

South Bucks District Council

Internal Audit Progress Report

Audit Committee Meeting – 10<sup>th</sup> December 2009

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Registered in England and Wales No. 344889  
Registered Office 1 Hollinswood Court Stafford Park 1 Telford TF3 3DE

## **1. Introduction**

1.1 The periodic internal audit plan for 2009/10 was approved by the Audit Committee on 1st April 2009. This report summarises the outcome of work completed to date against that plan. Appendix A provides details of the 2009/10 plan progress in support of internal audit performance.

## **2. Final Reports Issued**

2.1 We have finalised six reports since the last Committee meeting; this was in the areas of:

- Arrangements for Elections (ref 02.09/10)
- Licensing (ref 04.09/10)
- Council Tax (ref 06.09/10)
- NNDR (ref 07.09/10)
- Risk Maturity (ref 08.09/10)
- Health and Safety (ref 09.09/10)

The executive summary and agreed action plan is included at Appendix B.

## **3. Key Findings from Internal Audit Work**

3.1 We have made no findings in the reports issued so far this year which will effect our annual opinion

## **4 Draft Reports and Work in Progress**

4.1 The following draft reports have been issued to management and we are still awaiting a response:

- Leisure Services Funding (ref 03.09/10)
- Car Park Income (ref 10.09/10)

4.2 Reviews of Building Control and General Ledger & Budgetary Control are in progress and will be reported to a subsequent Audit Committee.

4.3 Following a request from the client the review of Partnerships scheduled for completion in October has been deferred until later in the financial year and the Car Park Income review has been brought forward in its place.

## Appendix A: Operational Plan Performance 2009/10

Detailed below is a summary of the work undertaken in 2009/10 to date, showing the levels of assurance given and the number of recommendations arising. Reports being considered at this Committee are shown in italics. Definitions with regard to the levels of assurance and the classification of recommendations are provided below.

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Days	Assurance level given	Number of Recommendations Made				
						Actual		Actual (Planned)		F	S	MA	In Total	Agreed
<i>Risk Management</i>	<i>14.09.09</i>	<i>18.09.09</i>	<i>24.09.09</i>	<i>29.09.09</i>	<i>29.09.09</i>			6 (6)	<i>Risk Defined</i>	0	0	2	2	2
Corporate Governance Policies & Procedures	Jan							(6)						
Procurement Arrangements	Nov							(5)						
<i>NNDR</i>	<i>01.09.09</i>	<i>17.09.09</i>	<i>23.09.09</i>	<i>24.09.09</i>	<i>24.09.09</i>	<i>Dec</i>	<i>Systematic</i>	6 (6)	<i>Substantial</i>	0	1	1	2	2
<i>Council Tax</i>	<i>07.09.09</i>	<i>17.09.09</i>	<i>22.09.09</i>	<i>23.09.09</i>	<i>23.09.09</i>	<i>Dec</i>	<i>Systematic</i>	6 (6)	<i>Substantial</i>	0	0	4	4	4
<i>Health &amp; Safety</i>	<i>06.10.09</i>	<i>13.10.09</i>	<i>15.10.09</i>	<i>10.11.09</i>	<i>10.11.09</i>	<i>Dec</i>	<i>Systematic</i>	5 (5)	<i>Adequate</i>	0	0	5	5	5
ICT Healthcheck	Tbc							(6)						
Disaster Recovery Follow Up	Tbc							(4)						
Partnerships	12.10.09							(6)						
Building Control	28.07.09							5 (6)						
Car Parks	Dec	15.10.09	29.10.09					5 (5)						
Refuse and Recycling	18.05.09	22.05.09	02.06.09	10.07.09	10.07.09	Sept	Systematic	7 (7)	Substantial	0	0	1	1	1
<i>Housing Benefits</i>	<i>01.09.09</i>	<i>07.09.09</i>	<i>10.09.09</i>	<i>11.09.09</i>	<i>11.09.09</i>	<i>Dec</i>	<i>Systematic</i>	12 (12)	<i>Substantial</i>	0	1	1	2	2
Leisure	30.07.09	05.08.09	18.08.09					6 (6)						
<i>Licensing</i>	<i>06.08.09</i>	<i>14.08.09</i>	<i>21.08.09</i>	<i>18.09.09</i>	<i>21.09.09</i>	<i>Dec</i>	<i>Systematic</i>	6 (6)	<i>Substantial</i>	0	0	5	5	5
General Ledger and Budgetary Control	07.12.09							(6)						

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Days	Assurance level given	Number of Recommendations Made				
						Actual		Actual (Planned)		F	S	MA	In Total	Agreed
Income & Debt Management	14.12.09							(5)						
Creditors	18.12.09							(6)						
Cash, Banking and Treasury Management	22.12.09							(6)						
<i>Elections</i>	<i>04.08.09</i>	<i>07.08.09</i>	<i>13.08.09</i>	<i>10.09.09</i>	<i>11.09.09</i>	<i>Dec</i>	<i>Systematic</i>	6 (6)	<i>Substantial</i>	0	0	2	2	2
Proactive Fraud work	Dec							(5)						
Follow Up	Feb							(5)						
Audit Management	Ongoing							8 (14)						
<b>TOTAL</b>								<b>78 (145)</b>						

Our findings and recommendations are categorised as follows:

**Fundamental (F):** *action is imperative to ensure that the objectives for the area under review are met*

**Significant (S):** *requires action to avoid exposure to significant risks in achieving the objectives for the area under review.*

**Merits Attention (MA):** *action advised to enhance control or improve operational efficiency*

**Opinions**

**Risk Based Internal Audit Assignments**

The definitions for the level of assurance that can be given are:

	<b>Level</b>	<b>System Adequacy</b>	<b>Control Application</b>
<b>(positive opinions)</b>	Substantial Assurance	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
	Adequate Assurance	Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger.	Controls are applied but with some lapses.
<b>(negative opinion)</b>	Limited Assurance	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

**Follow Up Reviews**

Our opinions reflect the progress made in implementing previous internal audit recommendations:

<b>(positive opinions)</b>	Good Progress
	Reasonable Progress
<b>(negative opinion)</b>	Little Progress

## Appendix B: Executive Summaries and Action Plans

### 02.09/10 Arrangements for Elections

#### Executive Summary

##### Introduction

An audit of Arrangements for Elections was undertaken as part of the approved internal audit periodic plan for 2009/10.

The Electoral Service Department comprises of the Electoral Services Manager and Officer.

Elections including registers of Electors are governed by the following legislation:

Representation of People Act 1983/1985/2000, and

the Electoral Administration Act 2006.

Copies of which are readily available within the Department.

The Council utilise the Express System for their Register of Electors. Access to the Express System is only available on the computers of the members of staff that use the system. The computers are restricted to username and passwords. Additionally, access rights have been appropriately developed for staff that use the system.

On a monthly basis the Council are required to publish a notice of alterations. This details all the 'creations', 'amendments', and 'removals' of Electors on the Register.

On an annual basis, the Council are required to undertake a canvass review. Here all the residential properties will be written to requesting confirmation of details. Any required amendments will be made, and all forms will be scanned onto the Express System.

The specific risks considered as part of this audit were:

- The arrangements for the maintenance of the Register of Electors may not be adequate to ensure that duplicate entries are not included, or that deceased Electors are removed.
- Control over postal votes may not be adequate to ensure that Electors cannot vote at polling stations

The objective of the audit is to provide assurance that the Register of Electors is accurately maintained and up to date.

##### Scope of the review

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

##### Control activities relied upon:

- Electoral roll securely held with access restricted to trained staff

##### Limitations to the scope of the audit:

The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

- Testing will be performed on a sample basis only.
- Whilst every effort will be made to ensure that systems and procedures in place minimise the risk of material error, loss or fraud, we cannot give any guarantee against material error, loss or fraud, or provide absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was systematic Audit and included the following:

- Establishing the risks affecting the achievement of your corporate objectives
- Reviewing the adequacy and application of the controls in place to mitigate the risks

**Conclusion**

**Taking account of the issues identified, in our opinion the Council can take substantial assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.**

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of design and application of controls in place:

	SUBSTANTIAL	ADEQUATE	LIMITED
<b>DESIGN OF CONTROL FRAMEWORK</b>	X		
<b>APPLICATION OF AND COMPLIANCE WITH CONTROL FRAMEWORK</b>	X		
<b>OVERALL OPINION</b>	X		

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

**Recommendations Summary**

The following tables highlight the number and categories of recommendations made. The Action Plan below details the specific recommendations made as well as agreed management actions to implement them.

**Recommendations made during this audit:**

Risk	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
THE ARRANGEMENTS FOR THE MAINTENANCE OF THE REGISTER OF ELECTORS MAY NOT BE ADEQUATE TO ENSURE THAT DUPLICATE ENTRIES ARE NOT INCLUDED, OR THAT DECEASED ELECTORS ARE REMOVED.	0	0	2
CONTROL OVER POSTAL VOTES MAY NOT BE ADEQUATE TO ENSURE THAT ELECTORS CANNOT VOTE AT POLLING STATIONS	0	0	0
<b>TOTAL</b>	0	0	2



**Additional Feedback****GOOD PRACTICE IDENTIFIED DURING THE AUDIT**

The Electoral Services Department have developed internal checklists for key processes that require being undertaken.

Presiding Officers and Poll Clerks have been appropriately trained to deal with the various issues associated with Elections. This includes dealing with postal voters

**Action Plan**

The priority of the recommendations made is as follows:

FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
ACTION IS IMPERATIVE TO ENSURE THAT THE OBJECTIVE FOR THE AREA UNDER REVIEW IS MET	REQUIRES ACTION TO AVOID EXPOSURE TO SIGNIFICANT RISK IN ACHIEVING THE OBJECTIVE FOR THE AREA UNDER REVIEW.	ACTION IS ADVISED TO ENHANCE CONTROL OR IMPROVE OPERATIONAL EFFICIENCY

PARA	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.11	The Council should ensure that appropriate records of the Canvass exercise are retained. This could include retaining a signed and dated copy of the Electoral Registration Canvass Forms checklist as evidence of completion.	Merits Attention	Y	The checklist produced to ensure that all processes have been carried out during the canvass is usually despatched with the canvass forms, which are stored off site. In future this checklist will be kept on site.	01/12/09	K Tumber
1.12	The Council should ensure that all records are appropriately maintained, accessible to relevant staff and made available to Internal Audit upon request as a means of ensuring that a complete audit trail is available.	Merits Attention	Y	Ensure that all staff are accessible during future audits.	Immediately	K Tumber

## 04.09/10 Licensing

### Executive Summary

#### Introduction

An audit of the arrangements for the control of Licensing was undertaken as part of the approved internal audit periodic plan for 2009/10.

Applications are made by individuals or parties that require a license for their premises. This can be for a variety of reasons such as the sale of alcohol. The council issues licenses to validated applicants in line with the Licensing Act 2003 which sets out Statutory Regulations.

The specific risks considered as part of this audit were:

- Systems and procedures may not be adequately documented and staff may not be aware of procedures in place.
- Applications may not be approved in accordance with timescales required
- License fees may not be collected in a timely manner

These risks relate to the objective of providing assurance that systems and procedures in place ensure that Licensing applications are processed within determined timescales, achievement of which is measured using the following outcome:

- All license applications are processed within timescales required

#### Scope of the review

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

#### Control activities relied upon:

- Process of logging all license applications and signing off actions taken to maintain timeliness of processing

#### Limitations to the scope of the audit:

The review will focus on the arrangements for the approval of premises licenses but will not consider the validity of licensing decisions made. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future. Where testing may occur this would be on a sample basis. Whilst we will exercise due care our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was systematic Audit and included the following:

- Establishing the risks affecting the achievement of your corporate objectives
- Reviewing the adequacy and application of the controls in place to mitigate the risks.

#### Conclusion

**Taking account of the issues identified, in our opinion the Council can take substantial assurance that the controls upon which the organisation relies to manage these risks, as currently laid down and operated, are effective.**

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of effectiveness, design and application of controls in place:

	SUBSTANTIAL	ADEQUATE	LIMITED
<b>EFFECTIVENESS</b> OF CONTROL FRAMEWORK	X		
<b>DESIGN</b> OF CONTROL FRAMEWORK	X		
<b>APPLICATION</b> OF AND COMPLIANCE WITH CONTROL FRAMEWORK	X		
<b>OVERALL OPINION</b>	X		

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

#### Recommendations Summary

The following tables highlight the number and categories of recommendations made. The Action Plan below details the specific recommendations made as well as agreed management actions to implement them.

#### Recommendations made during this audit:

RISK	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
SYSTEMS AND PROCEDURES MAY NOT BE ADEQUATELY DOCUMENTED AND STAFF MAY NOT BE AWARE OF PROCEDURES IN PLACE.	0	0	1
APPLICATIONS MAY NOT BE APPROVED IN ACCORDANCE WITH TIMESCALES REQUIRED	0	0	1
LICENSE FEES MAY NOT BE COLLECTED IN A TIMELY MANNER	0	0	3
<b>TOTAL</b>	0	0	5

**Action Plan**

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.2	The Office Guidelines and Procedures should include reference as to how to output documents such as reporting from the Uniform software.	Merits Attention	Y	Agreed	30/09/2009	Mandy Davis
2.1	Checklists should be fully completed with details of the date and relevant details required to provide a complete trail.	Merits Attention	Y	Agreed. To raise in Team Meetings with on going sample checks to be done.	On Going	Mandy Davis
3.3	A formal proposal should be made for licensing debtors to be dealt with by Finance. This would be a more efficient approach as Finance already performs other debtor functions. Alternatively consideration should be given for the Licensing Team to continue to handle licensing debtors for a period of time i.e. 30 days over, and then pass over to the finance team for recovery if unsuccessful.	Merits Attention	Y	Initial Contact has been made with Head of Finance previously to discuss fee collection through sundry debtors system. Follow up meetings to be arranged by 30/09/2009 to progress project with a view to handover Jan 2010 (May change after discussion with Head of Finance).	January 2010	Mandy Davis / Rodney Fincham
	Debtor reports such as aged debtors should be produced and presented at quarterly committee meetings.	Merits Attention	Y	To discuss with Head of Legal and Finance with a view to produce report for 16/09/2009 meeting	16/09/2009	Mandy Davis
3.4	An exercise should be performed to establish which debts are unlikely to be retrieved and thus establish which of these can be written off as per the policy.	Merits Attention	Y	To incorporate into debtor report to the full licensing committee. For them to decide whether to refer to Head of Finance for consideration to write off Debts.	16/09/2009	Mandy Davis

## 05.09/10 Housing Benefit

### Executive Summary

#### Introduction

An audit of Housing & Council Tax Benefits was undertaken as part of the approved internal audit periodic plan for 2009/10.

The Council has outsourced the Housing and Council Tax Benefit service to Capita. The Benefits system in use is Academy and an EDMS (Electronic Document Management System) is in use: Anite. Capita provide scanning of documents at Bexley LLB site and assessors are based at the Mendips DC site. An officer is provided at the South Bucks DC site in order to provide customer interface.

The Council has entered into a partnership with Chilterns DC for joint working on benefit fraud. This allows cover between the two Councils.

The specific risks considered as part of this audit were:

- Financial loss due to Council Tax and Housing Benefit payments being made to ineligible claimants

These risks relate to the objective of achieving a rise in quality of life for all by leading our community and partners to provide better housing, amenities and services.

#### Scope of the review

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

#### Control activities relied upon:

- Academy System Capita Performance monitoring is in place.
- Procedure notes have been drawn up.
- The latest DWP guidance is obtained.
- The annual uplift of parameters is checked and this is documented
- New claims and changes of circumstances are supported by adequate evidence for identity, income, capital and rent
- Assessments are subjected to a 10% verification check by Capita and by the client
- Arrangements are in place for the reporting and investigation of benefit fraud
- Overpayments are supported by evidence
- Procedures are in place to recover overpayments in the most cost-effective methods available
- Housing and Council Tax Benefit as generated by Academy is reconciled to the General Ledger

#### Limitations to the scope of the audit:

The scope of the work was limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out in for this review. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future. Any testing undertaken as part of this audit was compliance based and sample testing only. The scope was limited to reviewing the processes in and around the processing of benefits. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist. Testing of new claims was based on the sample provided for External Audit. It therefore covered new claims in 2008/09.

The approach taken for this audit was systematic Audit and included the following:

- Reviewing the adequacy and application of the controls in place to mitigate the risks or testing to assess the extent or cause of problems identified

**Conclusion**

**Taking account of the issues identified, in our opinion the Council can take substantial assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.**

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of effectiveness, design and application of controls in place:

	SUBSTANTIAL	ADEQUATE	LIMITED
DESIGN OF CONTROL FRAMEWORK	X		
APPLICATION OF AND COMPLIANCE WITH CONTROL FRAMEWORK	X		
OVERALL OPINION	X		

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

- The Council's procedures for the pursuit and collection of overpayments have some weaknesses. Although suitable intervals are set for the timely production of reminders and final notices, letters are only produced once per month. Capita have been asked to provide weekly letter production. No debt collection agency has been used previously to pursue difficult cases, however, a debt collection agency is now being engaged.

**Recommendations Summary**

The following tables highlight the number and categories of recommendations made, showing which have been brought forward from previous audits. The Action Plan below details the specific recommendations made as well as agreed management actions to implement them.

**Recommendations made during this audit:**

RISK	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
FINANCIAL LOSS DUE TO COUNCIL TAX AND HOUSING BENEFIT PAYMENTS BEING MADE TO INELIGIBLE CLAIMANTS	0	1	1
<b>TOTAL</b>	0	1	1

**Recommendations implemented since the previous audit in this area:**

DATE OF PREVIOUS AUDIT: February 2009

RECOMMENDATION CATEGORIES	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
NUMBER OF RECOMMENDATIONS MADE DURING PREVIOUS AUDIT	0	1	0
NUMBER OF RECOMMENDATIONS IMPLEMENTED	0	0	0
<b>RECOMMENDATIONS NOT YET FULLY IMPLEMENTED:</b>	0	1	0

The recommendation made in the previous audit related to pursuit of overpayments and is repeated below.

**Action Plan**

PARA	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.14	As planned, reminder letters should be sent on a weekly basis to ensure that recovery of debt is maximised. As previously recommended in our 2008/09 report on Housing and Council Tax Benefits the documented recovery process for overpayments should be followed for all overpayments. Once the agreement with Rossendales debt collection agency is in place Management should agree an appropriate way to deal with outstanding debt particularly old debts. Where recovery is not possible these debts should be written off.	Significant	Y		Dec 09	Andy Williams / Neil Berry
1.16	A date for the review of procedure notes should be documented to ensure all guidance is reviewed on a regular basis.	Merits Attention	Y	Capita to review current guidance	Jan 10	Andy Williams / Neil Berry

## 06.09/10 Council Tax

### Executive Summary

#### Introduction

An audit of the arrangements for the management of Council Tax was undertaken as part of the approved internal audit periodic plan for 2009/10.

The Council currently outsource their Council Tax collection services to Capita. A Revenues Manager, employed by Capita, is permanently based at the Council and is responsible for managing Council Tax at the Council's headquarters.

The specific risk considered as part of this audit was:

- Inappropriate processes for the setting and collection of Council Tax, including reconciliation to/from Valuation Office listings

#### Scope of the review

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

#### Control activities relied upon:

- Academy system
- Reconciliations Timetables

#### Limitations to the scope of the audit:

The scope of the work was limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out in for this review. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future. Any testing undertaken as part of this audit will be compliance based and sample testing only. The scope will be limited to reviewing the processes in and around the setting of council tax and its collection. Any testing undertaken will be sample based. Regular review of single persons discount will not be reviewed in this audit as the Council are in discussions to conduct a County Wide review as part of the NFI. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist

The approach taken for this audit was systematic Audit and included the following:

- Establishing the risks affecting the achievement of your corporate objectives
- Reviewing the adequacy and application of the controls in place to mitigate the risk.

#### Conclusion

**Taking account of the issues identified, in our opinion the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk, as currently laid down and operated, are effective.**

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of design and application of controls in place:



	SUBSTANTIAL	ADEQUATE	LIMITED
DESIGN OF CONTROL FRAMEWORK	X		
APPLICATION OF AND COMPLIANCE WITH CONTROL FRAMEWORK	X		
OVERALL OPINION	X		

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

### Recommendations Summary

The following tables highlight the number and categories of recommendations made, showing which have been brought forward from previous audits. The Action Plan below details the specific recommendations made as well as agreed management actions to implement them.

#### Recommendations made during this audit:

RISK	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
INAPPROPRIATE PROCESSES FOR THE SETTING AND COLLECTION OF COUNCIL TAX, INCLUDING RECONCILIATION TO/FROM VALUATION OFFICE LISTINGS	0	0	4
<b>TOTAL</b>	0	0	4

#### Recommendations implemented since the previous audit in this area:

DATE OF PREVIOUS AUDIT: 18 November 2008

RECOMMENDATION CATEGORIES	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
NUMBER OF RECOMMENDATIONS MADE DURING PREVIOUS AUDIT	0	0	3
NUMBER OF RECOMMENDATIONS IMPLEMENTED	0	0	3
<b>RECOMMENDATIONS NOT YET FULLY IMPLEMENTED:</b>	0	0	0

**Action Plan**

PARA	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.8	Staff updating details on the system should ensure changes reflect the update request form accurately.	Merits Attention	Y	Agreed. Very little that can be done. Possible reminders and communication with team to take place.	With immediate effect	Neil Berry / Andy Williams
1.9	Reconciliations should be conducted between the VOA reports and Academy system within seven days of the date on the Valuation Office Agency report.	Merits Attention	Y	Agreed	With immediate effect	Neil Berry / Andy Williams
1.10 i	Refund transactions should not be added to the processing run after the refund schedule has been approved. In exceptional cases where it is necessary for additional refunds to be paid, these transactions should be subject to documented approval before payment.	Merits Attention	Y	Any amounts added or increased from the original amount authorised, to be flagged and subject to further approval. In the event of non-approval, the ability to cancel the refund is present,	With immediate effect	Neil Berry / Andy Williams
1.10 ii	The senior contracts officer should document the date when signing to approve refunds.	Merits Attention	Y	Agreed	With immediate effect	Neil Berry / Andy Williams

## 07.09/10 National Non Domestic Rates (NNDR)

### Executive Summary

#### Introduction

An audit of NNDR was undertaken as part of the approved internal audit periodic plan for 2009/10.

The council had received total NNDR income of c£14.6m for the 2009/10 financial year at the time of our review (projected c£35m for the year).

The function of collection national non-domestic rates is outsourced to Capita who have been proceeding in supplying this service since November 2004.

The specific risk considered as part of this audit was:

- Inappropriate processes for the setting and collection of NNDR, including reconciliation to/from Valuation Office listings

#### Scope of the review

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following limitations were agreed:

#### Limitations to the scope of the audit:

The scope of the work was limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out in for this review. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future. Any testing undertaken as part of this audit will be compliance based and sample testing only. The scope will be limited to reviewing the processes in and around the setting of NNDR and its collection. Any testing undertaken will be sample based. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist

The approach taken for this audit was systematic Audit and included the following:

- Establishing the risks affecting the achievement of your corporate objectives.
- Reviewing the adequacy and application of the controls in place to mitigate the risk.

#### Conclusion

**Taking account of the issues identified, in our opinion the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk, as currently laid down and operated, are effective.**

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of design and application of controls in place:

	SUBSTANTIAL	ADEQUATE	LIMITED
DESIGN OF CONTROL FRAMEWORK	X		
APPLICATION OF AND COMPLIANCE WITH CONTROL FRAMEWORK	X		
OVERALL OPINION	X		

**Recommendations Summary**

The following tables highlight the number and categories of recommendations made, showing which have been brought forward from previous audits. The Action Plan below details the specific recommendations made as well as agreed management actions to implement them.

**Recommendations made during this audit:**

RISK	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
INAPPROPRIATE PROCESSES FOR THE SETTING AND COLLECTION OF NNDR, INCLUDING RECONCILIATION TO/FROM VALUATION OFFICE LISTINGS	0	1	1
<b>TOTAL</b>	0	1	1

**Recommendations implemented since the previous audit in this area:**

DATE OF PREVIOUS AUDIT: 20 February 2008

RECOMMENDATION CATEGORIES	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
NUMBER OF RECOMMENDATIONS MADE DURING PREVIOUS AUDIT	0	1	0
NUMBER OF RECOMMENDATIONS IMPLEMENTED	0	0	0
<b>RECOMMENDATIONS NOT YET FULLY IMPLEMENTED:</b>	0	1	0

The recommendation made from the previous audit was primarily in relation verifying the authenticity of charities applying for mandatory relief. We were unable to test this as there were no application made in 2009/10 for mandatory relief and thus have reiterated the recommendation within this review.

**Action Plan**

PARA	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.7	The Council should ensure that all unknown charities are assessed as authentic by checking registration details prior to authorising NNDR relief. Evidence of the check should be retained on file. The mandatory relief form should be amended to include a section informing applicants that validity checks on charity status will be conducted.	Significant	Y	To now validate the charity number on the charity commission website.	With immediate effect	Neil Berry / Andy Williams
1.9	Weekly refund schedules should not be processed prior to acquiring approval from authorising officers.	Merits Attention	Y	It is accepted as a risk. Identifying more members of staff to authorise this in the event of current 2 personnel not being available will devalue verification process. Will investigate refund method with cost. Will attempt to ensure authorisation is given on day before payment run is proceeded in.	With immediate effect	Neil Berry / Andy Williams

## 08.09/10 Risk Maturity

### Executive Summary

#### Introduction

Following the completion of a Risk Maturity review last year, we have undertaken a follow up review to confirm recommendations made have been implemented and the Council continues to develop its risk management processes. Risk Maturity is defined as

“the extent to which a robust risk management approach has been adopted and applied as planned by management across the organisation, to identify, assess, decide on responses to, and report on opportunities and threats that affect the achievement of the organisation’s objectives.”<sup>1</sup>

In particular we have been considering not only what framework our clients have in place to identify, assess, record and monitor risks, but how that information is used within the organisation.



A Risk Management Policy and Strategy has been developed which details the Council’s approach to Risk Management.

The Director of Resources has overall responsibility for Risk Management at the Council and populates the Strategic Risk Register. Risk Management including the Risk Register is presented and discussed at the Risk Management Committee, Senior Management Team, and Audit Committee regularly. Operational risks are presented to the Overview and Scrutiny Committee, and the Cabinet on a quarterly basis as part of Performance Management reporting. The Council’s own assessment of Risk Maturity was Risk Defined

<sup>1</sup> Institute of Internal Auditors

**Your Risk Maturity**

**Based upon the work undertaken, our assessment of South Bucks District Council’s current position on the risk maturity spectrum is Risk Defined.**

The Council has made a lot of progress since our 2008/09 review, especially around reporting of Operational Risks. Recommendations made have also been implemented since last year. The assurance level has remained the same because the Council do not have the capacity to implement all recommendations – those relating to residual risks, and action plans (see below).

RISK MATURITY	NAÏVE	AWARE	DEFINED	MANAGED	ENABLED
YOUR ASSESSMENT OF YOUR CURRENT RISK MATURITY			✓		
OUR ASSESSMENT OF YOUR CURRENT RISK MATURITY			✓		

The key findings from this review are:

- We did not make any significant recommendations in this particular review. We have, however, made two ‘merits attention’ recommendations, the first of which related to the key Risk Management documentation availability on the intranet. All these documents were either incorrect or out of date. Up to dates versions were available. The second recommendation relates the Council’s ‘risk appetite’ which has not been documented.

**Approach to Risk Maturity Review**

Risk Maturity can be assessed on the basis of:

- the commitment to risk management by senior levels of management;
- the presence of working risk registers (with prioritised risks; assigned actions; assurances feeding back into the process) and an aggregated shortlist of highest risks reported to the board;
- the extent to which risk management is embedded throughout the organisation;
- co-ordination with strategic partners; and
- evidence that risks and opportunities are considered to inform decision making.

The objective of this review was to follow up our previous risk maturity review and re-assess the organisation’s risk maturity.

**Limitations to the scope of the audit:**

This review does not comment on whether individual risks are appropriately managed, or whether the organisation has identified all of the risks and opportunities facing it. Our work does not provide any absolute assurance that material error, loss or fraud does not exist.

We do not endorse a particular means of risk management. It remains the responsibility of the Council and senior management to agree and manage information needs and to determine what works most effectively for the organisation.

### Recommendations Summary

The following tables highlight the number and categories of recommendations made, showing which have been brought forward from previous audits. The Action Plan below details the specific recommendations made as well as agreed management actions to implement them.

#### Recommendations made during this audit:

	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
RECOMMENDATIONS MADE	-	-	2

#### Recommendations implemented since the previous risk maturity audit

DATE OF PREVIOUS AUDIT: January 2009

RECOMMENDATION CATEGORIES	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
NUMBER OF RECOMMENDATIONS MADE DURING PREVIOUS AUDIT	-	1	5
NUMBER OF RECOMMENDATIONS IMPLEMENTED	-	1	2
<b>RECOMMENDATIONS NOT YET FULLY IMPLEMENTED:</b>	-	-	3

The significant recommendation related to the regular review of Operational risk registers. We confirmed that these are reviewed regularly on a quarterly basis as part of performance management reporting. Additionally, the Director of Resources undertakes regular review of Operational risk registers with all service leads.

We confirmed that the Risk Management Strategy has been updated to include the definitions and significance, and that whilst there are no action plans in place; staff are urged to complete them as and when required.

The remaining recommendations were agreed in principle, but the council is unable to implement due to resource issues.



**Action Plan**

PARA	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
9	An up to date version of the Risk Management Strategy, Risk Management Policy, and Risk Register Guidance should be made available on the Intranet (merits attention).	Merits Attention	Y	Accepted	November 2009	Jim Burness
10	The Risk Management Strategy should be updated with the following passage under the heading 'Risk Appetite': The general stance of the Council is to be risk averse, but projects/situations would be judged on their individual merit.	Merits Attention	Y	Accepted	November 2009	Jim Burness

## 09.09/10 Health and Safety (Corporate)

### Executive Summary

#### Introduction

An audit of Corporate Health and Safety arrangements was undertaken as part of the approved internal audit periodic plan for 2009/10.

The Building Control Manager is the Authority's lead on Health and Safety. A policy is in place as is a working group devoted to Health and Safety.

An annual plan has been developed detailing all key actions that are required for this year, though due to set backs, the plan is yet to be completed. We were, however, assured that all actions will be completed by April 2010.

The Building Control Manager remains up to date with Health and Safety issues by discussions with the Health and Safety Officer at Aylesbury Council and regular updates from a variety of sources. Any relevant issues will be communicated to staff via email.

Health and Safety training is ongoing at the Council. Whilst there haven't been enough starters this year to warrant induction training, we confirmed that induction training will be undertaken in December for all starters this year. Additionally, training has been provided this year in relation to Ladder training, Risk Assessment, and Manual Handling.

As part of the audit, we designed and distributed a Health & Safety questionnaire aimed to gauge staff perception of Health & Safety, and to ensure that relevant actions are being undertaken at a Departmental level. The questionnaire asked staff their level of agreement for a number of statements. It was distributed to all South Bucks Council staff with 39 completed questionnaires being returned. The results have been incorporated into the report, and are summarised in Appendix 1.

The specific risk considered as part of this audit was:

- Legislative updates are not received or acted upon.

#### Scope of the review

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

#### Control activities relied upon:

- Health & Safety Policy
- Health & Safety Working Group

#### Limitations to the scope of the audit:

The scope of the work was limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out in for this review. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future.

- Any testing undertaken as part of this audit will be compliance based and sample testing only.
- This audit does not replace the requirement for Health and Safety Inspections.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist

The approach taken for this audit was systematic Audit and included the following:

- Establishing the risks affecting the achievement of your corporate objectives
- Reviewing the adequacy and application of the controls in place to mitigate the risk.

**Conclusion**

**Taking account of the issues identified, in our opinion the Authority can take adequate assurance that the controls upon which the organisation relies to manage this risk, as currently laid down and operated, are effective.**

This assurance level has been formulated on the basis of conclusions drawn on the individual elements of design and application of controls in place:

	SUBSTANTIAL	ADEQUATE	LIMITED
DESIGN OF CONTROL FRAMEWORK	X		
APPLICATION OF AND COMPLIANCE WITH CONTROL FRAMEWORK		X	
OVERALL OPINION		X	

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. Whilst we made no significant or fundamental recommendations, we did make five recommendations classified as 'merits attention' which are detailed in the action plan below.

**Recommendations Summary**

The following tables highlight the number and categories of recommendations made. The Action Plan below details the specific recommendations made as well as agreed management actions to implement them.

**Recommendations made during this audit:**

RISK	FUNDAMENTAL	SIGNIFICANT	MERITS ATTENTION
LEGISLATIVE UPDATES ARE NOT RECEIVED OR ACTED UPON.	0	0	5
<b>TOTAL</b>	0	0	5

**Additional Feedback**

**GOOD PRACTICE IDENTIFIED DURING THE AUDIT**

Health & safety updates are received from a variety of sources including the British Safety Council and the IHSBRE.

An annual action plan has been developed detailing all key Health & Safety actions required to be completed this year.

Health & Safety issues are appropriately discussed initially, at the Health & Safety Working Group, the Risk Management Group, and then to the Senior Management Team via the Risk Management updates.

Health and Safety issues are regularly raised at departmental team meetings.

### Action Plan

PARA	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.2	A record should be kept of the annual review of Corporate Arrangements to evidence they have been undertaken.	Merits Attention	Y	Although there is no legal requirement to review the arrangements annually.	Dec 09	Building Control Manager
1.4	The terms of reference of the Health and Safety Working Group should be updated to reflect the current arrangements of the Group.	Merits Attention	Y		Dec 09	Building Control Manager
1.5	The progress of each action on the Annual Health and Safety Plan should be appropriately detailed in the comments/progress column.	Merits Attention	Y	The Annual H&S Plan is updated at every H&S Group meeting.	Next H&S Group meeting	Building Control Manager
1.10	Heads of Service should be required to provide evidence to confirm risk assessments are completed on an annual basis and should provide a list of risks assessments completed as a part of the annual Health & Safety audit.	Merits Attention	Y	HoS will be asked to provide a list of their risk assessments as part of the annual H&S audit process.	Annually	Building Control Manager
1.11	Fire procedures should be reviewed, amended if necessary, and uploaded to the intranet as soon as possible.	Merits Attention	Y		Dec 09	Facilities & Property Manager