these would also be classified into type. Appropriate action based on the analysis should then be taken		and each area will get a newsletter about activity in July 2018 and thereafter a frequency will be set. This newsletter will include progress/actions on the liaison officers role and how email traffic has been managed and relationships with Town Councils have changed.	
Planning & Planning Enforcement 2017/18	Send all Parish Councils a survey to assess the effectiveness of the PLO with clear actions set based on the results	Low	A survey was sent on 20 February 2018 which included parishes. However, formal actions post this have not been identified and transparently agreed.	~~31/03/18~~ 31/07/18
Planning & Planning Enforcement 2017/18	Pre application costs need to be substantiated to set out how hourly costs have been calculated and specifically setting out the recovery of any administration costs	Low	Reviewing fees currently. The Council increased fees in line with 2 years of inflation on 1 April 2018 (6%). However, are currently in the process of breaking down the fees to understand each assumption and element within in. Early analysis of fees has already changed processes e.g. pre-application advice no longer includes a report but just a face-to-face meeting.	~~31/03/18~~ 31/09/18
Planning & Planning Enforcement 2017/18	Pre application costs need to also cover the use of consultants (temporary staff) specifically identifying and applying their costs	Low	Per above	~~31/03/18~~ 31/09/18
General Ledger 2017/18	Automated system interfaces, reporting and system configuration. This includes a lengthy list of actions including new financial management reporting, debt management, Northgate system integration, property ledger, for example. Progress on actions should be regularly reported to the Finance Steering Group.	High	The System Accountant is working closely with the Transactional Finance Team to learn more about operational side. As part of this a better understanding of interfaces will be achieved. Once this is complete further action can be taken to progress this. A work plan is being developed and will be reported to Finance Steering Group.	~~30/06/18~~ 30/09/18
General Ledger 2017/18	The reconciliation manual should be completed, identifying frequency and responsibility for each financial reconciliation.	Medium	This will be included into the Finance Team Work Plan. Currently as part of monthly checks and balances, the list of reconciliations have been ticked through by the Strategic Finance	~~30/06/18~~ 30/09/18

Name of review	Action	Finding risk rating	Update	Revised Date
			Manager to ensure they have been completed. However, this is deemed in progress as the 'tick through' is not an assessment over whether the reconciliations are sound/robust and whether they are supported by sound procedure notes. There is still more work to be done in this area to gain comfort over the reconciliations which needs to be re-assessed to see if this requires process notes or some other way of gaining comfort over the balances reconciled.	
General Ledger 2017/18	Officers with responsibility for reconciliations should be trained to ensure process are carried out	Medium	Per above	~~30/06/18~~ 30/09/18
General Ledger 2017/18	Carry out at least quarterly reviews of changes to user access to the system to ensure access is set up accurately and restrictions remain appropriate	Medium	The Finance Team conducted a large piece of work in October 2017 to check who was in certain delegated pools etc. to see if they were appropriate. A process to get more regular review of this information is due to be started.	~~30/06/18~~ 30/09/18
General Ledger 2017/18	The HR leavers reports provided to the Finance Team should be reviewed and actioned within 3 working days to ensure that access is deactivated. Responsibility for this should be formally assigned to an individual, with reviews being documented on the HR leavers report to evidence what changes were made. Any workflows which operate through an account requiring deactivation should be assigned to other users and accounts should not remain active in a dormant state to continue the workflows.	Medium	There is now a corporate wide starters and leavers project group to look at access rights and remove access for individuals where required. This is in progress.	~~30/06/18~~ 30/09/18
General Ledger 2017/18	Access restrictions be placed on supplier accounts, with accounts being set up as and when needed for limited periods of time (prior year	Medium	It was initially considered that this was not required to be done as TechOne responded that all their staff needed access. This is to be re-assessed and the question	~~30/06/18~~ 30/09/18

Name of review	Action	Finding risk rating	Update	Revised Date
	action re-raised)		asked over whether individuals should/should not be removed and therefore this is in progress.	
General Ledger 2017/18	Introduce procedure to carry out annual reviews of user access to ensure it was appropriate (prior year action re-raised)	Medium	Per above re: corporate wide starters and leaver group, this is in progress.	~~30/06/18~~ 30/09/18
General Ledger 2017/18	Run reports from the Tech1 system on a quarterly basis listing all changes made to the chart of accounts within the period and review these reports to confirm all changes are appropriate and accurate.	Low	There are plans in place for this to be added to the monthly checks and balances report.	~~30/06/18~~ 30/09/18
General Ledger 2017/18	Undertake quarterly reviews or spot checks of high risk journals to ensure documentation and review processes for journals are taking place appropriately	Low	Discussions on this have taken place. The Strategic Finance Manager is to go back to the Finance Team to discuss this and then assess if this should be incorporated into the monthly checks and balances document.	~~30/06/18~~ 30/09/18
General Ledger 2017/18	Establish control procedures to ensure high risk (non standard) journals are not prepared and approved by the same individual	Low		~~30/06/18~~ 30/09/18
Housing Benefit 2017/18	When the automatic process is established, determine frequency of reporting and investigation of any differences (at least monthly)	High	The exceptions report was completed in April 2018. CR and Finance are continuing to streamline the data on the exceptions report. It is expected to be completed by July and will then be a daily task.	~~30/04/18~~ 31/07/18
Housing Benefit 2017/18	Identify sufficient /additional resources to enable effective recovery of housing benefit overpayments. This should include proactive measures such as "attachment to earnings" and profiling of balances to ensure those with most chance of recovery are prioritised. Target recovery rates should be agreed to justify the return on any additional financial investment in resource.	High	There is now a HBOP officer and DEA are now run through ASH. The team also receive a weekly report from Tech One of overdue Invoices and broken payment arrangements.

This is still in progress yet as target recovery rates have not been agreed. | ~~30/06/18~~ 31/07/18 |
| Housing | Produce monthly/quarterly | High | At the June 2018 Finance Steering | ~~30/06/18~~ |

Name of review	Action	Finding risk rating	Update	Revised Date
Benefit 2017/18	monitoring reports of overpayment benefits debt issued and recovered, including reports of aged debt to the Finance Board		Group confirmation was given that the new report is being built. This will then be rolled out to others and training given.	31/07/18
Housing Benefit 2017/18	Debts deemed irrecoverable should be written off in accordance with the new debt policy	High	New Debt Policy has been approved by management and will go to Scrutiny for approval. However, an assessment of each individual balance is a large task and this will take time to go through and then either chase or present for write-off and therefore this is in progress.	~~30/06/18~~ 30/09/18
Taxi Licensing 2017/18	Management conducts sample testing on at least a quarterly basis to confirm whether applications and service request records on Salesforce contain appropriate and sufficient evidence and action records. Evidence of check must be retained and exceptions must be recorded and communicated to the Group Manager – Regulatory Services.	Medium	The Council has set up a template where at least 3 cases per employee are picked and checked each month with feedback given immediately. The template was reviewed and is sound to capture key compliance issues. As staff are currently being trained it was deemed right not to start the monthly cases spot-checks until they have had the training - we agree with this judgement and therefore this is in progress until this mechanism becomes operational.	~~30/06/18~~ 30/09/18
Taxi Licensing 2017/18	A pro-active enforcement activity programme to be created. It must document the planned activities.	Medium	Schedule has been created. This is to be put out to officers and then agreed.	~~30/06/18~~ 30/09/18
Taxi Licensing 2017/18	This programme must be reviewed and monitored on at least a quarterly basis. Progress and changes to the programme must be recorded in Officer meetings	Medium	All enforcement activities and outcomes are now recorded on the Salesforce system. All officers have had basic training, with a monthly audit of a selection of completed cases with feedback given arrangements in place. This cannot be monitored yet and therefore is in progress.	~~30/06/18~~ 30/09/18
Taxi Licensing 2017/18	Set out standard timeline parameters for processing decisions and protocols for where the Council diverge from these timelines.	Medium	Timeline parameters will be set with the team when 6 week intensive training is complete; This is scheduled for W/C 11th June. The team have set up some initial SalesForce reporting and monitoring around enforcement cases over 28 days but need to	~~30/05/18~~ 31/07/18

Name of review	Action	Finding risk rating	Update	Revised Date
			work on implementation of standard timelines to decision panel.	
Taxi Licensing 2017/18	Licensing Committee Member training should be reviewed to ensure that all requirements in the Councillors Handbook are sufficiently covered	Low	Training to be planned for 10 September 2018.	~~31/07/18~~ 30/09/18
Taxi Licensing 2017/18	A summarised hand out of training notes should be provided to Members for future reference.	Low	Per above	~~31/07/18~~ 30/09/18
Building Control 2017/18	Policies and procedures covering all activities undertaken by the Building Control Team should be documented, approved and disseminated to all relevant Officers. Such policies and procedures should cover for example: • The correct process and timeline to be followed for building control inspections from receipt of application to issue of certificate • The process for rejecting applications • The inspection and recording requirements • Timescales for acknowledging an application • Guidance on how many inspections to undertake per specific applications • How to undertake a quotation if the application is outside of the fees and charges schedule • Which key fields to complete in Uniform including the approval process • Scheme of delegation • How to raise an invoice once work has been complete and track payment	Medium	There is a final version of 'Operation Framework' for Building Control in place. Currently in process of being agreed with the team and it covers things such as 'competency of officers' 'delegated authority' 'peer review' 'training'. Processes - the Council are rolling out the new "built environment" system on 9 July 2018. Once this has bedded in the Council will look into processes and update this.	~~31/07/18~~ 30/11/18

Name of review	Action	Finding risk rating	Update	Revised Date
	• Peer review process e.g. on a sample of cases to ensure that Uniform has been updated accurately, the right number of inspections have been completed, and the evidence on Uniform is sufficient to warrant issuing a completion certificate			
Building Control 2017/18	As already underway, KPIs should continue to be reviewed, with a complete set of measures and targets being produced	Medium	In line with LABC the Council are arranging a quality management external audit - ISO. They are producing KPIs for the Council to use. Once these are provided a process will be developed to report/monitor these.	~~31/09/18~~ 30/11/18
Building Control 2017/18	Once the KPIs have been identified, standard reports should be produced and formulated into a monthly reporting pack to the Group Manager within two weeks of the relevant month. Performance should be monitored and poor performance addressed, including escalation procedures to the Assistant Director – Customer Fulfilment.	Medium	Per above	~~31/09/18~~ 30/11/18
Building Control 2017/18	The Building Control fees should be reviewed to ensure that they recover all costs incurred, including: • Employees • Premises • Transport • Supplies and Services • Third Party Payments • Support Services. Tables 1-3 within the CIPFA Local Authority Building Control Accounting Guidance detail an example of how to calculate the productive hourly rate of the team as a whole	Medium	This is underway. Information has been collected and now working through the productive hourly rate - on track to have reviewed fees by end of June 2018. The fees then need to be agreed by management and consideration over whether Member approval is needed will be made. Whilst approval may be needed for fees, a breakdown should be complete by August 2018.	~~30/06/18~~ 31/08/18
Building Control 2017/18	Any changes in fees should be approved through the appropriate Committee and	Medium	Per above - formal approval may take some time.	~~30/06/18~~ 30/11/18

Name of review	Action	Finding risk rating	Update	Revised Date
	this should occur on an annual basis ahead of 1 April each year thereafter			
Building Control 2017/18	The financial statement should be completed, and signed off by the S151 Officer within six months of the end of the financial year and publicised on the Council's Public Website.	Low	This is not yet due and will be completed when required.	31/03/19 (not yet due)
Building Control 2017/18	The financial position should be reviewed at least annually to ensure that the Building Control Service is breaking even. This break even can be over a rolling period of three years, although five years may be appropriate where unusually large surpluses or deficits have occurred	Low	This is not yet due and will be completed when required. It also cannot be done until the fees are reviewed and revised.	31/03/19 (not yet due)
Building Control 2017/18	Management should consider ways of automating the manual process that is currently in operation for the checking of charges.	Low	Fee review is in progress and therefore this will be done before it is finalised.	30/08/18 (not yet due)
Building Control 2017/18	A benchmarking exercise should be undertaken to review the Council's fees against other similar neighbouring Authorities to establish whether fees are competitive	Low	Fee review is in progress and therefore this will be done before it is finalised.	~~30/06/18~~ 30/11/18
Building Control 2017/18	A clear marketing strategy should be documented and approved to set out the Council's requirements for increased income generation	Low	It is felt the fee review needs to be done because comparison to competitors as part of a Marketing Strategy does not make sense until you know the fee being charged. This will take some time to complete and therefore a revised date has been given.	~~30/06/18~~ 31/12/18

Completed actions

Name of review	Action	Finding risk rating	Update
Accounts Receivable 2016/17	Complete work to correct T1/Northgate interface for Housing Benefit Overpayment debt. Review, reconcile and clear mismatched payments and credits to each HB customer account. Establish ongoing control processes to check and maintain accuracy of the interface going forward, avoiding manual input where possible.	High	The Council now has accurate debt information on Housing Benefit overpayment debt. This is covered in the Housing Benefits 2017/18 follow-up and is deemed complete.
Accounts Receivable 2016/17	Develop corporate policy for debt management and recovery and write off.	High	This has been produced and circulated to Management. It is going to the Finance Services Scrutiny Committee in July 2018 for approval and will then be fully circulated. Therefore this is deemed complete
Accounts Receivable 2016/17	Commercial Waste should be invoiced monthly in advance rather than quarterly in arrears. This is to be integrated into the wider "Waste Transformation" programme	High	At the June 2018 Finance Steering Group meeting it was confirmed by the Director that procedures are in place for this to occur monthly. Therefore this is deemed complete.
Accounts Receivable 2016/17	Attach confirmation emails showing the approval of credit notes to T1 to ensure there is a complete audit trail.	Low	New procedures on credit notes are covered in the Debt Policy. There is also a monthly overview of the number of credit notes reviewed by the Strategic Finance Manager - this process started in April 2018. As this is a Low finding, the oversight process in place is deemed sufficient as operationally, email approvals are expected to be obtained before processing a credit note
Budget Monitoring 2016/17	Every quarter Finance should consider any budget management practices identified from their discussions with Senior Managers. Finance should capture both good and poor practices and select a method to disseminate this information.	Low	There is a now a focussed business partner in place which increases capacity and allows the Finance Team to get out to the Council more and pick up practices taking place. The Finance Team also now meeting with Andrew Small monthly to discuss the position based on the prior months activity and discuss key issues which would include budget management practices. Therefore this is deemed complete.
Budget Monitoring 2016/17	The Tech1 system can be configured to allow each budget area to set individual thresholds for their RAG	Low	Per above this is deemed complete. Whilst the system is not re-configured, there is a new business

Name of review	Action	Finding risk rating	Update
	system. Finance should amend the budget monitoring RAG thresholds ahead of the financial year to ensure more appropriate variance trigger levels are set, in line with the financial risk appetite. These should only be varied by agreement of both Finance and the budget holder		partner and meetings between Finance and Andrew Small which would cover conversations and concerns about budget management.
Budget Monitoring 2016/17	The budget monitoring report should be amended to display the prior year(s) outturn position.	Low	This is now in place.
Budget Monitoring 2016/17	The roll out of E-learning should be completed. Non completion should be followed up and appropriately linked to performance management. Targets should be set of 100% compliance for both 'Introduction to Finance' and 'Finance for Mangers'.	Low	At Finance Steering Group in June 2018 a presentation on the next 4 months was delivered. It was concluded that the previous e-learning was mainly due to changes in restructure for the Council and therefore is no longer relevant. Now with a new business partner and greater connectivity with the wider Council, any training issues would be identified and direct 1-1 support given. Therefore this is complete.
Budget Monitoring 2016/17	The Finance Team should establish an annual process whereby they survey Senior Managers to request their feedback on the budget monitoring process and the adequacy of support/training they receive. Subsequently an action plan should be devised with appropriate steps taken to complete these.	Low	The process to receive feedback has been made via the knowledge and capacity of business partners. This is all supported by a permanent Strategic Finance Manager and meetings the Finance Team have with Andrew Small.
Commercial Property and Service Charges 2017/18	A full review of all service charges is required. Service charges relating to current/future tenants premises must be justified and proportions set and agreed. These must be agreed by an independent surveyors report for larger sites	High	A review has taken place for all properties. 1) Community Centre - resulted in higher charges than previously when nothing was charged. These assessments have been through the Council's legal support HBLaw. A report is to be pulled together to go to a Cabinet Briefing. This will set out the requirement of a delegated decision for the Cabinet Member for Property and be presented in July. A decision would then be made whether to apply the service charges or not. Please note the service charges here are not back dated and

Name of review	Action	Finding risk rating	Update
			relate to the current year only.

2) Commercial Tenants - Waterside (Theatre, Waitrose, Travelodge, Uni), Gateway and 66 High Street.

These have all been assessed and overall the costs have decreased; Bills issued, with exception of the University and Theatre, which are being finalised. Tenants have been consulted prior to bills issued.

A full review has taken place and this is complete. |
| Commercial Property and Service Charges 2017/18 | Where proportions are agreed, the Council needs to retain the methodology as to how it was determined and this should be reviewed annually | High | The methodology was reviewed along with legal support and has been revised for bills raised in 2018-19. |
| Commercial Property and Service Charges 2017/18 | Service charges which may be identified as being passed inappropriately need to be reviewed and assessed to determine how any potential past over charging and future adjustments are communicated to tenants and dealt with. | High | These discussions have taken place with tenants and where billed have been agreed. Per above for Community Centres a delegated decision needs to be made over whether bills are raised or not.

None of the bills raised make adjustments for prior years. The Council acknowledge this could leave an exposure however, this is considered an accepted risk. |
| Commercial Property and Service Charges 2017/18 | Determine whether an 'admin fee' should be applied. If so, this should be a fixed fee (not %) and an analysis of how the fixed fee has been calculated should be documented i.e. a breakdown of direct costs or evidence for how proportions of staff time are clearly linked to administration activities. | High | The fixed fee element has been removed and a percentage has been applied. |
| Commercial Property and Service Charges 2017/18 | There needs to be a separate ledger code created for each property where service charges are applied. There should be sub-codes beneath this which sets out each type of service charge for each property | Medium | There is a whole new property ledger on Tech One. For each property the expenditure can be identified split into sub-codes. This allows a more robust year end reconciliation to be performed. There are in total 128 ledger codes to capture this information and therefore this is complete. |

Name of review	Action	Finding risk rating	Update
Commercial Property and Service Charges 2017/18	Identify all rights contained in the lease, such as car parking spaces to tenants, and record centrally	Low	There is now a 'Summary of Responsibilities' document for each property where service charges are applied. This makes clearer the responsibilities of the Council and the tenant and therefore the Council are more aware of the differing responsibilities. For a Low risk action this is deemed sufficient to make this complete.
Commercial Property and Service Charges 2017/18	These should then be reviewed on an at least annual basis to assess if allocations are reasonable	Low	Each property will go through an annual reconciliation that will involve a re-assessment of responsibilities if any concerns are highlighted and therefore this is deemed complete.
Commercial Property and Service Charges 2017/18	Establish a monitoring system for these services to ensure that allocated spaces provided are correct or escalate any levels which are exceeded to the Assistant Director for review	Low	There is now a summary of responsibilities document for each property and any requests for changes to service charge/responsibilities have processes in place to deal with them.
Commercial Property and Service Charges 2017/18	Before the end of every financial year, a review of transactions allocated should be undertaken against the allowable/non-allowable costs in each lease. Any changes should then be reflected in any final charges for the year	Low	Per above, there are now 128 ledger codes and the annual reconciliation process continues to take place and therefore this is deemed complete.
Contract Management 2016/7	Undertake a self-assessment of Commercial Property contract management arrangements at least annually to ensure that the current capacity, processes and controls are sufficient to hold providers to account – see appendix 3.	Medium	A Self Assessment review was undertaken in May 2018
Council Tax and Business Rates 2017/18	Ensure that appropriate evidence is obtained before applying discounts. Procedures should include guidance on what type of evidence to obtain, sample checks and the need for follow up when circumstances are expected to change.	Medium	The Council have responded to our finding in two ways: 1) All officers have received comprehensive training on Council Tax discounts and exemptions. 2) A review timetable is in place for 2018/19 which includes the SPD review. These actions are deemed sufficient to turn this to complete.
Council Tax and Business Rates	Prior year arrears need to be reported and tracked by status in the monthly	Low	Collection Stats now being provided monthly by Gary Wright including

Name of review	Action	Finding risk rating	Update
2017/18	report with appropriate action taken when all avenues for debt recovery have been exhausted.		reporting on instalments that are not yet due
Disabled Facilities Grant 2017/18	The Council strengthen their MoU to state that quarterly on-site visits will be made to VAHT where at least 7% of Disabled Facility Grant cases will be checked back to source evidence and documented on the Council systems	-	The MoU now incudes specifically that 7% is testing is required. Since the MoU was revised 9% were tested in December 2017, 17% in February 2018 and 16% in March 2018 and therefore the 7% threshold was met every time.
Disabled Facilities Grant 2017/18	The Council to pursue case 17/00112/VAHT to obtain evidence of the OT referral	-	This related to ref 300561. The OT referral was found and was signed on 08/06/16.
Fixed Assets 2016/17	Responsibility for updating the fixed asset register should be assigned to another member staff in the Finance Team, and the Finance Manager should be supervising and monitoring the activities undertaken. This will be addressed as part of the finance review and Commercial AVDC restructure.	Low	There is a year-end close down timetable which separates responsibility and review by the Strategic Finance Manager.
Fixed Assets 2016/17	For year end 2016/17, the Finance Manager should contact the system provider and raise all system errors so that they can be fixed i.e. the concerns regarding Summary Report, how to generate reports in excel documents or other findings as part of this report which changes in system functionality could support. It is anticipated that the system will be replaced during 2017/18 and concerns raised here will be addressed as part of the replacement system implementation.	Low	Per above, LogoTech engaged.
Fixed Assets 2016/17	Commercial Property should provide input into the assets to be revalued by the external valuer each year. External valuer reports should be addressed to the Section 151 Officer and authorisation of the conclusions in the report should be made either by email or counter signing the external valuer's report.	Low	The valuer was engaged early with discussions between Finance and the Estates Team. The valuer was engaged in December 2017 with extensive conversations and programmes set out. This was delivered to external audit on time.
Fixed Assets	As part of the implementation of the	Low	This is deemed complete. When a

Name of review	Action	Finding risk rating	Update
2016/17	new asset register, a cleansing process will be undertaken to remove assets no longer in use. For those maintained on the register, a process will be developed to ensure evidence is held to verify the cost of assets and this will be easy to locate.		new system is in place a full cleanse will be performed, but in the interim a significant engagement with LogoTech and re-review of work papers has taken place to ensure that balances are accurate/complete.
Safeguarding 2016/17	The Council should improve its training compliance rate to at least 75% by September 2017	High	Compliance rates as at 06/06/18. - 80% all staff have undertaken the training and therefore this is complete. Two sessions have taken place at depot and a further minimum of 2 to be done face to face in coming months to increase compliance.
Safeguarding 2016/17	Ensure that casual employees and Members have access to the training materials and that they complete them in a timely manner	High	Members - booked in for Council meeting in July 2018 to deliver training. Casuals - IT supplied logins and all have done their training (1 individual was tested via an external provider due to their individual needs).
Safeguarding 2016/17	Policies should be reviewed and updated to reflect the latest guidance.	High	13 Policies have been updated and these are available on Box and the Intranet for staff to access.
Safeguarding 2016/17	The Section 11 should be amended to reflect this report and resubmitted	High	The previous Section 11 was not re-submitted but email feedback was provided post the Council setting out the changes they have made. The next one is due December 2018 and steps are in place to ensure this includes all the changes made - deemed complete.
Treasury Management 2016/17	The Council should pursue arrangements Capita Asset Services regarding the provision of training to Members. If Capita Asset Services are not instructed to offer the training then the Council need to put in place alternative arrangements to ensure Members are adequately trained	Low	Capita are now called Link. A contact from Link is meeting the Council on 21 June 2018 to provide information re: Member training and thereafter a decision will be made on how to deliver this. This is deemed complete as the Council have pursued arrangements re: training.
Treasury Management 2016/17	An annual assessment of the training needs for Members regarding treasury activity should be made.	Low	Per above, this will be done as part of the meeting with Link
Planning & Planning	An internal report should be produced that as a minimum reviews the	Medium	This is now complete. A monthly report is produced and issued to the

Name of review	Action	Finding risk rating	Update
Enforcement 2017/18	number of cases received (total/percentage) and performance against letter responses on a quarterly basis.		Head of Planning for review. The main issues are around timeliness and the team continue to work to improve this.
Planning & Planning Enforcement 2017/18	Oversight on statistics covering, as a minimum, the number of cases/timing and lessons learned on at least a six-month basis.	Medium	The number of open planning enforcement cases and average time taken to close a case are KPIs which are now reported monthly to the Group Manager and Asst Director for Customer Fulfilment
Planning & Planning Enforcement 2017/18	Members of the Council are invited to demo sessions of the new planning system. Attempts are made to implement feedback and findings are built into solutions for the new software	Medium	A demo session happened on 22 February 2018 which was open to all Members. However, the Planning system comes in October 2018.

The supplier, Arcus, attended and identified feedback to build into the system. |
General Ledger 20171/8	System upgrade to give stable environment.	High	The Council is now hosted on the new version and the upgrade took place successfully.
General Ledger 2017/18	Recruit System Support Officer to double existing resource.	High	Additional resources has been recruited into the team and they have started working for the Council
General Ledger 2017/18	Agree and document procedures for clearing suspense accounts including responsibility, frequency of review and escalation.	Medium	There are new procedure notes in this area. Furthermore a monthly 'checks and balances' document produced and reviewed by the Strategic Finance Manager is in place which captures key information including information on suspense accounts and therefore this reporting take places.
General Ledger 2017/18	The position on each suspense account should be reported to the Strategic Finance Manager on a monthly basis to enable oversight of the clearing of the balances. The reports should include details of ongoing investigations on any outstanding balances.	Medium	Per above, complete.
General Ledger 2017/18	Reconciliations should be completed and documented for sign off, with evidence of completed reconciliations being retained centrally. Where reconciliations are not completed then this should be escalated accordingly	Medium	The monthly checks and balances reviews provides sufficient comfort over this as the Strategic Finance Manager gains assurance by ensuring they are all complete.
General Ledger	Ensure that all journals include a	Low	The Finance Team has discussed this

Name of review	Action	Finding risk rating	Update
2017/18	sufficiently detailed narrative to allow the journal reviewer to effectively determine the appropriateness and accuracy of the journal.		and ensured there is a consistent view on the level of narrative and evidence to be held. Therefore this is deemed complete.
General Ledger 2017/18	Document procedures for the steps staff must take in preparing for and carrying out updates to the Tech1 system.	Low	Instructions from TechOne have been provided. The Council has conducted a successfully upgrade of the system too.
Housing Benefit 2017/18	Complete the manual reconciliation of the backlog of overpayments	High	The initial reconciliation is now complete. A meeting was held on 27th April with the HB team and strategic finance team to review the output and to ensure expectations were being met. The total housing benefit overpayment as at 31 May 2018 stood at £2,544,267.51 for balances over 120 days old
Housing Benefit 2017/18	Complete the necessary steps to implement the Northgate/Tech1 automatic data matching interface	High	Report now reconciles Tech1 to Northgate. Briefing report and example report is in place. This took place in April 2018. Reports are now being done and agreed processes are in place
Housing Benefit 2017/18	Until the automatic interface is working, continue to monitor the value and movement of the unreconciled balance at a summary (total) level	High	Daily housekeeping to check all transactions moving between Tech One and Iworld to identify and correct any mispostings takes place and has done since May 2018.
Housing Benefit 2017/8	Overpayments checked daily by the Overpayments Officer need to achieve the 95% benchmark by reporting compliance and feeding back any consistent errors to Team Leaders	High	The processes have been completely re-vamped. There are allocated staff who undertake this role. With the new reconciliation this role will become redundant after a few months of the automatic reconciliation. The Council now has 100% confidence in debt that is owed due to the reconciliation which therefore supersedes this action.
Housing Benefit 2017/18	A schedule identifying every member of the Team should be kept listing the training they have received. For future training, the calendar currently being developed should be finalised so that there is a clear picture of future training to be delivered. These schedules should be monitored and action taken to ensure all staff have training in overpayments and wider benefits training needed is assessed	Low	A training matrix for all team members has been produced and is updated bi-monthly. Training is being provided from internal and external sources, in conjunction with the training matrix. Where training is provided, desk aids and/or procedure notes are being shared.

Name of review	Action	Finding risk rating	Update
	and acted upon.		
Housing Benefit 2017/18	Complete the process of creating and updating all procedure notes and sharing these on Box. There should be a schedule created of all procedure notes recording when they were last updated and ensuring they are reviewed on an at least annual basis to ensure they are still valid and complete	Low	Ongoing task. The Policies and Procedures folder on Box continues to be updated with current processes and procedures. QRGs continue to be produced. Review dates are scheduled by the senior caseworkers for an annual review. As this is a Low action and progress has been made this is deemed complete.
Housing Benefit 2017/18	Establish a standing meeting involving the Group Manager and Assistant Director – Customer Fulfilment at least quarterly to discuss the performance of revenues and benefits covering at a minimum: overall performance times, current position on quality checks and subsequent actions, monthly subsidy forecasts, team training, team staffing and position on overpayments. These meetings should be minuted or supported by an action plan.	Low	These are in place on a quarterly basis. The next four are scheduled for; 18/06, 14/09, 18/12, 19/3/19.
Taxi Licensing 2017/18	Training to be provided to Officers in order to standardise record requirements for both applications and service requests	Medium	Six week intensive training is taking place now and finishes in June 2018. After this processes will be updated and each individual given a training plan requiring them to evidence their development across three levels. All arrangements are in place and some training plans have been started with the training almost complete and therefore this is deemed complete.
Taxi Licensing 2017/18	Records of enforcement activities and outcomes should be documented on the salesforce system	Medium	All enforcement activities and outcomes are now recorded on the Salesforce system. All officers have had basic training, with a monthly audit of a selection of completed cases with feedback given arrangements in place.
Taxi Licensing 2017/18	Penalty points monitoring should happen on a monthly basis. All licences with 12 points should be reviewed by Officers as set out in the Policy. Any sanction or decision must be recorded in Salesforce	Medium	Penalty points monitored weekly with a follow up at 9 points and suspension at 12, monthly follow up by team leader. This is also reported on the dashboard which picks up all suspensions immediately.
Taxi Licensing 2017/18	Building on the recent enforcement protocol with Milton Keynes, the Council should progress similar arrangements with other neighbouring	Medium	Enforcment protocol is in place with amendments to enable better working between AVDC and MK, working with other councils is being

Name of review	Action	Finding risk rating	Update
	authorities		looked at but was a suggestion and not an instruction in the audit report. MOU has been amended so that it functions better for both LAs and the Council also receives and provides monthly reports to MK on activity and this happens vice versa.
Taxi Licensing 2017/18	KPI/Management information to be finalised and agreed. This must then be reported on a monthly basis to the Licensing Team Manager	Medium	Real time Salesforce dashboard in place that displays KPIs and management information including age of service requests amd outstanding checks.

The Dashboard can be tailored and viewed by all; it shows: DBS within 3 months of expiration, penalty points, lists of non-UK passport holders and expiration dates of VISAs etc. |
Taxi Licensing 2017/18	Variance in KPIs must be investigated and causes/reason must be recorded and provided to the Licensing Team Manager	Medium	Per above, everyone has access to the dashboard and therefore any concerns are escalated immediately and can be predicted as they appear on the dashboard. This operates effectively due to the good data immediately available.
Taxi Licensing 2017/18	Any agreed remedial action should be recorded and communicated to the relevant Officer	Medium	Per above, any actions are raised with staff members immediately and action taken as necessary to understand more.
Taxi Licensing 2017/18	KPIs used for management information must incorporate age of service requests and outstanding checks. The outstanding checks should focus on DBS, medical report and right to work. This will help to identify instances when service requests are not attended to in a timely manner; and the latter will help to ensure that checks are completed to ensure that drivers are fit and proper	Medium	KPIs are in place per the dashboard and whilst these may evolve, there is a good suite of KPIs based on concerns raised in the audit report.
Taxi Licensing 2017/18	Ensure Salesforce functionality enables monitoring of Visa status so that oversight of eligibility to work in the UK can be maintained, and where necessary licences cancelled on a timely basis	Medium	VISAs are monitored via the dashboard in real-time now and arrangements for monthly spot-checks for VISAs already takes place.
Building Control 2017/18	The scheme of delegation should be reviewed to ensure that the Officers signing off completion certificates are	Low	There is a final version of 'Operation Framework' for Building Control in place. Currently in process of being

Name of review	Action	Finding risk rating	Update
	given adequate authority to do so		agreed with the team and it covers things such as 'competency of officers' 'delegated authority' 'peer review' 'training'.
Building Control 2017/18	Management should introduce a process which enables evidence or confirmation to be provided by professional staff, of their CPD activities being undertaken and continuation/renewal of their professional membership.	Low	This is covered as part of the Operating Framework and therefore is deemed complete.
Building Control 2017/18	The two applications identified should be reviewed and a decision made as to chase non-payment, and return fees overpaid	Low	These have been cleared with payments refunded or received as expected.