



Uttlesford District Council

Chief Executive: John Mitchell

Performance and Audit

Date: Thursday, 12 February 2015
Time: 19:30
Venue: Committee Room
Address: Council Offices, London Road, Saffron Walden, CB11 4ER

Members: Councillors K Artus, A Dean, K Eden, M Felton, M Foley, S Howell (Chairman), D Jones, J Parry, E Oliver, D Sadler

Public Speaking

At the start of the meeting there will be an opportunity of up to 15 minutes for members of the public to ask questions and make statements subject to having given two working days prior notice.

AGENDA PART 1

Open to Public and Press

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MEETINGS AND THE PUBLIC

Members of the public are welcome to attend any of the Council's Cabinet or Committee meetings and listen to the debate. All agendas, reports and minutes can be viewed on the Council's website www.uttlesford.gov.uk. For background papers in relation to this meeting please contact committee@uttlesford.gov.uk or phone 01799 510430/433

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The agenda is split into two parts. Most of the business is dealt with in Part 1 which is open to the public. Part II includes items which may be discussed in the absence of the press or public, as they deal with information which is personal or sensitive for some other reason. You will be asked to leave the meeting before Part II items are discussed.

Agenda and Minutes are available in alternative formats and/or languages. For more information please call 01799 510510.

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**PERFORMANCE AND AUDIT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 20 NOVEMBER
2014**

Present: Councillor S Howell – Chairman.
Councillors A Dean, K Eden, D Jones, E Oliver, J Parry and D Sadler.

Officers in attendance: J Mitchell (Chief Executive), R Auty (Assistant Director Corporate Services), S Bronson (Internal Audit Manager), M Cox (Democratic Services Officer) and A Webb (Director of Finance and Corporate Services).

Also present from EY –Debbie Hanson (Audit Director).

PA32 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors M Felton and K Mackman.

The Chairman reported recent changes to the committee's membership. Councillors Mackman and Foley would be replacing Councillors Parry and A Ketteridge.

PA33 MINUTES

The minutes of the meeting held on 25 September 2014 were signed by the Chairman as a correct record.

PA34 ANNUAL AUDIT LETTER 2013-2014

The External Audit Director presented the Annual Audit letter. This was the version available to the public and summarised the main findings of the audit results for the year ended 31 March 2014, which were reported to the last meeting.

The paper concluded with details of the scale fee and the final proposed audit fee for Uttlesford. This was in line with the agreed fee for the audit work plus an additional amount for the extra work undertaken on the audit of the amendments required to the revaluation reserve and CAA adjustment.

A further letter was circulated at the meeting setting out variances to the fee, which had been agreed with the Director of Finance and Corporate Services.

The additional fee for work on the revaluation reserve and CAA adjustment had been increased by £5,148 to reflect the additional 6.3 days input from the technical specialist. This was higher than the indicative fee and reflected the considerable amount of extra work required in this area this year.

In addition the Audit Commission had applied a permanent variation of £900 to the basic scale fee from 2014/15. This was to reflect the additional audit procedures around business rate income and expenditure within the collection fund. It was proposed that just for this year Uttlesford would be charged £1,310 which recognised the additional work that EY had undertaken on the appeals provision and the underestimation of the provision.

Councillor Dean questioned how the council could be assured that it was receiving value for money from its external auditors. The Chairman said that since the service had been undertaken by EY the fee had reduced by half, due in part to the procurement outsourcing exercise. The External Audit Director explained that the fees were agreed with the client and the Audit Commission. All audit firms were subject to external reviews and comparative fees for other authorities were available on the Audit Commission website.

The Chairman said he was satisfied with the proposed fees and appreciated that EY had absorbed some of the additional costs. The Director of Finance and Corporate Services said that although the fees had reduced there had been no reduction in the quality of service provided.

The committee noted the report

PA35

INTERNAL AUDIT PROGRESS REPORT

The committee considered the report on work undertaken by Internal Audit since the last report to the committee on 25 September 2014, and an update on implemented and outstanding internal audit recommendations.

In relation to the audit of street services – waste and recycling, Councillor Dean commented that the report sent to members contained the higher level recommendations and he would welcome more detailed information about the issues considered. The Audit Manager explained that before the

report was published she sent Members the final report with recommendations, together with the original terms of reference. The issues identified in the audit report were first discussed with the service manager and then signed off by CMT. It would be possible for members to see the draft report if requested.

Councillor Jones added that it would also be useful for members to see the terms of reference of the audit at an earlier stage. He expressed concerns about the waste and recycling service, in particular whether procedures were being followed, for example returning the bins correctly after emptying.

The Chief Executive said there was a difference between day to day performance managing and the issues covered by an internal audit.

In relation to a question regarding the Payroll & HR audit, it was explained that some errors in overtime claims had been picked up by payroll staff and as a result the management team had asked all managers to ensure that claims were made correctly.

The Chairman felt that members should be more proactive in questioning the audit's recommendations. In relation to health and safety, he asked why the full time officer was not expected to be in place until March 2014. It was explained that the post of Health and Safety Officer was currently shared with Harlow Council. UDC had given notice to Harlow that it wished to retain the officer full time, so Harlow was in the process of recruiting a replacement Health and Safety Officer for themselves. It was likely that UDC's Health and Safety Officer would start full time with the authority from January.

The committee noted the report.

PA36

INTERNAL AUDIT COUNTER FRAUD CORRUPTION WORK

The Audit Manager presented a report which updated members on the counter fraud and corruption work undertaken by the council's internal audit section since the last report to the committee in February 2014

In answer to a member question, it was confirmed that the relevant policies were available on the intranet and included in the new staff induction. The Audit Manager said she was hoping to raise the profile of this area within the council and was considering various measures to support this.

The committee was advised that the latest version of the Audit Committee Fraud Briefing was available. It was agreed that this would be circulated to members and if it was felt appropriate, a presentation would be made to the committee at a later stage.

The committee noted the report

PA37

QUARTER 2 PERFORMANCE 2014-15

The committee considered a report on the 2014/15 Quarter 2 results for the key performance indicators and performance indicators.

The Chairman said there had been many positive performance results this quarter. He was particularly pleased with the results for KPI 11,12,13,15 in relation to the determination of planning applications. These were impressive given the previous poor performance in these areas. He appreciated that the Assistant Director Planning and Building Control and his team had managed a very heavy agenda and he was impressed with what had been achieved.

The committee made comments in the following areas:

- i) KPI 01 - % of supplier invoices paid within 30 days receipt by the council

Members questioned why the Council was not always able meet the 95% target. It was explained that the E-Buy system had a new requirement for goods receipting and it was taking time for staff to become familiar with this procedure.

- ii) KPI 15 - Number of return visits to collect bins missed on first collection (per 100,000 collections)

The committee noted that this indicator had increased for the third successive quarter.

At this item, Members considered an accompanying report which benched marked how other Essex authorities dealt with the reporting of missed bins. The Assistant Director Corporate Services said there was very little consistency in the way this indicator was monitored across the district. The two authorities who were the most similar to Uttlesford used a bag system, which could not be compared as these were more difficult to miss. It was noted that Uttlesford still used the previous national indicator, which had a strict definition of what constituted a missed bin.

Councillor Dean commented that councils should take responsibility for the services they provided and not remove a missed bin from the statistics just because the residents got it wrong. The indicator should be a measure of the service that householders wanted and expected.

Members of the committee commented on their experiences and it became clear that the number of complaints appeared to depend on the nature of the ward area and/or the knowledge and consistency of the crew.

The Chairman asked CMT to consider the comments made and work towards a resolution of this matter.

- iii) KPI 14 - percentage of household waste sent for reuse recycling and composting

The Chairman was surprised that this figure was not higher as he was under the impression that many residents recycled a high percentage of their waste. The Committee was informed that a new service manager for waste and recycling would shortly be appointed which would hopefully result in improvements in this area.

- iv) PI 35 – No. of tonnes of garden waste from kerbside collections sent for composting

It was agreed that this target should be reviewed for 2015/16 in order to make it more realistic.

PA38

QUARTER 2 CORPORATE RISK REGISTER 2014/15

The committee considered a report on the Corporate Risk Register as at the end of the second quarter of 2014/15.

- i) 14-CR 06 Potential increase in environmental crime

The committee agreed with the conclusion of the corporate team that this had not presented a significant risk for some time and controls were in place to deal with these matters.

- ii) Emerging risk with regard to potential impact of moves in English devolution and current local authority structure

Members' view were sought on an emerging risk to the council with regard to the potential impact on moves in English devolution on the fabric of the council and the current local authority structures in the county. The Chairman questioned whether local authority reorganisation was

necessarily a risk. The Chief Executive said that there was likely to be a radical rethink of how two tier authorities work together and this could possibly have implications for the future of UDC.

iii) 14-CR 03 Decisions made by LSP do not inform council policy

In answer to a member question, the Chief Executive explained that changes to the National Health regime had increased the involvement in this area for district and county councils. UDC's presence was currently through the Health and Wellbeing Group of the LSP and there was a risk that the council was not contributing to the health role to the extent that it was required to do so. There was concern that the LSP followed its own agenda which did not necessarily dovetail with the council's own strategic objectives and to delivering its statutory duties. This matter was being pursued by the corporate management team.

iv) 14-CR 04 Local Plan

Councillor Dean asked why the wording of the risk had changed. He said that the issue of the objectively assessed need had been questioned during the ongoing Local Plan Inquiry. He was informed that this was a live document and had been updated in response to the change in nature of the tests required by the Planning Inspector. The Chairman said the purpose of this risk was the principle around the local plan and the possible failure to deliver.

v) 14-CR08 Little money available for highway improvements

Councillor Dean questioned the inclusion of this risk as UDC, not being the highway authority, had little control over this area. The Assistant Director Corporate Services said this was an action within the Corporate Plan, to work with the County Council on highway matters. The risk was that the district's Highways Panel would not deliver what it should.

The meeting ended at 8.55 pm.



Local government audit committee briefing

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Find out more

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving. It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.



Government and economic news

Autumn statement

In the Autumn Statement, released on 5 December 2014, the government announced a number of changes to the business rates regime, and employer's national insurance. The changes are summarised as follows:

Business rates

- ▶ Doubling of Small Business Rate Relief has been extended until April 2016
- ▶ The 2% cap on the RPI increase in the business rates multiplier has been extended until April 2016
- ▶ The discount for shops, pubs, cafes and restaurants with a rateable value of £50,000 or below has been increased from £1,000 to £1,500 in 2015/16
- ▶ The Government intends to carry out a review of the future structure of business rates, and will report by Budget 2016. Terms of reference will be published in due course
- ▶ Transitional arrangements for properties with a rateable value of £50,000 or below, and which would have faced significant increases in their business rates, have been extended from 1 April 2015 to 31 March 2017
- ▶ Backdating rules will be changed so that for VOA alterations before 1 April 2016 and ratepayers' appeals before 1 April 2015, changes to rateable value can only be backdated to the period between 1 April 2010 and 1 April 2015
- ▶ The Government has also published a discussion paper on business rates avoidance. The consultation on this, which closes on 28 February 2015, invites responses on methods and scale of avoidance as well as how it may be tackled

National insurance

- ▶ From April 2016, the Government is abolishing employer National Insurance contributions on earnings up to the Upper Earnings Limit for apprentices under 25, in order to progress towards full employment and create a more highly skilled labour market
- ▶ From April 2015, employers will no longer have to pay National Insurance contributions for employees up to the age of 21, on earnings up to the Upper Earnings Limit

Welfare reform

Funding

The Government has held a consultation on how local welfare provision should be funded in 2015/16. This consultation closed on 21 November 2014 and the results are expected early in 2015. Parts of the discretionary Social Fund were abolished by the Welfare Reform Act 2012, and following this, all of the available funding for the Community Care Grant and Crisis Loans elements were passed to upper tier English local authorities and the devolved administrations on the basis of historical demand and spend data. The funding for 2014/15 was adjusted to take account of predicted efficiency savings. It was intended that from April 2015, local welfare provision would be funded from the general grant, rather than ring-fenced, but this decision was recently challenged in judicial review and so the Government has



Government and economic news

committed to making a new decision on how this should be funded. The three options the Government is considering are as follows:

- ▶ Funding local welfare provision from existing local budgets with no separately identified or ring-fenced provision
- ▶ A published figure showing how much of each local authority's Settlement Funding Assessment notionally relates to local welfare provision, with the total national figure decided by Government
- ▶ Topslice Revenue Support Grant to fund a section 31 grant, which would ring-fence the funding for local welfare provision, although the total amount of funding would not change

Although the consultation responses are still being analysed, the Provisional Local Government Settlement 2015/16 contains an amount separately identified, but not ring-fenced, for local welfare provision.

Universal credit

Universal Credit is also rolling out to more areas, and is predicted to be available in a third of jobcentres by spring 2015. From November 2014, Universal Credit is being opened up to families on a phased basis, starting with six jobcentres in the North West. The last new claims to legacy benefits, including housing benefit, which is administered by local authorities, will be accepted during 2017, after which the number of remaining legacy claims will progressively decline and the remainder will be migrated to Universal Credit. This exercise is expected to be largely complete by 2019.

Data sharing

The Government is also consulting on draft regulations to enable data sharing in relation to Universal Credit between DWP and local support providers. This would allow the sharing of data between DWP and local authorities, citizens advice bureaux, credit unions, social landlords and relevant registered charities, in order to identify Universal Credit claimants who need additional support and ensure this support is in place. This Universal Support programme is already being trialled in 11 partnership areas. The proposed changes would come into force from February 2015 and be implemented from March 2015.

Financial sustainability of local authorities

The National Audit Office has published a report on the Financial Sustainability of Local Authorities following the reductions in funding implemented as part of the Government's plan to reduce the deficit. This report summarises the evidence of the impact of funding reductions on local authorities, assesses how well the Department for Communities and Local Government keeps itself informed of the risks and impacts of its funding changes, and assesses whether the Department is managing the risks that its funding reductions will lead to local authorities failing to deliver their statutory services. The key findings are that:

- ▶ In real terms, Government will reduce funding to local authorities by 37% between 2010/11 and 2015/16
- ▶ Local authorities have coped well with these reductions, with no financial failures so far



Government and economic news

- ▶ There is evidence that reductions in funding have led to a fall in volumes of service, although local authorities have tried to protect funding in core areas such as social care
- ▶ In their data returns to the Audit Commission on financial resilience, local auditors report that 16% of single tier and county councils are not well placed to deliver their 2014/15 budgets, and that 52% of such authorities are not well placed to deliver their medium term financial strategies

Meanwhile, the Government has published a provisional Local Government finance settlement for 2015/16 setting out the distribution of Revenue Support Grant (RSG) and retained business rates income.

The provisional settlement includes:

- ▶ A reduction for each authority in the distribution of RSG by reducing each element in proportion to the reduction in the 2015/16 national control total for that element
- ▶ Funding for the Improvement and Development Agency for Local Government of £23.4mn
- ▶ An increase in the rural funding element of RSG from £11.5mn to £15.5mn
- ▶ An adjustment to funding for authorities which have fallen below the threshold for participation in the Carbon Reduction Commitment Energy Efficiency Scheme, to take account of the loss in tax revenue to the Treasury

- ▶ Protection against reduction in revenue spending power of more than 6.4% in 2015/16 through the Efficiency Support Grant

Council tax and business rates collection

The Audit Commission have used information that they have collected from their Value for Money profiles to produce a briefing on council tax and business rates collection. This has identified that the collection rate for council tax has dropped by 0.4% from 2012/13, to 97% in 2013/14, whereas the collection rate for business rates has increased by 0.2% from 2012/13, to 97.9%. In real terms, the collection of both has increased; council tax by 2.7% and business rates by 1.8% from the previous year. The total amount of council tax arrears at 31 March 2014 was 6% higher than in the previous year, standing at £2.53bn. The collection rates for council tax vary by council type; districts had the highest in-year collection rate at 98.0% whereas Metropolitan districts had the lowest, averaging 95.6%. A similar pattern is seen for business rates.



Accounting, auditing and governance

Future of local audit

In our last briefing, we told you about the Government's consultation on the Local Audit Regulations associated with the Local Audit and Accountability Act. This consultation has now concluded and the results have been published. The Government intends to lay finalised regulations before Parliament early in 2015. The consultation covered:

- ▶ Smaller Authorities' Regulations regarding transparency and the appointment of external audit
- ▶ Collective procurement of audit for local authorities, including the principle of a maximum length of appointment period
- ▶ The role of the Specified Person in auditor appointment
- ▶ The Accounts & Audit Regulations, including electronic publication of the accounts, standardisation of the inspection period, and compression of the audit timetable
- ▶ Transparency Code for Internal Drainage Boards, Charter Trustees and Port Health Authorities

A key area is that the Government has decided to retain the proposed approach of bringing forward the accounts deadline

to 31 May and the audit deadline to 31 July, from the 2017/18 accounts. The Government believes that this change will reduce the burden of the closure process, enabling finance staff to give more time to in-year financial management. This will clearly be a significant change for Local Authorities which will require early planning to ensure successful implementation.

The Local Audit and Accountability Act also enhances the role of the National Audit Office (NAO), which becomes responsible for preparation of the Code of Audit Practice; the document setting out what local auditors are required to do. The NAO have also started to augment their programme of Value for Money work, looking more explicitly at local services in areas including:

- ▶ Public health
- ▶ Adult care assessments
- ▶ Care for people with learning disabilities
- ▶ Children's services
- ▶ City deals
- ▶ Housing



Accounting, auditing and governance

Auditing the accounts

The Audit Commission has been publishing the Auditing the Accounts report since 2008/09, and the latest issue shows a considerable improvement in the number of principal bodies publishing their accounts by the deadline of 30 September. 506 out of 512 principal bodies met the statutory accounts publication requirements, and 16 of these published their audited accounts by 31 July. At five principal bodies, the responsible financial officer had not signed and certified the accounts by 30 June. No non-standard audit opinions had been issued by the date of publication, but there were nine bodies where the auditor had not been able to issue the opinion by 30 September. Of these nine, six had been issued by the end of October. The report also covers small bodies, including parish councils and Internal Drainage Boards.

The report identifies challenges for 2014/15 and beyond, including the following:

- ▶ Financial reporting timetable – the report notes that the timetable will be brought forward by two months from 2017/18; with audit bodies being required to submit draft accounts for audit one month earlier than at present

- ▶ Transport infrastructure assets – there will be a fundamental change to the measurement basis of these assets which will affect all Highways authorities and non-highway authorities with material transport infrastructure assets. Taking effect from 1 April 2016, depreciated replacement cost will be used instead of the current depreciated historic cost. It is conservatively estimated that this will add at least £200 billion to the net worth of local authority balance sheets. In 16/17 this will include disclosure of 14/15 asset values as part of the balance sheet

For both of these changes EY will be issuing Audit Committee Briefings and/or Technical Papers as well as carrying out preparedness reviews to assist client and non-clients to meet these challenges.



Regulation news

Consultation on changes to the Bellwin scheme of emergency financial assistance to authorities

A review was set up in 2014 to assess any permanent changes which may be needed to the Bellwin scheme as a result of more frequent severe weather events. This review considered the existing terms of the scheme, including thresholds, grant rate and eligible spending criteria. The Government has held a consultation on suggested revised principles following this review. The consultation ended on 1 January 2015.

The Bellwin scheme covers only emergency spending incurred as a result of immediate action to safeguard life and property, or to prevent suffering or severe inconvenience as a result of a disaster or emergency in the local authority area. Funding for longer term recovery from emergencies will be considered separately. The Government's proposal intends to refocus the scheme on emergency response, rather than recovery.

Previously, the threshold requirement was 0.2% of a local authority's calculated annual revenue budget, and 85% of expenditure above this threshold was funded. From 2013/14, the thresholds were reduced by excluding education budgets for County and Unitary authorities, and 100% of costs above

this threshold were funded. The Government proposes to retain these revised thresholds, and to publish the value of each local authority's provisional threshold alongside the finance settlement each year.

The Government is proposing to limit the time period for eligible spending to one month from when the incident was agreed to have moved from response to recovery. Ministers would retain the choice over when to activate the scheme, and would have discretion over when the period ended. Local authorities would have a longer period of three months to collate costs and claim for reimbursement. The Government also intends to widen the range of activities covered by Bellwin funding, to include some forms of capital spending. However, although emergency highway clear-up costs would be covered, repair to the damaged surfaces of roads and highways will remain ineligible.

Illustrative Bellwin thresholds were published as part of the Provisional Local Government Settlement 2015/16 on 18 December 2014.



Regulation news

Better Care Fund

The National Audit Office (NAO) has recently released a report on the Better Care Fund. The Fund, consisting of money reallocated from existing budgets, involves pooling £3.8bn from 2015/16 for health and social care services to work more closely together, with the ambition that integrated care would be the norm by 2018. All 151 local areas submitted plans by April 2014 but Ministers did not approve the plans as initially intended. This was because after analysing the plans, NHS England concluded that the savings estimates were not credible, that some of the over-optimism shown came from insufficient engagement with acute trusts in planning, and some aspects of the plans needed further development. From May to July 2014, the two departments involved (Department of Health and Department of Communities & Local Government) revised the conditions attached to the fund, as well as improving the governance and programme management of the Fund in July 2014. These changes reduced the time available for local planning, which would have started from

April 2014. However, of the revised plans submitted in September 2014, almost two thirds were approved with no or minor changes, and a third were approved with conditions. Five plans were not approved. Protection of social care services is identified to be the biggest risk area. The NAO's conclusion is that pausing and redesigning the scheme was the right thing to do.

EY have worked with a large number of CCGs and local authorities to help develop plans, or challenge their robustness and governance arrangements. For more information on how EY can support you, contact your engagement lead.



Key questions for the audit committee

What questions should the Audit Committee be asking itself?

Will we be prepared for an earlier closedown for the 2017/18 accounts?

- ▶ Have we critically reviewed the accounts and identified areas where they can be streamlined?
- ▶ Have we identified any disclosures or other areas which could be prepared early?
- ▶ Do we engage in early discussions with our auditors over working paper requirements and any proposed amendments to the accounts compared to the prior year?
- ▶ Do we engage in early discussions with our auditors over key areas of judgement and technical accounting areas well before closedown?
- ▶ Is resourcing within finance teams sufficient? Are there any areas which will need additional support?
- ▶ Do we have plans in place to start producing interim financial statements at month 9 if this is something that we do not already do?

Are we prepared for the change to the measurement basis of transport infrastructure assets?

- ▶ Do we have material transport infrastructure assets?
- ▶ Have we reviewed the key actions and milestones within LAAP bulletin 100? Do we have a project plan in place with sufficient resources in place to deliver? Does our plan include sufficient input from both finance and highways officers?



Find out more

Autumn statement

Read the Autumn Statement in full at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf

Welfare reform

Details of the consultation are at:

<https://www.gov.uk/government/consultations/local-welfare-provision-in-2015-to-2016>

Financial sustainability of local authorities

You can find the NAO report at:

<http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/>

The provisional local government finance settlement is available at:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2015-to-2016#provisional-settlement-2015-to-2016>

The Government's '50 ways to save' guide can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/39264/50_ways_2.pdf

Council Tax & Business Rates Collection

Read the Audit Commission press release at:

<http://www.audit-commission.gov.uk/2014/11/council-tax-and-business-rates-exceed-targets-despite-4-55-billion-uncollected/>

Future of local audit

The consultation is available at:

<https://www.gov.uk/government/consultations/local-audit-regulations>

The NAO have detailed their new role in local audit at:

<http://www.nao.org.uk/report/the-naos-role-in-local-audit/>

Auditing the accounts

Read the full report at:

<http://www.audit-commission.gov.uk/wp-content/uploads/2014/12/20141204-Auditing-the-Accounts-2013-14-LG-FINAL-FOR-WEB.pdf>

Consultation on changes to the Bellwin scheme

When available the results of the consultation will be published at:

<https://www.gov.uk/government/consultations/bellwin-scheme-of-emergency-financial-assistance-to-local-authorities>

Better care fund

Find the NAO's report on the better care fund at:

<http://www.nao.org.uk/wp-content/uploads/2014/11/Planning-for-the-better-care-fund-summary.pdf>

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12 February 2015

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Dear Members

Certification of claims and returns annual report 2013-14 Uttlesford District Council

We are pleased to report on our certification work. This report summarises the results of our work on Uttlesford District Council's 2013-14 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require certification from an appropriately qualified auditor of the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. When such arrangements are made, certification instructions issued by the Audit Commission to appointed auditors of the audited body set out the work they must undertake before issuing certificates and set out the submission deadlines.

Certification work is not an audit. Certification work involves executing prescribed tests which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

In 2012-13, the Audit Commission did not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors undertook only limited tests remained at £500,000. Above this threshold, certification work took account of the audited body's overall control environment for preparing the claim or return. The exception was the housing and council tax benefits subsidy claim where the grant paying department set the level of testing.

Where auditors agree it is necessary audited bodies can amend a claim or return. An auditor's certificate may also refer to a qualification letter where there is disagreement or uncertainty, or the audited body does not comply with scheme terms and conditions.

Statement of responsibilities

In March 2013 the Audit Commission issued a revised version of the 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities). It is available from the Chief Executive of each audited body and via the Audit Commission website.

The statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

This annual certification report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2013-14 certification work and highlights the significant issues.

We checked and certified one claim and one return (housing benefits and pooling of capital receipts) with a total value of £17.5 million. We met submission deadlines for the both of these. We issued a qualification letter in relation to the housing benefit claim which detailed a number of issues identified as a result of our work. Details of the qualification matters are included in section 2. Our certification work found some errors which the Council corrected. The amendments had a marginal effect on the grant due.

We made a number of recommendations in relation to the housing benefit claim following the completion of our audit last year. Due to the timing of the completion of the 2012-13 audit (work was not completed until January 2014) the Council had little time to implement measures to address the weaknesses found before the 2013/14 benefit year was complete. Remedial work to address the 2012-13 findings commenced in January 2014, with the aim of ensuring improvements are made in 2014/15. Further details are included in section 1 of this report. We have made further recommendations this year, set out in section 4.

Fees for certification work are summarised in section 2. The indicative fees for 2013-14 are based on final 2011-12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification have been removed, and the fees for certification of housing benefit subsidy claims have been reduced by 12 per cent. This is to reflect the removal of council tax benefit from the scheme. The additional fee we have included for the housing benefit work for Uttlesford Council has been agreed with the Authority and approved by the Audit Commission.

We welcome the opportunity to discuss the contents of this report with you at the next Performance and Audit committee.



Yours faithfully

A handwritten signature in black ink that reads 'Debbie Hanson'. The signature is written in a cursive style with a large, looped 'D' at the beginning.

Debbie Hanson
Director
Ernst & Young LLP
Enc

Certification of claims and returns annual report 2013-14

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1. Summary of 2013-14 certification work

We were required to certify one claim and one return in 2013-14. The main findings from our certification work are provided below.

Housing benefits subsidy claim

Councils run the Government's housing benefits scheme for tenants. Councils responsible for administering housing benefits claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid. Council tax benefits are now administered locally under the local council tax support scheme and do not form part of this audit. Details of the audit work undertaken and findings to date are summarised below:

Scope of work	Results
Value of claim presented for certification	£17,176,523
Limited or full review	Full
Amended	Yes - certified claim reduced to £17,158,674
Qualification letter	Yes
Fee - 2013-14 (actual)	£31,411 (includes £12,198 additional fee).
Fee - 2012-13 (actual)	£51,157 (includes £32,257 additional fee)
Fee - 2011-12 (actual)	£34,410
Recommendations from 2012-13:	Findings in 2013-14
Our work identified a number of areas for improvement. Recommendations included; <ul style="list-style-type: none"> • Recruiting additional resources for checking assessments of all new claims; • Carrying out additional checking of claims with state retirement pensions and self-employed earnings; • Issuing reminders, training and guidance for staff for all key error types. 	Our audit work identified a number of errors and areas for improvement very similar to the previous year. See below and Appendix A. Recommendations have been made in section 4.

Our audit of the housing benefit claim is undertaken in line with the approach agreed with the Department for Work and Pensions (DWP), which requires detailed testing of individual benefit cases. The work undertaken to support certification of the claim is integrated with our audit opinion work wherever possible.

The housing benefit claim is a high value and complicated claim and many benefit claims subject to audit are amended or qualified, or both, as a result of errors identified. The level of errors we identified in relation to the Uttlesford Council 2013/14 claim is similar to the previous year and remains high compared to other similar councils. The main findings are set out in the attached Appendix A, with a copy of the qualification letter at Appendix B.

Members will note that our findings are similar to the previous year. This is not unexpected due to the timing of the completion of the 2012-13 audit. Last year, the 40+ testing carried out by the benefits team was not completed until January 2014 leaving very little time to implement measures to address the weaknesses found before the 2013/14 benefit year was complete. Remedial work to address the 2012-13 findings commenced in January 2014 and has included additional checking of all new claims and claims

with state pensions, 10% of claims with earned income, review of procedures, on the job training and reminders for claim assessors and an additional 12 hours of resources dedicated to review.

These changes aim to ensure improvements are made in 2014/15. However, a continuous review of these arrangements and feedback from the review process is required to ensure that improved accuracy of assessment is achieved and maintained. We recommend that to ensure performance in this key service is improved, clear reporting and regular monitoring arrangements put in place with direct management oversight and reports to the Audit and Performance Committee.

The certification guidance requires auditors to complete more extensive '40+' testing (extended testing) if the initial sample testing of 20 cases identifies errors in the calculation of benefit or compilation of the claim. As set out in the attached appendices, we found errors in several areas and therefore were required to carry out extended testing in eight areas. Extended and other testing also identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

The main issues we identified and reported were:

- Income assessment errors - extended testing for non HRA rent rebates (cell 11- 6 cases), rent rebates (cell 55 - 40 cases) and rent allowances (cell 94 - 40 cases);
- Incorrect start date - extended testing on the sub population of new claims (Cell 94 -40 cases);
- 15 weeks protected period awarded rather than the permitted 13 weeks - extended testing on the sub population of cases awarded a protected period (Cell 94 -40 cases)
- Misclassification of overpayment as eligible rather than due to administrative delay - extended testing for rent rebates (cell 67 - 40 cases), rent allowances (cell 114 - 40 cases)
- Errors within manual adjustments (additional testing of 10% of manual adjustments)

We agreed with the Council that the benefits team would perform most of this additional testing and we would re-perform a sample of the cases to confirm we could place reliance on the Council's work. The outcome of this additional testing and the potential impact on the Council's claim is documented within the qualification letter to the DWP and attached at Appendix B. There has been an improvement in the quality and timeliness of the 40+ testing undertaken this year which has allowed submission of the claim before the 30 November deadline.

Members may wish to note that although the individual errors identified as a result of audit are generally small, under the requirements of the Certification Instruction there is no materiality applied to our work on the claim and every error above rounding has to be reported. The errors identified from the sample testing are extrapolated across the total population of cases in our reporting to the DWP. Consequently a small error on individual cases can result in a larger extrapolated error, and potential recovery of subsidy paid to the Council by the DWP.

Pooling of housing capital receipts

Councils pay part of a housing capital receipt into a pool run by the Department of Communities and Local Government. Regional housing boards redistribute the receipts to those councils with the greatest housing needs. Pooling applies to all local authorities, including those that are debt-free and those with closed Housing Revenue Accounts, who typically have housing receipts in the form of mortgage principal and right to buy discount repayments. Details of the audit work undertaken and findings to date are summarised below:

Summary of 2012-2013 certification work

Scope of work	Results
Value of return presented for certification	£344,670
Limited or full review	Full
Amended	No
Qualification letter	No
Fee - 2013-14 (actual)	£503
Fee - 2012/13 (actual)	£530
Recommendations from 2011-12:	Findings in 2013-14
None	None

We found no errors on the pooling of housing capital receipts return and we certified the amount payable to the pool without qualification.

2. 2013-14 certification fees

From 2012-13 the Audit Commission replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work for each body. The indicative fees for 2013-14 are based on actual certification fees for 2011-12, reflecting the amount of work required by the auditor to certify the relevant claims and returns in that year, and adjusted to reflect the fact that a number of schemes would no longer require auditor certification. There was also a 40 per cent reduction in fees reflecting the outcome of the Audit Commission procurement for external audit services. In 2011-12 our audit identified errors in Council Tax single person discounts, overpayment classification and rent officer referrals and resulted in 3 sets of additional testing.

The 2013-14 fee for certification of housing benefit subsidy claims has been reduced from the indicative fee by a further 12% to reflect the removal of council tax benefit from the scheme.

The indicative composite fee for Uttlesford District Council for 2013-14 is £18,716. The estimated actual fee for the 2013-14 certification work is £30,914. This compares to an actual fee of £52,207 in 2012/13.

Claim or return	2012/13	2013/14	2013-14
	Actual fee	Indicative fee	Actual Fee
	£	£	£
Housing and council tax benefits subsidy claim	51,157	18,213	30,411
National non-domestic rates return	520	n/a	n/a
Pooling of housing capital receipts	530	503	503
Total	52,207	18,716	30,914

* The final fee has been agreed with the Audit Commission.

3. Looking forward

The Council's indicative certification fee for 2014/15 is £21,040. Details of individual indicative fees are available at the following link:

<http://www.audit-commission.gov.uk/audit-regime/audit-fees/201314-fees-and-work-programme/individual-certification-fees/>

We must seek the agreement of the Audit Commission to any proposed variations to indicative certification fees. The Audit Commission expects variations from the indicative fee to occur only where issues arise that are significantly different from those identified and reflected in the 2011-12 fee.

DCLG and HM Treasury are working with grant-paying bodies to develop assurance arrangements for certifying claims and returns following the closure of the Commission (due April 2015).

The Audit Commission currently expects that auditors will continue to certify local authority claims for housing benefit subsidy from the Department for Work and Pensions (DWP) under the arrangements developed by the Commission. The DWP has asked the Commission to prepare the auditor guidance for 2014/15. Arrangements for 2015/16 onwards are to be confirmed, but DWP envisages that auditor certification will be needed until 2016/17, when Universal Credit is expected to replace housing benefit.

The Audit Commission has changed its instructions to allow appointed auditors to act as reporting accountants where the Commission has not made or does not intend to make certification arrangements for individual claims and returns. This removes the previous restriction saying that the appointed auditor cannot act if the Commission has declined to make arrangements. This is to help with the transition to new certification arrangements. During 2013-14 we have not acted as reporting accountants for Uttlesford District Council in relation to any such schemes.

4. Summary of recommendations

This section highlights the recommendations from our work and the actions agreed. The first section of this table includes general comments from the Assistant Director – Finance in relation to the findings from the audit of the claim.

Recommendation	Priority	Agreed action and comment
General Comment from Assistant Director – Finance	High	<p>A review has been done on the benefits team overall and I have looked at how the team is structured and where the strengths and weaknesses are. Due to some natural staff turnover we have been able to reassess some of the roles. A new Benefit Manager has been appointed and 2 of the team leaders have been given extra responsibilities, relating to accuracy and quality. As part of this we have employed an external company 'Branch and Lee' who are experts in the field of Benefit Subsidy and analysis. Branch and Lee will be contracted to assess and analysis our data prior to audit and work closely with the Benefit Manager and the Auditors to proactively identify areas of improvement.</p> <p>This will include the general points below in the first set of bullet points and then more specifically in each section as per the audit recommendations:</p> <ul style="list-style-type: none">• Targeted high risk checks on change of circumstance assessments• Review of current training and procedures notes – update or newly create where appropriate ensuring quality assurance aims and principals are highlighted• Implementation of the Northgate Performance Management and Quality Assurance module• Sign up to DWP FERIS scheme part 1• Target reviews on historic claims with no intervention for over 2 years• In times of high work pressures/demands, investigate the use of overtime/additional hours for current trained staff rather than a continued reliance on agency.• Pro-actively encourage staff to undertake recognised training programmes such as IRRV Tech 3 qualification• Introduce traffic light style indicator on personal accuracy - feedback to staff (co-inside with covalent)

Implement a continuous review of the remedial arrangements put in place.	High	<ul style="list-style-type: none"> • Assistant Director and Benefit Manager to continue with regular 1-2-1's with specific agenda item on accuracy and quality • Benefit Manager and Senior Quality Officer to have at least 6 weekly 1-2-1's and feedback to Assistant Director • Senior Quality Officer to have at least 6 weekly 1-2-1's with the Quality Checking Officer and feedback to Benefit Manager • Appeals and Assessment Officer to have at least 6 weekly 1-2-1's with assessment and clerical staff and feedback to Benefit Manager • Monthly service meetings with the Benefit Manager, Senior Quality Officer and Appeals and Assessment Officer – accuracy, subsidy, audit, staff training and development as standard agenda items • Bi-monthly benefit team meetings with accuracy, subsidy and audit feedback and training as a standard agenda items • Bi-monthly group team training on new matters and items identified as high risk for error
Introduce regular feedback from the review process to assessors.	High	<ul style="list-style-type: none"> • A progress report to be taken to the regular meetings with the Chief Executive, Director of Finance and Corporate Services and Audit • The early recognition of any potential issues to be highlighted to Audit at the regular meetings
Develop clear reporting and regular monitoring arrangements	High	<ul style="list-style-type: none"> • As per points above <i>plus</i> • Quarterly individual and team accuracy feedback measured against team target of 98%. Detailed explanation of errors reported along with financial or procedural impact on claims. • 100% quality check on new claim assessments, including the implementation of assessment officer self-check sheets • 100% feedback to assessing officers of all financial and procedural errors identified by the Quality Checking Officer and as part of any subsidy audit • Review Quality Checking Spreadsheet to ensure all high risk areas of assessment are checked • Staff to return an acknowledgement to the Quality Checking Officer upon receipt of their personal accuracy feedback with comments on what they have done to

ensure mistakes highlighted do not happen again. Return acknowledgement to also include any additional training requirements assessment officers feel they need to reduce ongoing errors which will be fed back to Appeals and Assessment Officer and integrated as part of appraisals and staff development.

- Staff training logs with reviews at 1-2-1's
-
- The continued use of KPI's as currently reported to Performance and Audit
 - Periodic report detailing the actions taken as above to improve accuracy/quality and any issues arising
 - Update on the work and findings of the external contractor Branch and Lee on progress and any issues or potential issues arising

Ensure direct management oversight and regular reporting to the Audit and Performance Committee High

Appendix A: Housing benefits claim 2013/14 – findings from initial testing

Cell	Findings	Additional testing
Rent rebates – Total expenditure (benefit granted) - cell 55	<p>Testing of the initial sample (20) identified 3 cases with errors, these are:</p> <ul style="list-style-type: none"> • 2 cases where the Authority had underpaid benefit as the claimant's income had been assessed incorrectly. • 1 case where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. <p>Our initial testing of claims in Cell 55 did not identify any overpayment misclassifications. However based on our audit knowledge from the prior year an additional random sample of 40 cases with overpayments was selected for testing from cell 67.</p>	<p>40+ testing on income assessment for cell 55</p> <p>40+ testing on overpayment classification for cell 67.</p>
Non HRA rent rebates - cell 11	<p>Testing of the initial sample of 6 claims identified 3 cases with errors, 2 of which had a combination of errors. These are separately shown below:</p> <ul style="list-style-type: none"> • 1 case where the Authority had both overpaid and underpaid benefit as the claimant's income had been assessed incorrectly. • 1 case where the Authority had 	<p>Extended testing of 6 cases for income assessment for cell 11.</p> <p>Where the Authority has</p>

	<p>overpaid benefit as the claimant's income had been assessed incorrectly. For this case, the expenditure split between cell 12 and cell 13 was incorrect for a part week period, resulting in the Authority under claiming subsidy. The reported expenditure in cell 11 was also understated as the Authority had netted off overpaid expenditure against ongoing entitlement from cell 55.</p> <ul style="list-style-type: none"> • 1 case where the Authority had netted off overpaid benefit against a claim with ongoing entitlement in cell 55 thus understating the value of benefit granted in cell 11. 	<p>misclassified expenditure in cell 13 which should be classified as cell 12, this results in the Authority claiming more expenditure at nil rate subsidy rather than at the cell 12 rate of 1.0. As the impact of this misclassification on subsidy would always result in an under claim of subsidy, no further testing has been undertaken</p> <p>As the impact of netting off on subsidy would always result in an understatement of benefit expenditure and therefore an under claim of subsidy, no further testing has been undertaken.</p>
<p>Rent allowances – Total expenditure (benefit granted) - cell 94</p>	<p>Testing of the initial sample 20 identified:</p> <ul style="list-style-type: none"> • 3 cases where the Authority had overpaid benefit as a result of miscalculating the claimant's average weekly income. • 1 case where the authority had incorrectly coded a Local Authority error overpayment as an eligible overpayment. This is considered in the section on cell 114 below. • 1 case where benefit was overpaid as a result of allowing a 15 week protected period rather than the 	<p>40+ testing on income assessment for cell 94</p> <p>40+ testing on overpayment classification for cell 114</p> <p>40+ testing on the 13 weeks protected period</p>

	<p>prescribed 13 weeks.</p> <ul style="list-style-type: none">• 1 case where benefit was overpaid due to an incorrect start date.• 1 case where a backdated amount was not separately identified in the memorandum cell 131	<p>40+ testing on start date</p> <p>No action as cell 131 is memorandum account and has no impact on subsidy</p>
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Appendix B: Housing benefits claim 2013/14 – Qualification Letter

Department for Work and Pensions
Housing Benefit Unit
Room B120D
Warbreck House
Blackpool
Lancashire
FY2 0UZ

27 November 2014

Ref: GPS/ DH/UDC/BEN01
Your ref:

Direct line: 07974 006715

Email: DHanson@uk.ey.com

Dear Sir / Madam

Uttlesford District Council

Housing Benefit & Council Tax Benefit claim for the year ended 31 March 2014 (Form MPF720A)

Qualification Letter referred to in the Auditor's Certificate dated 28 November 2014

Details of the matters giving rise to our qualification of the above claim are set out in the Appendix to this letter.

The factual content of our qualification has been agreed with officers of the Authority.

No amendments have been made to the claim for the issues raised in this qualification letter.

Yours faithfully

Debbie Hanson
Director
For and on behalf of Ernst & Young LLP
United Kingdom

Cell 11: Rent Rebates (Tenants of Non-HRA Properties) – Total expenditure (Benefit Granted)

Cell Total £41,596

Cell Population 26

Sub Population £19,893

Testing of the initial sample of 6 claims identified 3 cases with errors, 2 of which had a combination of errors, these are separately shown below:

- 1 case where the Authority had overpaid benefit as the claimant's income had been assessed incorrectly. For this case the expenditure split between cell 12 and cell 13 was incorrect for a part week period, resulting in the Authority under claiming subsidy. The reported expenditure in Cell 11 was also understated as the Authority had netted off overpaid expenditure against ongoing entitlement from cell 55.
- 1 case where the Authority had both overpaid and underpaid benefit as the claimant's income had been assessed incorrectly.
- 1 case where the Authority had netted off overpaid benefit against a claim with ongoing entitlement in Cell 55 thus understating the value of benefit granted in cell 11.

Each of these error types is dealt with separately below.

Underpaid benefit

The initial sample found 1 case where benefit had been underpaid (value £396). Had entitlement been awarded correctly it would have offset reported eligible overpayments, therefore the eligible overpayments subsidy cell 28 has been overstated (£396) with a matching understatement of benefit entitlement (cell 12 £387 & cell 13 £9)

Because errors miscalculating the claimant's average weekly income could result in overpayments, an additional test of all cases with assessed income was undertaken. This sub population had a total of 6 cases.

Additional testing found 3 further underpayment income assessment errors (value £51):

- Two of these led to underpayments (£49) on claims without a matching overpayment for the period. As there is no eligibility to subsidy for benefit which has not been paid, these 2 underpayments do not affect subsidy and have not been classified as errors for subsidy purposes.
- The third case with an income assessment error caused benefit to be underpaid (£2) for a period against which there was an eligible overpayment included in the subsidy claim. Had entitlement been awarded correctly it would have offset reported

eligible overpayments, therefore the eligible overpayments subsidy cell 28 has been overstated (£2) with a matching understatement of benefit entitlement (cell13 £2).

Testing has covered all Non HRA claims with income assessment and the error found represents the actual amount by which eligible overpayments in cell 28 have been overstated and the amount by which cell 12 and 13 are understated. The impact of the underpayments which reinstated entitlement and reduced the eligible error overpayments is set out in the table below:

Sample:	Movement / brief note of error:	Sub population/ original cell total:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - 6 cases	income assessment errors	£19,893	(£396)	£10,558	Na		
Additional sample - 6 cases	income assessment errors	£19,893	(2)	£9,335	Na		
Total -12 cases	income assessment errors	£19,893	(£398)	£19,893	Na		
Adjustment	Cell 12 is understated.	£18,553	(£387)	£19,893	Na	£387	£18,940
Adjustment	Cell 13 is understated.	£19,672	(£11)	£19,893	Na	£11	£19,683
Total Corresponding adjustment	Total overstatement of cell 28.	£880	(£398)	£19,893	Na	(£398)	£482

The value of the errors found range from £2 to £396 and the benefit periods range between 2 days and 4 weeks.

Overpaid benefit

Testing of the initial sample identified 2 cases (total value £184) where the Authority had overpaid benefit as a result of a miscalculation of the claimant's income. Failure to calculate the claimant's income correctly results in the overpayment of subsidy. The effect of these errors is to overstate cell 12 £5 and cell 13 £179 with a corresponding understatement of LA error overpayments cell 28; there is no effect on cell 11.

Given the nature of the population and the errors found, an additional sample was selected by drilling down and selecting the 6 other cases in cell 11 which had income assessments. No further overpayment errors were identified.

Testing has covered all Non HRA claims with income assessment and the error found represents the actual amount by which expenditure in cell 12 and 13 are overstated and cell 26 LA error overpayments has been understated. The result of my testing is set out in the table below:

Sample:	Movement / brief note of error:	Sub population:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - 6 cases	income assessment errors	£41,596	(£184)	£10,558	Na		
Additional sample - 6 cases	income assessment errors	£41,596	£0	£9,335	Na		
Total – 12 cases	income assessment errors	£41,596	(£184)	£19,893	Na	(£184)	.
Adjustment	Cell 12 is overstated.	£18,553	£5	£19,893	Na	(£5)	£18,548
Adjustment	Cell 13 is overstated.	£19,672	£179	£19,893	Na	(£179)	£19,493
Total Corresponding adjustment	Total understatement of cell 26	£2,364	£184	£19,893	Na	£184	£2,548

The value of the errors found range from £5 to £112 and the benefit periods range between 2 days and 4 weeks.

Other Error - Netting off

Testing the initial sample identified 2 cases (total value £445) where the Authority has netted off non HRA rent rebate overpayments against ongoing rent rebates expenditure. This results in an understatement of non HRA rent rebates expenditure in cell 11 and cell 26. The impact on subsidy is an understatement of benefit expenditure and therefore an under claim of subsidy. As the impact of netting off on subsidy would always result in an understatement of benefit expenditure and therefore an under claim of subsidy, no further testing has been undertaken

Other Error – Misclassification

Testing the initial sample identified 1 cases (total value £12) where the Authority has misclassified expenditure in cell 13 which should be classified as cell 12. This results in the Authority claiming more expenditure at nil rate subsidy rather than at the cell 12 rate of 1.0. As the impact of this misclassification on subsidy would always result in an under claim of subsidy, no further testing has been undertaken.

Cell 55: Rent Rebates – Total expenditure (Benefit Granted)

Cell Total £6,977,267

Cell Population 1,874

Sub Population £2,450,049 (717 non-passported cases)

Testing of the initial sample identified 3 cases with errors these are separately shown below:

- 2 cases where the Authority had underpaid benefit as the claimant's income had been assessed incorrectly.
- 1 case where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income.

Each of these error types is dealt with separately below.

Underpaid benefit

The initial sample found two cases with an underpayment (total value £632).

For one case, had entitlement been awarded correctly it would have offset reported eligible overpayments, therefore the eligible overpayments subsidy cell 67 has been overstated (£72) with a matching understatement of benefit entitlement (cell 61) .

For one case the income assessment error created an underpayment. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (£560) identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.

Given the nature of the population and the errors found, an additional random sample of 40 cases was selected for testing from the sub-population of non-passported cases.

The additional testing, identified a further 8 cases where benefit had been underpaid (total value £1,914) due to earned income assessment errors.

Of these two cases had an income assessment error which caused benefit to be underpaid (£1,415) for a period against which there was an eligible overpayment included in the subsidy claim. Had the period entitlement been correctly calculated the eligible overpayments would be offset by the revised ongoing entitlement. For the other 6 cases the income assessment error created an underpayment. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (£499) identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes

The impact of the underpayments which reinstated entitlement and reduced the eligible error overpayments is set out in the table below:

Sample:	Movement / brief note of error:	Sub population	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - 20 cases	income assessment errors	£2,450,049	(£72)	£80,948			
Drill down sample - 40 cases	income assessment errors	£2,450,049	(£1,415)	£123,954			
Combined sample - 60 cases	income assessment errors	£2,450,049	(£1,487)	£204,902	0.726%	(£17,787)	.
Adjustment	Cell 67 is overstated.	£2,450,049	(£1,487)	£204,902	0.726%	(£17,787)	
Total Corresponding adjustment	Total understatement of cell 61.					£17,787	

The percentage error rate in our sample reflects the individual cases selected. The percentage error rate in my sample reflects the individual cases selected. The value of the errors found range from £26 to £588 and the benefit periods range from 1 weeks to 12 weeks.

Overpaid benefit

Testing of the initial sample identified 1 case (total value £8) where the Authority had miscalculated the claimant's income. Failure to calculate the claimant's income correctly results in the overpayment of subsidy. The effect of this error is to overstate cell 61 with a corresponding understatement of LA overpayment error cell 65; there is no effect on cell 55.

Given the nature of the population and the errors found, an additional random sample of 40 cases was selected for testing from the sub-population of non-passported cases. The additional testing identified a further 6 cases (total value £4,456) where the Authority had overpaid benefit, as a result of income assessment errors. The effect of the errors is to overstate cell 61 with a corresponding understatements of LA error overpayments cell 65; there is no effect on cell 055.

The result of my testing is set out in the table below:

Sample:	Movement / brief note of error:	Sub population	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - 20 cases	income assessment errors	£2,450,049	(£8)	£80,948			
Drill down sample - 40 cases	income assessment errors	£2,450,049	(£4,456)	£123,954			
Combined sample - 60	income assessment errors	£2,450,049	(£4,464)	£204,902	(2.179%)	(£53,387)	.

Sample:	Movement / brief note of error:	Sub population	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
cases							
Adjustment	Cell 61 is overstated.	£2,450,049	(£4,464)	£204,902	(2.179%)	(£53,387)	
Total Corresponding adjustment	Total understatement of cell 65.					£53,387	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors found range from £8 to £1,523 and the benefit periods range from 1 week to 53 weeks. Similar findings were included in my qualification letters last year.

Given the nature of the population it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.

Other error

The additional testing of 40 cases identified a further 5 cases with income assessment errors but these errors had nil impact on entitlement.

Cell 67: Rent Rebates – Eligible Overpayments (Current Year)
 Cell Total £78,010
 Cell Population 389

Our initial testing of claims in Cell 55 did not identify any overpayment misclassifications. However based on our audit knowledge from the prior year an additional random sample of 40 cases with overpayments was selected for testing from cell 67.

Additional testing identified 11 cases where overpayments had been misclassified in cell 67 eligible excess (£2,910), which should have been classified as: LA error and administrative delay cell 65 (£2,245), and technical excess benefit (£ 665) cell 66 overpayments.

The result of my testing is set out in the table below:

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample -	Misclassification of overpayment	£78,010	(£0)	-£7			
Drill down sample - 40 cases	Misclassification of overpayment	£78,010	(£2,910)	£11,100			
Combined sample – 60 cases	Misclassification of overpayment	£78,010	(£2,910)	£11,093	(26.233%)	(£20,464)	
Adjustment	Cell 65 is understated.	£78,010	£2,245	£11,093	(20.238%)	£15,788	
Adjustment	Cell 66 is understated.	£78,010	£665	£11,093	(5.995%)	£4,676	
Total Corresponding adjustment	Total overstatement of cell 67.					(£20,464)	

The percentage error rate in my sample reflects the individual cases selected. The value of the errors found range from £3 to £1,057 and the benefit periods range from 1 week to 20 weeks. Similar findings were included in my qualification letter last year.

Given the nature of the population and the variation in the errors found it is unlikely that even significant additional work will result in an amendment to this cell that will allow me to conclude it is fairly stated.

Cell 94: Rent Allowances – Total expenditure (Benefit Granted)
 Cell Total £10,184,588
 Cell Population 2,266
 Sub Population £3,999,065 (888 non- passported cases)

Testing of the initial sample identified 7 cases with errors:

- 3 cases where the Authority had overpaid benefit as a result of miscalculating the claimant's average weekly income.
- 1 case where benefit was overpaid due to an incorrect start date.
- 1 case where benefit was overpaid as a result of allowing a 15 week protected period rather than the prescribed 13 weeks.
- 1 case where a backdated amount was not separately identified in the memorandum cell 131.
- 1 case where the authority had incorrectly coded an LA error Overpayment as an eligible overpayment. This is considered in the section on cell 114 below.

Each of these error types is dealt with separately below.

Underpaid benefit

Our initial testing did not identify any underpayments that had not been corrected in subsequent years. However, because errors miscalculating the claimant's average weekly income could result in overpayments we requested that the Authority test an additional random sample of 40 cases (see below).

Testing of an additional random sample of 40 cases, identified 9 cases where benefit had been underpaid (total value £628) due to income assessment errors.

Of these 3 cases had an income assessment error which caused benefit to be underpaid (£456) for a period against which there was an eligible overpayment value (£455 cell 113 and an LA error overpayment value £1 cell 114) included in the subsidy claim. Had the period entitlement been correctly calculated the eligible overpayments would be offset by the revised ongoing entitlement. For the other 6 cases the income assessment error created an underpayment. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (£172) identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes

The impact of the underpayments which reinstated entitlement and reduced the eligible error overpayments is set out in the table below:

Sample:	Movement / brief note of error:	Sub population:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - 20 cases	income assessment errors	£3,999,065	(£0)	£96,186			
Drill down sample - 40 cases	income assessment errors	£3,999,065	(£456)	£220,166			
Combined sample - 60 cases	income assessment errors	£3,999,065	(£456)	£316,352	0.144%	(£5,759)	
Adjustment	Cell 113 is overstated.	£3,999,065	(£1)	£316,352	(0.000%)	(£0)	
Adjustment	Cell 114 is overstated.	£3,999,065	(£455)	£316,352	(0.144%)	(£5,759)	
Adjustment	Total understatement of cell 102	£3,999,065	£344	£316,352	0.109%	£4,359	
Adjustment	Total understatement of cell 103	£3,999,065	£112	£316,352	0.035%	£1,400	
Total adjustment						£5,759	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors range from £1 to £232 and the benefit periods range from 1 week to 27 weeks.

Given the nature of the population and the variation in the errors found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated

Overpaid benefit

Three income assessment errors (total value £730). Failure to calculate the claimant's income correctly results in the overpayment of benefit. The effect of this error is to overstate cell 103 with a corresponding understatement of LA overpayment error cell 113; there is no effect on cell 94.

An additional random sample of 40 cases was selected for testing from the subpopulation of cases where there is assessed income. The additional testing identified a further 8 cases (total value £3,012) where the Authority had overpaid benefit, as a result of income assessment errors. The effect of the errors is to overstate cell 102 (£746), cell 103 (£2,266) with a corresponding understatements of LA error overpayments cell 113 (£3,012); there is no effect on cell 094.

The results of my testing are set out in the table below:

Income assessment: overpaid

Sample:	Movement / brief note of error:	Sub population:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - cases	income assessment errors	£3,999,065	£730	£96,186			
Drill down sample - 40	income assessment errors	£3,999,065	£3,012	£220,166			
Total – 60 cases	income assessment errors	£3,999,065	£3,742	£316,352	1.183%	(£47,309)	
Adjustment	Cell 103 is overstated.	£3,999,065	£3,742	£316,352	1.183%	(£47,309)	
Total Corresponding adjustment	Total understatement of cell 113.					£47,309	

Similar findings were included in my qualification letters last year.

Testing of the initial sample identified 1 case (total value £53) where the Authority had applied an incorrect start date which results in the overpayment of benefit. The effect of this error is to overstate cell 103 with a corresponding understatement of LA overpayment error cell 113; there is no effect on cell 94.

An additional random sample of 40 cases was selected for testing from a subpopulation of new claims in the year with a first week indicator. The additional testing identified a further 2 cases (total value £180) where the Authority had overpaid benefit, as a result of incorrect start dates. The effect of the errors is to overstate cell 103 and understate LA overpayment error cell 113; there is no effect on cell 94.

The results of my testing are set out in the table below:

Incorrect start date: overpaid

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - cases	incorrect start date	£10,193,057	(£53)	£96,186			
Drill down sample - 40	Incorrect start date	£10,193,057	(£180)	£142,600			
Total - 60 cases	Incorrect start date	£10,193,057	(£233)	£238,786	0.097%	(£9,887)	
Adjustment	Cell 103 is overstated.	£10,193,057	(£233)	£238,786	0.097%	(£9,887)	
Total Corresponding adjustment	Total understatement of cell 113.					£9,887	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors range from £1 to £1,122 and the benefit periods range from 4 days to 28 weeks.

Given the nature of the population and the variation in the errors found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.

Other Errors

Testing of the initial sample identified 1 case (total value £113) where the Authority had applied a protection period for 15 weeks rather than the correct 13 week protected period, which results in the overpayment of benefit. The effect of this error is to overstate cell 103 with a corresponding understatement of LA overpayment error cell 113; there is no effect on cell 94.

Testing of all claims in 2013/14 with the 13 week protected period indicator flagged was undertaken. The results of the testing enabled an actual error to be calculated and an adjustment made to the claim.

Testing of the initial sample identified 1 case where the Authority had not identified a backdate award and the backdate amount was not disclosed in the memorandum cell 78. The award of entitlement (value £538) is included in headline cell 94 and expenditure cell 102. It has not been included in memorandum cell 131. There is no subsidy impact.

Cell 114: Rent Allowances – Eligible Overpayments (Current Year)
 Cell Total £245,742
 Cell Population 706

The initial sample identified 1 case (total value £1,335) where overpayments had been misclassified in cell 114 eligible excess overpayments which should have been classified as LA error and administrative delay overpayment cell 113.

Testing of an additional sample of 40 cases from cell 114 eligible excess overpayments, identified 11 cases where overpayments had been misclassified cell 114 eligible excess (£2,131) which should have been classified as LA error and Administrative delay benefit cell 113 overpayments.

The result of my testing is set out in the table below:

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample -	Misclassification of overpayment	£245,742	(£1,335)	£3,240			
Drill down sample - 40 cases	Misclassification of overpayment	£245,742	(£2,131)	£14,145			
Combined sample – 60 cases	Misclassification of overpayment	£245,742	(£3,466)	(£17,385)	(19.937%)	(£48,994)	
Adjustment	Cell 113 is understated.	£245,742	£3,466	£17,385	19.937%	£48,994	
Total Corresponding adjustment	Total overstatement of cell 114.					(£48,994)	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors range from £1 to £1,335 and the benefit periods range from 1 week to 23 weeks. Similar findings were included in my qualification letters last year.

Given the nature of the population and the variation in the errors found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.

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Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 12 February 2015

6

**Title: Internal Audit Progress Report,
08 November 2014 to 31 January 2015**

**Author: Sheila Bronson, Internal Audit Manager
01799 510610**

Item for Information

Summary

1. To report to the Performance & Audit Committee details of work undertaken by Internal Audit since the last report to the Performance & Audit Committee on 20 November 2014 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (08 November 2014 to 31 January 2015) be noted

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2014/15 referred to in this report has been approved by the Corporate Management Team and endorsed by the Performance & Audit Committee.
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none

Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. The purpose of this report is to provide management and members with:
- i) Details of the work completed by Internal Audit since the last report to the Performance and Audit Committee at its meeting 20 November 2014;
 - ii) Performance against the Internal Audit Work Programme 2014/15;
 - iii) Details of risk level 3 and 4 highest priority recommendations implemented since the last report to Members;
 - iv) Details of any recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 08 November 2014 to 31 January 2015

7. Since the last report to the Committee:
- i) Between 08 November 2014 to 31 January 2015, 4 audits from the 2014/15 Internal Audit Work Programme were completed and final reports issued with a total of 0 recommendations made. All final audit reports have been copied to Performance & Audit Committee members and are available on the Council’s Intranet. A summary of final reports issued is presented at Appendix A(i);
 - ii) Between 08 November 2014 to 31 January 2015 work has started on a further 3 audits from the 2014/15 Audit Programme; progress on the 2014/15 programme is presented at Appendix A(ii).

Audit Work Programme 2014/15

- 8. The Internal Audit Work Programme is a rolling programme of audit work expected to be undertaken during 2014/15 and, in accordance with the Internal Audit Strategy, was reviewed and updated in October 2013 to identify the scope of the key financial and other audit work to be undertaken in quarters 3 and 4 of 2014/15.
- 9. The revised programme has been agreed with CMT at its meeting 14 January 2015 and is presented in Appendix A(ii).
- 10. There are 5 audits initially planned for 2014/15 which will be carried forward to the 2015/16 audit programme
 - Housing Repairs;
 - Information Management;

- Elections;
- Members & Allowances & Expenses and
- Community Health & Fitness.

The Planning - Housing Strategy Local Plan audit will be carried forward to 2016/17 or later.

11. As of 31 January 2015, work has been undertaken on 30 out of the 31 planned audits, of these:
- 15 audits have been completed and Final Reports issued and
 - 15 audits are currently work in progress

Recommendations Implemented 08 November 2014 to 31 January 2015

12. There is 1 risk level 4 recommendations which has been implemented in this period; a summary is presented at Appendix A (iii).

Recommendations Not Implemented by due date at 31 January 2015

13. At 31 January 2015 there is 1 recommendation reported in Covalent as not being implemented in accordance with its agreed due dates; a summary is presented at Appendix A (iv).

Risk Analysis

14.

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	1 Action is already being taken towards the implementation of the recommendations contained in the reports.	2 There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified.	Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non compliance

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

FINAL REPORTS ISSUED **08 November 2014 – 31 January 2015**

ref	Audit	Risk	Revised potential days	Final Report Issued	Days Taken	Recommendations Made					Audit Opinion
						No.	Risk Level				
						total	4	3	2	1	
KF01 C	Cash & Bank	3	3	17/11/14	3	0	0	0	0	0	substantial
KF05 O	Council Tax	3	3	29/01/15	8	0	0	0	0	0	substantial
KF08 O	Housing Rents	3	1	17/11/14	1	0	0	0	0	0	substantial
KF42 O	Treasury Management	2	3	17/11/14	3	0	0	0	0	0	substantial
						0	0	0	0		
						total	4	3	2	1	

PROGRESS on the 2014/15 AUDIT PROGRAMME**08 November 2014 – 31 January 2015**

Internal Audit Programme 2014/15 – revised October 2014										
ref	Audit	2014/15 potential days	qtr	IA Risk 2014/15	Started	Draft	Final	Days Taken	Status	Comment
Key Financial - Corporate										
KF01 C	Cash & Bank	3	3	3	06/10/14	17/11/14	17/11/14	3	final	flowchart only
KF02 C	Main Accounting System	4	4	3	23/09/14			3	flowchart	
KF03 C	Asset Management	0		2				0		substantial 2013/14, no audit
KF04 C	Budgets	0		2				0		substantial 2013/14, no audit
	Contracts & Procurement	0		1				0		substantial 2013/14, no audit
	Income - Fees & Charges	0		1				0		substantial 2013/14, no audit
Key Financial - Operational										
KF05 O	Council Tax	10	3	3	29/09/14	23/01/15	29/01/15	8	final	
KF06 O	Creditors	20	4	3	22/09/14			8	testing	
KF07 O	Housing Benefits & LCTS	20	4	3	06/10/14			6	testing	
KF08 O	Housing Rents	1	3	3	17/10/14	17/11/14	17/11/14	1	final	flowchart only
KF09 O	NNDR	10	3	3	05/11/14			9	testing	
KF10 Oi	HR	10	2	3	22/07/14	10/09/14	29/09/14	13	final	flowchart only
KF10 Oii	Payroll	5	4	3	06/10/14			2	planning	
KF11 O	Recovery	15	3	3	17/10/14			17	testing	
KF12 O	Housing Repairs				Carried forward to 2015/16					
KF41 O	Taxation	3	3	1	03/11/14			3	planning	flowchart only
KF42 O	Treasury Management	3	3	2	06/10/14	17/11/14	17/11/14	3	final	
Other - Corporate										
COR13	Corporate Governance & AGS	15	1	3	20/05/14	15/10/14	24/10/14	15	final	AGS + corporate governance
COR14	Equality & Diversity	5	2	3	20/11/14			1	planning	
COR15	Health & Safety	15	1	3	08/05/14	08/08/14	03/09/14	12	final	
COR16	Information Management				Carried forward to 2015/16					
COR17	Training	10	2	3	16/07/14	10/09/14		13	Draft	

PROGRESS on the 2014/15 AUDIT PROGRAMME**08 November 2014 – 31 January 2015**

ref	Audit	2014/15 potential days	qtr	IA Risk 2014/15	Started	Draft	Final	Days Taken	Status	Comment
Other - Operational										
OP18	Building Control Service & Fees	10	1	3	14/03/14	16/06/14	16/06/14	11	final	
OP19	Car Parking Partnership (NEPP)	25	3/4	3	24/09/14			25	testing	
OP20	Leisure - PFI	10	4	3	23/07/14			1	planning	
OP21	Community Safety – inc ASB	10	2	3	23/07/14	20/10/14	06/11/14	10	final	
OP22	Disabled Facilities Grants	10	1	3	25/03/14	16/05/14	29/05/14	10	final	
OP23	Economic Development Service	10	1	3	14/04/14	12/06/14	26/06/14	9	final	
OP24	Elections				Carried forward to 2015/16					
OP25	House Sales	3	1	4	20/05/14	12/06/14	20/06/14	3	final	2013/14 limited assurance - follow up
OP26	Housing Contract Systems	15	4	3				0		
OP27	Housing Rent Deposit Scheme	3	1	4	25/03/14	14/05/14	21/05/14	4	final	2013/14 limited assurance - follow up
OP28	Planning - Housing Strategy Local Plan				Carried forward to 2015/16					
OP29	Members' Allowances & Expenses				Carried forward to 2015/16					
OP30	Planning - Development Management (control)	25	2	4	27/05/14	12/08/14	16/09/14	23	final	
OP31	<i>Planning - Support & Advice (planning fees) - included in op30</i>									
OP32	Services for Older People	10	3	3	12/11/14	09/01/15		8	draft	
OP33	Street Services - Waste & Recycling	25	1	4	26/03/14	30/09/14	03/11/14	23	final	1st audit since reorganisation
OP34	Street Services - Street Cleaning	5	3	3	06/11/14			4	testing	last audit 2009/10
OP35	Street Services - Highway Ranger Services	5	3	3	19/11/14			3	testing	new audit
OP36	Street Services - Grounds Maintenance	5	3	3	03/11/14			5	testing	last audit 2007/08
TOTAL AUDIT DAYS		323						256		

LEVEL 4 & 3 RECOMMENDATIONS IMPLEMENTED	08 November 2014 – 31 January 2015
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Code & Title	Description	Risk Level	Managed By	Due Date	Completed
1415 OP33 - 01 Street Services - Waste & Recycling	A staff manning record covering all set rounds must be maintained on a daily basis and should include any absences / changes made over the day by management / supervisors to ensure that a true and accurate record is retained for audit purposes.	4	Director of Public Services	30-Nov-14	04/11/14

RECOMMENDATIONS NOT IMPLEMENTED	08 November 2014 – 31 January 2015
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Code & Title	Description	Risk Level	Managed By	Due Date	Note
1213 OP-03 03 BUSINESS CONTINUITY	CMT should drive forward a program of review and updating of all BC Plans. Departments should be responsible for their own BC plans and the Emergency Planning Officer should co-ordinate and work with departments to test and validate the resulting plans.	2	Assistant Chief Executive	31-Dec-14	<p>29/01/15 - update from ACE / EPO. No real progress on this.</p> <p>Some departments are compliant, others may have plans which are not currently shared and others may require training in order to understand what is required.</p> <p>The EPO has organised awareness training in March/April for mail room & CSC staff in how to recognise/report and deal with suspect packages /people /behaviours and in light of the recent event in Oxfordshire is preparing to broaden the scope of the training and considering extending it to all managers and relevant staff.</p> <p>Internal Audit Manager note - 29/01/15 The original due date for this recommendation was 31/03/13. Due to lack of progress on recommendation and with Business Continuity being 'red' risk on the strategic risk register, Business Continuity is considered high risk and is included in the 2015/16 Audit Programme.</p>

Committee: Performance & Audit Committee

Agenda Item

Date: 12 February 2015

7

Title: Internal Audit Work Programme 2015/16

Author: Sheila Bronson
Internal Audit Manager
01799 510610

Item for approval

Summary

1. The purpose of this report is to present to Members the details of the proposed Internal Audit work areas for 2015/16.

Recommendations

2. That Members approve the proposed Internal Audit work areas for 2015/16 and consider any additional areas for Internal Audit work during in 2015/16.

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

None.

Impact

- 4.

Communication/Consultation	The Internal Audit Work Programme 2015/16 referred to in this report has been agreed with Corporate Management Team at its meeting 14 January 2015
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

5. Internal Audit is part of the Council's corporate governance framework. Corporate governance is defined as the system by which local authorities direct and control their functions. The requirement for adequate and effective Internal Audit is statutory for all local authorities.
6. With effect from 1 April 2013, the work of Uttlesford District Council's (UDC) Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS require that there must be a risk-based internal audit plan that takes into account the requirement to produce an annual internal audit opinion and assurance framework and the plan must be reviewed and approved by senior management (CMT) and the board (Performance & Audit Committee).
7. In 2011/12 we adopted the methodology of a rolling programme of risk based internal audit work to meet requirements and resources during the year.

Internal Audit Work Areas 2015/16

8. The rolling programme of Internal Audit work for 2015/16 will subject to regular review and updating half-yearly and at any other time as necessary.
9. The available audit days have been calculated on the resources of:
 - 1 x Audit Manager
 - 1 x FT Internal Auditor
 - 1 x 0.67 FTE Internal Auditor
10. The initial Internal Work Programme for 2015/16 is calculated on the allocation of audit days calculated as follows:

total days available	699
(262 working days x 2.67 officers)	
Less - leave provisions	-118
annual leave	70
bank holidays	24
statutory days	6
sick leave	13
study leave	5
Less Non-audit time	-131
audit admin, management, planning, U-perform, training, CPD etc	
Total available Productive Time	450
Less - Non-specific productive audit work	-145
contribution to corporate management	29
consultancy & general advice	30
committee & members related	20
fraud related	20
irregularity provision	20
follow-up	10
residual 2013/14 audit work	10
Other e.g. External Audit, corporate training	6

Days available for Programmed Audit Work 2015/16 **305**

11. The 2015/16 programme audit work is risk based as far as is possible; our priorities for audits are:

1. Corporate Plan Actions / Corporate & Strategic Risks / Key Performance Indicators;

2. Key Financials –statutory audits;
 3. Internal Audit identified high risk areas;
 4. Specifically requested risk areas or services;
 5. Audits carried forward from the 2014/15 plan;
 6. Overdue audits from the strategic plan.
12. The areas currently under consideration for audit work throughout 2015/16 are detailed at Appendix A(i) and cross referenced to the corresponding 2015–20 corporate plan action (draft) and/or corporate risks 2014/15.
13. The key financial and other areas included in the Strategic Programme are reviewed annually. The 2015/16 Strategic Programme is reproduced in Appendix A(ii).
14. Once Corporate Plan & Directorate Plan Actions & Risks 2015/16 have been confirmed, the Internal Audit work programme for the first 6 months of 2015/16 will be agreed with the Corporate Management team and presented to the next meeting of this Committee along with the Internal Audit Strategy 2015/16
15. All revisions to the programme will be reported to the Committee through Internal Audit Progress Reports.

Risk Analysis

16.

Risk	Likelihood	Impact	Mitigating actions
The Council does not provide for an adequate and effective internal audit function	1 Internal Audit function is an integral part of the Council	3 Statutory requirement, adverse External Auditor comment	Strategic audit programme approved by Senior Officers and Members, reconciled to available audit resource
The Council's audit environment changes and available audit resource is no longer sufficient	2 No spare capacity if unforeseen long term absence of staff	2 Review of audit plan leading to reduction of audit coverage. Potential shared / joint working agreements with neighbouring authorities	Regular monitoring and highlighting potential shortfall

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Internal Audit Programme 2015-16 initial planning Jan 2015									
ref	Key Financial	2015/16 potential days	2014/15 programme (provisional)	IA Risk assessment 2015/16	corp plan/ RR/ KPI	comment	last audited	2014/15 opinion	pre-2014/15 opinion
01 KF	Budgets	5	y	2	y		2013/14		substantial
02 KF	Cash & Bank	5	y	3	y		2014/15	substantial	adequate
03 KF	Council Tax	5	y	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
04 KF	Creditors	10	y	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
05 KF	Fraud (non-corporate)	10	y	3	y	new audit			
06 KF	Housing Benefits and LCTS	10	y	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
07 KF	Housing Rents	5	y	3	y	dependant on qtr 3 2014/15 KPIs	2014/15	substantial	substantial
08 KF	Income, Fees & Charges	5	y	2	y		2013/14		adequate
09 KF	Main Accounting System	5	y	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
10 KF	NNDR	5	y	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
11 KF	Payroll	5	y	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
12 KF	Recovery	5	y	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
13 KF	Taxation	5	y	2	y	dependant on 2014/15 opinion	2014/15	tbc	n/a
14 KF	Asset Management		p	1	y	AMP review	2013/14		substantial
15 KF	Treasury Management		p	1	y		2014/15	substantial	n/a
Other									
		2015/16 potential days		IA Risk assessment 2015/16	corp plan/ RR/ KPI	comment	last audited	2014/15 opinion	pre-2014/15 opinion
16 O	Business Continuity	10	y	3	y		2012/13		adequate
17 O	Communication	10	y	3		new			
18 O	Community Health & Fitness	10	y	2		from 2014/15 programme			
19 O	Contracts & Procurement	10	y	4	y	PPP2014	2013/14		substantial
20 O	Corporate Governance & AGS	10	y	3	y		2014/15	substantial	n/a
21 O	Elections	10	y	3	y	from 2014/15 programme	2008/09		adequate
22 O	Environmental Health - Port Health	10	y	3	y	new Port Health incl Green Beans			
23 O	Homelessness	10	y	3	y		2012/13		adequate
24 O	Housing Allocations	10	y	3	y	choice based lettings	2012/13		substantial
25 O	Housing Repairs Service	15	y	4	y	from 2014/15 programme	2013/14		adequate
26 O	Housing Right to Buy	5	y	2	y	PPP2014	2014/15	substantial	limited
27 O	Housing Stock & Voids	10	y	3	y	new builds; voids	2012/13		substantial
28 O	Housing Stores	10	y	4		stock control			
29 O	ICT	10	y	3		incident mgt & resilience	2013/14		substantial
30 O	Information Management & Security	15	y	3	y	from 2014/15 programme	2012/13		adequate
31 O	Licensing	10	y	3	y	service changes	2012/13		adequate
32 O	Members' Allowances & Expenses	10	y	3	y	from 2014/15 programme	2010/11		adequate
33 O	Museum	10	y	3		new storage facility	2012/13		adequate
34 O	Partnerships	15	y	3	y		2013/14		substantial
35 O	Street Services - Fleet & Fuel Management and T	15	y	4	y	new systems	2010/11		adequate
36 O	Street Services - Trade Waste	10	y	3	y		2009/10		adequate
37 O	Car Parking Partnership (NEPP)		p	3	y	dependant on 2014/15 opinion	2014/15	tbc	adequate
38 O	Electoral Registration		p	3	y	IER	2012/13		substantial
39 O	Enforcement		p	2	y		2012/13		adequate
40 O	Equality & Diversity		p	4	y	dependant on 2014/15 opinion	2014/15	tbc	limited
41 O	Facilities Management		p	2		Legionella management & control	2013/14		adequate
42 O	Housing Contract Systems		p	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
43 O	HR		p	3	y	employee sickness management	2014/15	adequate	substantial
44 O	Leisure - PFI		p	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
45 O	Risk Management		p	2	y		2012/13		substantial
46 O	Section 106 Obligations		p	2	y		2012/13		adequate
47 O	Services for Older People		p	2	y	dependant on 2014/15 opinion	2014/15	tbc	adequate
48 O	Street Services - Grounds Maintenance		p	3	y	dependant on 2014/15 opinion	2014/15	tbc	adequate
49 O	Street Services - Highway Ranger Services		p	3	y	dependant on 2014/15 opinion	2014/15	tbc	n/a
50 O	Street Services - Income Generating Services (Bulky Household)		p	2	y		2012/13		n/a
51 O	Street Services - Management & Admin (Asset acquisitions & di		p	2	y		2012/13		n/a
52 O	Street Services - Street Cleaning		p	3	y	dependant on 2014/15 opinion	2014/15	tbc	substantial
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Strategic Programme 2015-16 initial planning Jan 2015

Key Financial	2015/16 potential days	2015/16 programme (initial)	IA Risk assessment 2015/16	corp. plan 2015-20 (draft)	corp. risks qtr2 2014/15 (6 & above)	KPIs qtr2 2014/15	2014/15 days	IA Risk assessment 2014/15	comment	last audited	2014/15 opinion	pre-2014/15 opinion
Asset Management		p	1	y	14-CR 02 6		0	2	AMP review	2013/14		substantial
Budgets	5	y	2	y	14-CR 02 6		0	2		2013/14		substantial
Cash & Bank	5	y	3	y	14-CR 02 6		3	3	dependant on 2014/15 opinion	2014/15	substantial	adequate
Council Tax	5	y	3	y	14-CR 02 6		10	3	dependant on 2014/15 opinion	2014/15		substantial
Creditors	10	y	3	y	14-CR 02 6	KPI 01 A	20	3	dependant on 2014/15 opinion	2014/15		substantial
Fraud (non-corporate)	10	y	3						new audit			
Housing Benefits and LCTS	10	y	3	y	14-CR 02 6	KPI 06a A	20	3	dependant on 2014/15 opinion	2014/15		substantial
Housing Rents	5	y	3	y	14-CR 02 6	KPI 16 A	1	3	dependant on qtr 3 2014/15 KPIs	2014/15	substantial	substantial
Income, Fees & Charges	5	y	2	y	14-CR 02 6		0	1		2013/14		adequate
Main Accounting System	5	y	3	y	14-CR 02 6		4	3	dependant on 2014/15 opinion	2014/15		substantial
NNDR	5	y	3	y	14-CR 02 6		1	3	dependant on 2014/15 opinion	2014/15		substantial
Payroll	5	y	3	y	14-CR 02 6		5	3	dependant on 2014/15 opinion	2014/15		
Recovery	5	y	3	y	14-CR 02 6		15	3	dependant on 2014/15 opinion	2014/15		substantial
Taxation	5	y	2	y	14-CR 02 6		3	1	dependant on 2014/15 opinion	2014/15		n/a
Treasury Management	0		1		14-CR 02 6		3	2		2014/15	substantial	n/a
Other	2015/16 potential days	2015/16 programme (initial)	IA Risk assessment 2015/16	corp. plan 2015-20	corp. risks qtr2 2014/15 (6 & above)	KPIs qtr2 2014/15	2014/15 days	IA Risk assessment 2014/15	comment	last audited	2014/15 opinion	pre-2014/15 opinion
Access to Services			1	y			0	1		2013/14		substantial
Building Control Service and Fees			1	y			10	3		2014/15	substantial	substantial
Business Continuity	10	y	3		14-SR 01 8		0	1		2012/13		adequate
Car Parking Partnership (NEPP)		p	3	y			25	3	dependant on 2014/15 opinion	2014/15		adequate
Communication	10	y	3						new			
Community Health & Fitness	10	y	2				0	3	from 2014/15 programme			
Community Safety - incl ASB			1	y			10	3		2014/15	substantial	substantial
Conservation & Trees			1	y			0	1		2012/13		substantial
Contracts & Procurement	10	y	4	y	14-CR 05 9			1	PPP2014	2013/14		substantial
Corporate Governance & AGS	10	y	3	y			15	3		2014/15	substantial	n/a
Customer Service Centre			3	y			0	1		2012/13		adequate
Disabled Facilities Grants			1	y			10	3		2014/15	substantial	substantial
Economic Development Service			1	y	14-CR 09 6		10	3		2014/15	substantial	
Elections	10	y	3	y			0	3	from 2014/15 programme	2008/09		adequate
Electoral Registration		p	3	y			0	1	IER	2012/13		substantial
Emergency Planning			2		14-SR 02 6		0	1		2013/14		adequate
Enforcement		p	2	y			0	1		2012/13		adequate
Environmental Health - Port Health	10	y	3	y			0	0	new Port Health incl Green Beans			
Environmental Health - various			1	y			0	1	quality & pollution; contaminated land; Licensing	2013/14		adequate
Environmental Health - various			1	y			0	1	food safety; infectious disease control	2011/12		substantial
Equality & Diversity		p	4	y			5	3	dependant on 2014/15 opinion	2014/15		limited
Facilities Management		p	2				0	1	Legionella management & control	2013/14		adequate
Grant & External Funding received			2									
Grants to Voluntary Organisations			3	y			0	1		2012/13		adequate
Health & Safety			2	y			15	3		2014/15	adequate	adequate
Homelessness	10	y	3	y			0	1		2012/13		adequate
Housing Right to Buy	5	y	2	y			3	4	PPP2014	2014/15	substantial	limited
Housing Allocations	10	y	3	y			0	1	choice based lettings	2012/13		substantial
Housing Contract Systems		p	3	y			15	3	dependant on 2014/15 opinion	2014/15		substantial
Housing Rent Deposit Scheme			1	y			3	4		2014/15	substantial	limited
Housing Repairs Service	15	y	4	y	14-CR 02 6		10	3	from 2014/15 programme	2013/14		adequate
Housing Stock & Voids	10	y	3	y			0	1	new builds; voids	2012/13		substantial
Housing Stores	10	y	4						stock control			
HR		p	3	y	14-CR 02 6	KPI 07 R	10	3	employee sickness management	2014/15	adequate	substantial
ICT	10	y	3				0	1	incident mgt & resilience	2013/14		substantial
Information Management & Security	15	y	3	y			0	3	from 2014/15 programme	2012/13		adequate
Insurance			1				0	1		2012/13		adequate
Legal Services			1				0	1		2012/13		substantial
Leisure - PFI		p	3	y			10	3	dependant on 2014/15 opinion	2014/15		substantial
Licensing	10	y	3	y			0	1	service changes	2012/13		adequate
Local Land Charges			2	y			0	1		2013/14		adequate
Mailroom & Reprographics			2				0	1		2012/13		adequate
Members' Allowances & Expenses	10	y	3	y			0	3	from 2014/15 programme	2010/11		adequate
Museum	10	y	3				0	1	new storage facility	2012/13		adequate
Partnerships	15	y	3	y	14-CR 03 9		0	1		2013/14		substantial
Performance Management			1	y			0	1		2013/14		adequate
Planning - Development Management, Support & Advice			1	y			25	4		2014/15	substantial	adequate
Planning - Housing Strategy Local Plan			1	y	14-CR 04 6		0	4		2011/12		adequate
Risk Management		p	2	y			0	1		2012/13		substantial
Section 106 Obligations		p	2	y			0	1		2012/13		adequate
Services for Older People		p	2	y			10	3	dependant on 2014/15 opinion	2014/15		adequate
Street Services - Fleet & Fuel Managemer	15	y	4	y					new systems	2010/11		adequate
Street Services - Grounds Maintenance		p	3	y			5	3	dependant on 2014/15 opinion	2014/15		adequate
Street Services - Highway Ranger Services		p	3	y			5	3	dependant on 2014/15 opinion	2014/15		n/a
Street Services - Income Generating Services (Bulky Hou		p	2	y			0	3		2012/13		n/a
Street Services - Management & Admin (Asset acquisition		p	2	y			0	1		2012/13		n/a
Street Services - Street Cleaning		p	3	y			5	3	dependant on 2014/15 opinion	2014/15		substantial
Street Services - Trade Waste	10	y	3	y			0	3		2009/10		adequate
Street Services - Waste & Recycling			2	y		KPI 15 R	25	4		2014/15	adequate	adequate
Training			2				10	3		2014/15	adequate	n/a
Utility Payments & Energy Efficiency			2	y			0	1		2012/13		adequate
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Committee: Performance & Audit Committee

Agenda Item

Date: 12 February 2015

8

Title: The Internal Audit Charter (February 2015)

Author: Sheila Bronson, Internal Audit Manager
01799 510610

Item for approval

Summary

This report informs Members of the review and updating of the Internal Audit Charter.

Recommendations

1. That members approve the revised The Internal Audit Charter (February 2015) to ensure compliance with PSIAS.

Financial Implications

2. None. There are no costs associated with the recommendations in this report.

Background Papers

3. None.

Impact

- 4.

Communication/Consultation	The Internal Audit Charter (February 2015) has been presented to the Council's Corporate Management Team
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

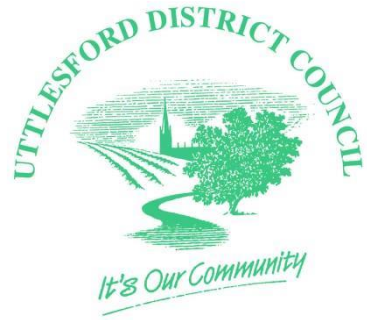
5. With effect from 1 April 2013, the work of Uttlesford District Council’s (UDC) Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:
 - Definition of Internal Auditing;
 - Code of Ethics, and
 - International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).
6. The PSIAS are mandatory for all internal auditors working in the UK public sector.
7. The PSIAS require an Internal Audit Charter to be periodically reviewed and presented to senior management and the board for approval. This is the first review of the Internal Audit Charter since its publication in November 2013.
8. The Internal Audit Charter (February 2015) has replaced the Internal Audit Charter (November 2013). The main revisions are:
 - Updating of references to the Assistant Chief Executives – Legal and Finance to reflect to current Corporate Management Team composition (throughout);
 - Rewording of paragraph 4.10 relating to the External Auditor to reflect the changing nature of the relationship between Internal and External audit;
 - Inclusion on paragraph 9.4 reference to the Internal Audit Quality Assurance & Improvement Programme;
 - In Appendix A the addition in the Internal Audit Protocols of a new section 2 relating to audit Terms of Reference.
9. The Internal Audit Charter (February 2015) is presented to this Committee for approval.

Risk Analysis

10.

Risk	Likelihood	Impact	Mitigating actions
Adverse External comment if the Internal Audit Charter does not comply with the PSIAS.	1 Internal Audit function is an integral part of the Council	2 Statutory requirement, adverse External Auditor Report	Regular review of Charter

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.



Internal Audit CHARTER

February 2015

INTERNAL AUDIT CHARTER

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- 2. Aims & Objectives**
- 3. Audit Planning**
- 4. Basis of Forming and Evidencing the Audit Opinion**
- 5. Outcomes**
- 6. Internal Audit Team**
- 7. Performance Management**
- 8. Governance and Strategic Framework**
- 9. Review of Effectiveness of Internal Audit**

Appendices

- A. Internal Audit Reporting Protocols**
- B. Internal Audit Assurance Opinion Criteria and Risk Level Definitions**

1 Introduction

Background

1.1 With effect from 1 April 2013, the work of Uttlesford District Council's (UDC) Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Definition of Internal Auditing
- Code of Ethics, and
- International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).

Additional requirements and interpretations for the UK public sector have been inserted in such a way as to preserve the integrity of the text of the mandatory elements of the IPPF. The PSIAS are mandatory for all internal auditors working in the UK public sector.

1.2 Internal Audit is defined in the PSIAS as follows:

“Internal auditing is an independent, objective, assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

1.3 The PSIAS require an Internal Audit Charter to be approved by the Board in order to define Internal Audit's purpose, authority and responsibility. This Charter establishes Internal Audit's position within the council and reporting lines, authorises access to records, personnel and physical property relevant to the performance of audit work, and defines the scope of Internal Audit activities.

Legislation and Guidance

1.4 Section 6 of the Accounts and Audit (England) Regulations 2011 states that “a relevant body must undertake an adequate and effective internal audit of its accounting records and of its systems of internal control in accordance with proper practices in relation to internal audit”. The UDC Internal Audit discharges the above responsibilities by conducting an objective and independent appraisal of all of the council's activities, financial and otherwise.

1.5 The practice of Internal Audit is governed by the PSIAS. Internal Audit is also governed by the policies, procedures, rules and regulations established within UDC. These include schemes of delegation; financial regulations; conditions of service; counter fraud and corruption policies; procedures and HR policies. Internal Audit takes due cognisance of external bodies, including the Chartered Institute of Internal Auditors (CIIA), CIPFA, external audit, local government bodies, together with all legislation affecting the service provided by Internal Audit.

- 1.6 The PSIAS contain a Code of Ethics which is mandatory for all internal auditors in the public sector. In addition, individual staff within the Internal Audit team are also required to adhere to the Codes of Ethics of their professional bodies where appropriate. Internal Audit staff will be reminded of the need to comply with the Code on an annual basis.

Definition

- 1.7 The PSIAS require that the Internal Audit Charter defines the terms “Board” and “Senior Management” in relation to the work of Internal Audit. For the purposes of UDC Internal Audit work:

UDC’s Full Council has designated its **Performance & Audit Committee** as the **Board** for the purposes of UK Public Sector Internal Audit Standards (PSIAS) and delegated all the functions of the Board under those Standards to the Committee.

Senior Management is defined as the members of the **Corporate Management Team (CMT)** i.e. the Chief Executive, Assistant Chief Executive, Directors and Assistant Directors.

- 1.8 The PSIAS also refer to the **Chief Audit Executive** which in UDC is deemed to be the **Internal Audit Manager**.
- 1.9 The Internal Audit Manager is responsible for the effective review of all aspects of governance, risk and internal control throughout the full range of the Authority’s activities. However, the existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

Customers

- 1.10 The customers of Internal Audit effectively comprise all those who expect assurance to be provided on the adequacy of the control environment and the processes which support the protection of public funds. These customers include:
- The residents of Uttlesford District
 - Other UDC Service Users;
 - Local Tax Payers;
 - Central Government;
 - Members and Cabinet;
 - Head of Paid Service, Section 151 Officer and Monitoring Officer;
 - Senior Management and Staff;
 - Performance & Audit Committee;

- Partners;
- External Auditor.

2. Aims and Objectives

Principal Objectives

- 2.1 The UDC Internal Audit Service aims to contribute to the Corporate Objective of setting a high example by exemplary corporate governance and standards.
- 2.2 The principal objectives of UDC Internal Audit are to:
- Deliver an Internal Audit Annual Report and Opinion that can be used by the council to inform its Annual Governance Statement (AGS);
 - Independently review and appraise systems of control throughout the council;
 - Ascertain the extent of compliance with procedures, policies, regulations and legislation;
 - Provide reassurance to management that their agreed policies are being carried out effectively;
 - Facilitate good practice in managing risks;
 - Provide advice and input into any significant system or procedural developments;
 - Recommend improvements in control, performance and productivity in achieving corporate objectives;
 - Review and challenge the economy, efficiency and effectiveness of processes and systems within the council;
 - Work in liaison with the external auditors;
 - Review controls to prevent and detect fraud;
 - Lead and promote the counter fraud culture within the council;
 - Comply with the PSIAS and other relevant guidelines and professional practice.
- 2.3 Internal Audit is neither an extension of nor a substitute for good management. Although Internal Audit can advise management on risk and control issues, it is the

duty of management to operate adequate systems of internal control and risk management.

- 2.4 Internal Audit will carry out a continuous audit of all of the council's services by objectively examining, evaluating and reporting upon the adequacy of risk management and internal control. In doing so ensuring there is proper, economic, efficient and effective use of council resources.
- 2.5 The annual Internal Audit Opinion focuses on the overall adequacy and effectiveness of the council's framework of governance, risk management and control. This is the 'assurance' role for Internal Audit.
- 2.6 Internal Audit also provides an independent and objective consultancy service, which is advisory in nature and generally performed at the specific request of service management. The aim of the consultancy service is to help line management improve the council's risk management, governance and internal control. This is the 'consultancy' role for Internal Audit and contributes towards the overall opinion. Such consultancy work will only be undertaken where resources permit without impacting on the annual assurance process. In line with the PSIAS, approval will be sought from the Performance & Audit Committee before any significant unplanned consultancy work is accepted.

Achieving our Objectives

- 2.7 To meet the above objectives, the UDC Internal Audit function has been established as an independent team. The Internal Audit Manager reports directly to the Assistant Chief Executive. Direct reporting lines for the Internal Audit Manager are also established with the Section 151 Officer, the Chief Executive and the Chair of the Performance & Audit as considered necessary. Further unrestricted access is also available to Members (including the Leader of the Council), Directors, Assistant Directors and all Authority officers.
- 2.8 The Internal Audit Manager is also responsible for managing and co-ordinating the council's involvement in the National Fraud Initiative (NFI).
- 2.9 Internal Audit work is undertaken in accordance with the annual Internal Audit Work Programme which sets out the proposed programme of audit work for each financial year. This Internal Audit Work Programme is approved by CMT and the Performance & Audit Committee in February each year and reported to the Committee in summary via progress reports at each ordinary meeting.

Independence, Access and Remit

- 2.10 Internal Audit is independent of all the activities of the council to ensure it is able to appraise the council's governance, risks and internal control systems in the impartial and unbiased manner that is essential to the proper conduct of audits.
- 2.11 To ensure this independence and in order to undertake its function effectively, Internal Audit has unrestricted access to all of the council's staff; records (whether manual or

computerised); cash and property; and may enter UDC property or land to obtain any information or explanations required.

2.12 Such access is granted on demand, need not be subject to prior notice and also extends to partner organisations working on behalf of UDC where this has been agreed within relevant contractual arrangements in order to review, appraise and report on:

- The adequacy and effectiveness of the systems of financial, operational and management controls and as they are practiced in relation to the risks to be addressed;
- The extent to which the assets and interests are acquired economically, used efficiently, accounted for and are safeguarded from loss arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity plans exist;
- The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;
- The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss;
- The follow up action taken to remedy weaknesses identified by Internal Audit;
- The operation of the council's Corporate Governance arrangements.

2.13 To promote independence and objectivity, Internal Audit neither 'owns' a system under audit nor is given any operational responsibilities within the line management structure or responsibility for any aspect of work subject to audit.

2.14 Where Internal Audit staff have a perceived or real conflict of interest in undertaking a piece of work; this will be managed through the Internal Audit management process. Staff are required to inform the Internal Audit Manager or the Assistant Chief Executive of any relationships or financial interests in any council activity subject to audit. All Internal Audit staff are required to make an Annual Declaration of Interests and Acknowledgement of their Ethical responsibilities.

2.15 Within the context of the above, the remit of Internal Audit at a corporate level will include audits in the following areas:

- Key Financial systems – covering all the key financial systems and providing support to the external audit work;
- Major projects and procurement – contracts and procurement processes, commissioning, project management, post implementation appraisals;

- Asset management – effective management of properties and property related risks;
- Corporate Governance – Internal Audit will make an independent assessment of the assurances being provided from within the governance structures established within UDC and co-ordinate the preparation of the council's Annual Governance Statement;
- Performance Management – evaluation of the processes by which the council assesses, reports monitors and manages its performance;
- Risk Management – evaluation of processes by which the council assesses, reports, monitors and manages its risk;
- Information Management – including data protection, freedom of information, records management and information security;
- Information and Communications Technology – including information technology (IT) strategy and physical IT controls;
- Partnership working – both new and existing arrangements, focusing on governance, controls, risk management and performance management;
- Equality & Diversity and Access to Services – evaluation of the council's strategies, policies procedures and systems and its compliance with Equality and Human Rights regulations;
- Business Continuity Planning – at corporate & service level;
- Health and safety – central and service based risks.

3. Audit Planning

3.1 The PSIAS require that there must be a risk-based internal audit plan that takes into account the requirement to produce an annual internal audit opinion and assurance framework. It must incorporate in or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.

Internal Audit Strategic Programme

3.2 The Internal Audit Strategic Programme details all potential audit areas at both corporate and service area levels within UDC and forms the starting point for the annual audit planning process.

3.3 All areas identified in the Strategic Programme are subject to an audit needs risk assessment to identify their risk level based on a number of risk factors including

materiality, third party sensitivity and potential fraud risk. This will influence the frequency of audits and the estimated resource requirements to ensure that all potential audit areas will be audited.

- 3.4 The Internal Audit Strategic Programme is reviewed annually in conjunction with CMT to ensure that it remains up to date and continues to take account of emerging risks and service developments and that the focus of Internal Audit work remains relevant to the council's Plan and current priorities.

Annual Internal Audit Work Programme

- 3.5 The annual Internal Audit Work Programme sets out the audit work programme at the beginning of each financial year. It is a rolling programme of planned audit work that is expected to be undertaken during the financial year and is subject to regular review and updating at strategic points throughout the year.

- 3.6 The Internal Audit Work Programme is risk based as far as is possible, the auditing priorities are determined from a number of sources including:

- The corporate, strategic and directorate risk registers, aligned with the corporate objectives set out in the council's Corporate Plan, to identify areas of high strategic and operational risk;
- The Internal Audit Strategic Programme identifying audit areas of highest risk, the date the audit review was last undertaken and the frequency thereof;
- Any other areas considered high risk by the Internal Audit Manager;
- Specifically requested Directorate & Service high risk areas or services following consultation with the CMT;
- Audits carried forward from the previous years' Audit Programme and any overdue audits from the Strategic Programme;
- Weaknesses identified in the Annual Governance Statement;
- Issues raised by the Performance & Audit Committee;
- Audit resource availability.

- 3.7 In order to preserve the independence of Internal Audit the final risk assessment and inclusion in the Internal Audit Work Programme rests with the Internal Audit Manager.

- 3.8 Further details on the production of the Internal Audit Strategic and Work Programmes are given in the annual Internal Audit Strategy.

Other Information Sources

- 3.9 Awareness of national issues is maintained through subscription to internet resources such as CIPFA's Technical Information Service. In addition there is liaison with

external audit and networking with other local authority audit teams specifically through the Essex, the London and the Midlands Audit Groups. These audit groups have regular meetings during the year and active e-mailing networks to discuss topical issues, emerging risks and progress specific initiatives and sharing of audit planning methodology and points of practice.

Reviewing the Programme

- 3.10 The initial Internal Audit Work Programme for the upcoming financial year is approved by CMT and the Performance & Audit Committee in February of each year. Details of reviews and updating of the Programme is included in the Internal Audit Progress Reports to the Performance & Audit Committee.
- 3.11 The Internal Audit Work Programme is subject to regular review and updating at strategic points throughout the year:
- Early April to determine the proposed audit work for quarters 1 & 2 of the new financial year;
 - At the end of June to determine proposed audit work for quarters 2 and 3 of the financial year;
 - At the end of September to determine proposed audit work for quarters 3 and 4 of the financial year;
 - At any other relevant point during the year.

Non-specific Audit Time

- 3.12 The Internal Audit Work Programme includes non-specific audit time allocated for:
- Residual Audit Work – to ensure timely completion of any residual previous year's audits;
 - Follow-up Work – to ensure that recommendations have been implemented;
 - Irregularity Provision – to include the provision of an independent investigation service on internal matters that require investigative and evidence gathering skills. Also to review controls post investigation as part of the core audit function;
 - Consultancy and General Advice - to allow for changes in priorities and issues that arise during the year; extensions to reviews where further testing may be required because of control weaknesses; advice on general control issues and Financial Regulation requests etc.;
 - Committee and Member related work – to include Committee Report preparation, liaison meetings with Performance & Audit Committee Chair and other Members and dealing with Member queries;

- Contribution to Corporate Management – to include the Internal Auditor time spent on corporate projects and working groups;
- Fraud Related work – to include National Fraud Initiative (NFI) Key Contact responsibilities and anti-fraud and corruption awareness work.

4. Basis of Forming and Evidencing the Audit Opinion

Audit Approach

- 4.1 Internal Audit is responsible for providing an annual opinion on the internal control environment for the Council as a whole. A risk based approach is taken with individual audit reviews embracing operational and management controls and the wider business risks. This allows an opinion to be expressed on risk identification & exposure and the adequacy of systems in place to manage those risks.

Key Financial and Other audit work

- 4.2 The annual Internal Audit Work Programme governs each year's activity and, to enable the work to be planned and delivered effectively, audit coverage is prioritised and categorised between

- Key Financial
- Other

- 4.3 Key Financial audit work relates to those areas where Internal Audit review or support will generally add greatest value to the organisation. The audits within this category will be given highest priority in the event of competing demands for Internal Audit resources.

- 4.4 Other audit work complements the work from the Key Financial programme and ensures an adequate level of Internal Audit review each year throughout the council's services. Whilst the individual reviews are initially agreed with the service Directors and Assistant Directors at the start of each year, it is also accepted that should the need arise audit work may be directed towards other emerging risks or investigations as required. Overall levels of input will remain broadly as agreed which means that the levels of assurance work are aligned with the initial levels of risk identified. This approach enables a wide range of coverage for a formal audit opinion to be formed.

Audit Reporting

- 4.5 At the completion of each audit a report is produced for management with recommendations for improvement where considered appropriate; such recommendations are agreed with management together with accountability for action and timescales for completion. The Internal Audit Reporting Protocols are presented in Appendix A.

4.6 For each report issued, the recommendations are categorised as risk 1 to 4, with 4 being the highest risk and each report relating to planned audit work contains an opinion on the level of assurance that internal control operating within the area being audited, ranging from “substantial” to “little”. The Internal Audit Assurance Opinion Criteria and Risk Level Definitions are presented in Appendix B.

Monitoring

4.7 The progress of the Internal Audit Work Programme is monitored on an on-going basis through:

- Monthly meetings between the Internal Audit Manager and the Assistant Chief Executive;
- Periodic meetings with CMT
- Internal Audit Progress Reports to the Performance & Audit Committee;
- Periodic meetings with external audit.

This ensures that audit coverage will be sufficient to ensure an overall opinion can be given on the control environment.

Recommendations

4.8 All audit recommendations are monitored by Internal Audit using Covalent which records all recommendations made and their status at any given time. Covalent also sends automated trigger e-mails to managers as a management action approaches its implementation date. Audit recommendations are followed up on an on-going basis with status reports included in the regular Internal Audit reports prepared for the Performance & Audit Committee, specifically to highlight any significant actions which have not been completed within agreed timescales. Audit recommendations are also subject to follow up as part of a rolling programme of review and as a matter of course recommendations made in a previous audit are followed up at the next audit.

Audit Opinion

4.9 The annual assessment of the council’s overall internal control environment is based on the collective view of all the opinions and outcomes of all audit work undertaken during the course of each year. A full summary is included in the Internal Audit Annual Report and Opinion presented to the Performance & Audit Committee. The annual opinion then forms part of the review of the effectiveness of the Council’s governance framework and is included in the Annual Governance Statement.

External Auditor

4.10 In the performance of their work the External Auditor expect to be able to review the Internal Audit work on key financial systems and the its assessment of system controls. Internal Audit aims to maintain a good working relationship with the external auditors, regular liaison meetings are held between Internal and External Audit managers.

5. Outcomes

5.1 The main outcomes from the work of Internal Audit are:

- The delivery of the annual Internal Audit Work Programme, taking into account necessary changes for unplanned work and revised priorities in the context of new emerging risks and requests for investigations into specific issues;
- The issue of audit reports at the conclusion of each audit;
- The follow up of progress on implementation of agreed audit recommendations;
- The provision of regular reports to the Performance & Audit Committee summarising the audit work completed since the previous meeting and the key issues and conclusions derived from that work in terms of the control environment and management of risks;
- The provision of an Internal Audit Annual Report and Opinion on the effectiveness of the overall control environment presented to the Performance & Audit Committee which will also be included in the Annual Governance Statement which accompanies the Annual Statement of Accounts for the Authority;
- The investigation of referrals of cases of suspected financial irregularity, fraud or corruption (with the exception of benefit fraud investigations which are investigated by the Enforcement team);
- The provision of ad hoc advice on control and governance issues.

6. Internal Audit Team

6.1 The size of the Internal Audit team required is evaluated from the Internal Audit Strategic Programme and is subject to review and consideration by the Internal Audit Manager in liaison with CMT and the Performance & Audit Committee to ensure it remains adequate to deliver an effective service and an annual opinion. Regular updates to the Performance & Audit Committee are provided through the Internal Audit Progress reports.

6.2 The current level of resource of:

- Internal Audit Manager – full-time
- 1 Internal Auditor - full-time
- 1 Internal Auditor - part-time, 0.7 FTE

is considered adequate to ensure delivery of the Annual Audit Programme and provide the necessary assurance on the effectiveness of the systems of internal control.

- 6.3 The Internal Audit section includes a range of qualified and part-qualified staff. The PSIAS require that the Internal Audit Manager must hold a relevant professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced. The current Internal Audit Manager holds both the CMIIA and PIIA qualifications and has been in the present role since 2008.
- 6.4 Although the annual Internal Audit Work Audit Programme sets out the potential number of audit days allocated for each year; the working arrangements provide for a flexible approach between clients whereby audit days or expertise can be transferred depending upon any additional work that may be required.
- 6.5 All audits are performed by staff with qualifications and experience appropriate to the work undertaken and Internal Audit's quality control procedures require some supervisory input into all work by the Internal Audit Manager.
- 6.6 Individual members of the Internal Audit team have a personal responsibility to undertake a programme of continuing professional development to maintain and develop their competence. This will be achieved through professional training, attendance at ad-hoc seminars and in-house training courses. Training needs are assessed on an on-going basis and are formally reviewed at least annually as part of the council's U-Perform process.

7. Performance Management

- 7.1 The performance of the Internal Audit function is measured through the use and monitoring of performance indicators some of which are reported to CMT and the Performance & Audit Committee in the Internal Audit Progress Report and the Internal Audit Annual Report and Opinion.
- 7.2 Feedback on Internal Audit is requested from audit clients through Post Audit Questionnaires (PAQ) issued at the end of each audit assignment. This enables Internal Audit to identify and respond to any specific performance issues promptly to ensure efficiency and effectiveness is maintained, as well as ensuring the needs and expectations of clients are fully considered on an on-going basis.

Performance Indicators

- 7.3 There are Internal Audit performance indicators which are monitored weekly by the Internal Audit Manager and are the basis of some of the objectives set for the Internal Audit Team in their U-Perform appraisals. The indicators are:

- %age of audits completed within the allocated time;
- %age of planned audits completed to Draft report stage;

- %age of planned audits completed to Final report stage;
- %age of time spent on productive audit and non-specific audit work;
- %age of customer satisfaction from PAQs returned.

7.4 Some of these indicators are also compared periodically with data from the Essex and Midlands Audit Groups.

8. Governance and Strategic Framework

8.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The corporate governance framework published by CIPFA in 2012 “Delivering Good Governance in Local Government” defines the principles that should underpin the governance of each local government body. It provides a structure to help authorities with their own approach to governance and contains six core principles focusing on:

- The purpose of the authority and on the outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the authority and demonstrating the value of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
- Developing the capacity of officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

8.2 The framework is intended to be followed as best practice for developing and maintaining a local code of corporate governance and for discharging responsibility for the proper conduct of public business, and this is summarised within the Annual Governance Statement (AGS). Time is included in the annual Internal Audit Work Programme to evaluate the effectiveness of the governance arrangements on an annual basis and independently challenge the assurances which underpin the AGS.

9. Review of Effectiveness of Internal Audit

- 9.1 In order to comply with the Accounts and Audit (England) Regulations 2011, the Council must, at least once a year, conduct a review of the effectiveness of its internal audit.
- 9.2 The Internal Audit Annual Report and Opinion provides an overview of the work and performance of Internal Audit throughout each year. This report provides an assurance of the effectiveness of the Internal Audit service during the year.
- 9.3 Details of work performed by Internal Audit during the year are summarised in the progress reports to the Performance & Audit Committee, thereby providing an on-going view of the effectiveness of the overall internal control environment and also providing the Members with an opportunity to challenge both the audit process and relevant officers in relation to specific issues identified within Service areas.
- 9.4 Internal Audit complete an annual self-assessment against the PSIAS for approval by the Assistant Chief Executive from which areas of non-conformance are addressed in the Internal Audit Quality Assurance & Improvement Programme (QAIP). The results of this annual self-assessment and progress against the QAIP will be reported to the Performance & Audit Committee in the Internal Audit Annual Report and Opinion.
- 9.5 The PSIAS require an external assessment of Internal Audit every five years. Whilst the PSIAS are not prescriptive in terms of how this should be fulfilled, CIPFA guidance indicates that external assessments can be in the form of a full external assessment, or a self-assessment with independent external validation. Furthermore, an independent assessor or assessment team means not having either a real or an apparent conflict of interest and not being part of, or under the control of, the organisation to which the internal audit activity belongs. In addition it is recommended that the Internal Audit Manager must agree the scope and process of external assessments with the Assistant Chief Executive or Chair of the Performance & Audit Committee as well as with the external assessor or assessment team.

INTERNAL AUDIT REPORTING PROTOCOLS

1. Chief & Main Auditees

- 1.1 The Chief Auditee will be the member of the Corporate Management Team to whom the head of the service area being audited reports.
- 1.2 The Section 151 Officer will be consulted on the Terms of Reference of all Key Financial audits.
- 1.3 The Main Auditee will be the service manager with direct operational responsibility for the area being audited.

2. Terms of Reference

- 2.1 The Terms of Reference for an audit will be agreed with the Chief and Main auditees.
- 2.2 The Section 151 Officer will be consulted on the Terms of Reference of all Key Financial audits.
- 2.3 Once agreed, a copy of the Terms of Reference will be sent to Members of the Performance & Audit Committee

3. Audit Progression

- 3.1 Internal Audit will carry out reviews and evaluations as an audit progresses. At any time during an audit, testing may identify that it would be more effective and efficient to:
 - Stop audit field work at a given point;
 - Consider issuing an interim report with recommendations and agreed realistic implementation time (to a max of 6 months) and
 - Return once the interim recommendations have been implemented to complete the audit.

4. Findings & Recommendations

- 4.1 Internal Audit will hold informal discussions with Chief and Main auditees of our findings & evaluation and proposed recommendations & management actions. All non-confidential or sensitive working papers will be made available on request to auditees. Management will be advised of examples of good practice; exceptional working etc. where identified during the audit and confirmation of these will be given by e-mail to managers and staff on request.

5. Draft Report and Management Action Plan

- 5.1 Within 5 days of completion of our audit fieldwork, a draft report with recommendations and management actions will be circulated to auditees for final agreement and comment; assignment of management action responsibilities and expected implementation date for each recommendation.
- 5.2 It is Internal Audit's expectation to reach agreement at the draft report stage with auditees on recommendations, management actions and implementation dates. However, it is for management to determine whether or not to accept the Internal Audit recommendations and to recognise and accept the implications of not taking action. Management must formally respond giving reasons for their decisions which will be recorded on the Final Report and be reported to the Performance & Audit Committee.
- 5.3 Draft Report and completed Management Action Plan is to be returned to Internal Audit within 10 working days of issue.

6. Final Report

- 6.1 The Final Report will record only:
 - The Internal Audit Opinion;
 - The overall comment on the effectiveness of the audited service;
 - The Management Action Plan detailing recommendations and their risk ratings, agreed management action and implementation dates.
- 6.2 The Final Report will be sent to the Chief Auditee for overall agreement and signature.
- 6.3 The Final Report will be issued to the Chief Auditee and copied for information to the Chief Executive; the Monitoring Officer; The Section 151 Officer; the Main Auditee and other staff as appropriate.
- 6.4 A copy of each Final Report issued will be sent to Members of the Performance & Audit Committee and posted on the intranet.
- 6.5 Implementation of all recommendations is monitored by Internal Audit through Covalent which automatically generates reminder e-mail to managers as a recommendation approaches its agreed implementation date.
- 6.6 A Post Audit Questionnaire will be sent to the Chief Auditee and other relevant officers for completion and return to the Internal Audit Manager.

7. Escalation Procedures

- 7.1 To ensure the timely issue of a Final Report for an audit, a reminder will be sent to the Chief Auditee on the 10th working day following the issue of a Draft Final Report & Management Action Plan if it has not already been returned to Internal Audit.
- 7.2 If a Draft Final Report & Management Action Plan remains outstanding, further reminders will be sent every 5 working days via the Director for the service concerned.
- 7.3 Any Persistent outstanding Draft Final Report & Management Action Plan will be reported to the Assistant Chief Executive, CMT and Performance & Audit Committee in the next reporting cycle.
- 7.4 Internal Audit will follow up all the recommendations on the Management Action Plan to ascertain the extent to which agreed actions are actually implemented.
- 7.5 Recommendations will be followed up prior to meetings of the Performance & Audit Committee and are also subject to followed up as part of a rolling programme of review from the earlier of 6 months after the issue of the Final Report or 1 month after the latest implementation date of action.
- 7.6 Progress on implementation of recommendations is reported to Members at each meeting of the Performance & Audit Committee.

8. Key Target Dates

The key target dates associated with reporting are summarised below:

Target date	Key task
On completion of audit fieldwork	Findings & evaluation and proposed recommendations & management actions discussed with auditees.
Within 5 working days of completing audit fieldwork	Draft report circulated to auditees for management agreement on actions, assigned responsibilities and implementation dates.
Within 10 working days of issuing the Draft Final Report and Management Action Plan	Management Action Plan with agree actions, assigned responsibilities and implementation dates returned to Internal Audit.
Within 1 working day of the return to Internal Audit of Draft Report	Final Report issued to Chief Auditee for signature.
Within 1 working day of the return to Internal Audit of signed Final Report	Final Report issued.
The earlier of 6 months after the issue of the Final Report or 1 month after the latest implementation date of action	Follow-up action on Management Action Plan recommendations

INTERNAL AUDIT ASSURANCE OPINION CRITERIA

Opinion	Definition	Maximum recommendations overall	Maximum number of level 4 PLUS level 3 recommendations	Maximum number of level 2 recommendations
Substantial	Good effective management of risk; no significant recommendations arising.	4	0	2
Adequate	Sound satisfactory management of risk; identification of some elements of the control framework that merit attention; Marginal identification of deficiencies in the control framework that result in some risks not being managed effectively and must be addressed.	8	2	6
Limited	Unsatisfactory identification of deficiencies in the control framework compromising the overall management of risks demanding immediate attention.	12	4	8
Little	Major controls have failed and/or major errors have been detected	Over 12	Over 4	Over 8

INTERNAL AUDIT RISK LEVEL DEFINITIONS

Risk Level	Action timescale	Description
4	Immediate	Matters that are considered fundamental that require immediate attention and priority action
3	Within 6 months	Matters that are considered significant that should be addressed within six months.
2	Within 12 months	Matters that are considered important that should be addressed within twelve months.
1	None defined	Matters that merit attention and would improve overall control

Committee: Performance and Audit

Agenda Item

Date: 12 February 2015

9

Title: Quarter 3 Performance 2014/15

Author: Richard Auty, Assistant Director Corporate Services

Item for information

Summary

1. This report presents the Q3 results for all quarterly Performance Indicators and Performance Indicators.

Recommendations

2. None

Financial Implications

3. None. There are no costs associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	None
Community Safety	None
Equalities	None beyond service improvement on the equality and diversity performance indicators
Health and Safety	None beyond service improvement on the health and safety performance indicators
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. Attached as Appendix A are the Key Performance Indicators (KPIs) and Performance Indicators (PIs) for Quarter 3 of 2014/15 (1 October to 31 December).
7. Three KPIs have improved from amber to green status since Quarter 2 (KPI 01 - % of supplier invoices paid within 30 days, KPI 06a – Time taken to process new claims and KPI 16 – Rent collected as % of rent owed).
8. Two indicators have moved from green status in Quarter 2 to amber status – KPI 03 - % of NNDR collected and KPI 05 – 5 of Council Tax collected, while two indicators have moved from green to amber (KPI 09 RIDDOR reportable accidents and KPI 11 Major application processing).
9. The Corporate Management Team notes the improvement in KPI 15 - Missed bins to a successful collection rate of 99.92%. Management changes have come into effect since the end of the quarter which it is hoped will improve the situation further.
10. The sickness level at the council remains a concern and additional work is being done in this area.

11. Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
That performance indicators will not meet quarterly/ annual targets	2 – The majority of Performance Indicators perform on or above target	3 – In some areas the risk of not meeting targets could impact on areas such as customer satisfaction and statutory adherence to government led requirements	Performance is monitored by CMT and the committee on a quarterly basis. Inclusion of five quarters of data helps identify trends.

1 = Little or no risk or impact

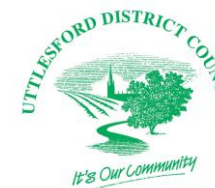
2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

2014/15 Quarter 3 Key Performance Indicators

Report Author: Tülay Norton
Generated on: 30 January 2015




























PI Status	
	This PI is more than 10% below target.
	This PI is between 0.01 and 10% below target.
	This PI is on target.

Example indicator	
50%	This is the latest result
	This is the status
50%	This is the target.

* Cumulatively monitored
 # Quarterly targets for these indicators have been profiled











Directorate Corporate Services

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
KPI 01 % of supplier invoices paid within 30 days of receipt by the Council (Max)	96.67%	97.78%	95.56%	94.44%	95.56%	Q3 2014/15 Numerator: 86 Denominator: 90 = 95.56%. Of the invoices sampled, four were found to be outside the acceptable criteria. Illness to a key member in October impacted performance, together with high volume of invoices. 45% of payments were made within 10 days, (29%), 39%, within 20 days, (39%) & 11%, within the targeted 30 days, (12%), which equates to 95.56% of invoices paid within the targeted 30 days. Total invoices processed during the quarter 2813, (2842 prior quarter). Generally pleasing performance given reduced personnel & high volume of invoices to process. Note: The data used is based on a sample of 3-4%.
	95.00%	95.00%	95.00%	95.00%	95.00%	
KPI 03 Percentage of Non-domestic Rates Collected (Max) *	87.90%	98.81%	29.72%	58.34%	86.76%	Q3 2014/15 Numerator: 37,215,393.81 Denominator: 42,895,537.45 = 86.76%. Collection is still holding up and the Section is on target with collection rate.
	84.00%	97.00%	29.00%	56.00%	88.00%	

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
KPI 04 Accuracy of processing - HB/CTB claims (Max)	100.00%	96.83%	98.91%	99.38%	98.57%	Q3 2014/15 491 claims checked with 7 financial errors giving an accuracy rate of 98.57%.
						
	99.00%	99.00%	98.00%	98.00%	98.00%	
KPI 05 % of Council Tax collected (Max) *	86.85%	98.77%	30.32%	58.51%	86.95%	Q3 2014/15 Numerator : 44,132,752.79 Denominator: 50,757,524.36 = 86.95%. Collection is holding well despite carrying out single resident discount review which has meant an increased liability for some customers who have had their award cancelled.
						
	85.00%	98.00%	29.00%	57.00%	87.00%	
KPI 06a Time taken to process Housing Benefit/Council Tax Benefit new claims (Min)	18.6	18.4	21.6	24.0	21.8	Q3 2014/15 This quarter there were 190 Housing Benefit new claims taking 3,592 days to process. There were also 254 new claims to Local Council Tax Support taking 6,106 days to process. This is a total of 444 new claims taking a total of 9,698 days; a rounded average time to process of 21.8 days.
						
	20.0	20.0	22.0	22.0	22.0	
KPI 06b Time taken to process Housing Benefit/Council Tax Benefit change events (Min)	5.2	4.8	6.8	6.3	6.5	Q3 2014/15 In Q3 there were 2,366 Housing Benefit changes of circumstance taking a total of 17,252 days. There were also 2,512 Local Council Tax Support changes of circumstance taking 14,245 days. The total is 4,878 changes of circumstance taking a total of 31,497 days; a rounded average of 6.5 days.
						
	8.0	8.0	8.0	8.0	8.0	
KPI 07 Average number of sickness days per employee per annum (Min) *	5.84	8.27	2.14	4.52	7.23	Q3 2014/15 Numerator: 944 Denominator: 349 = 2.70 days for the quarter (2.66 last year). The figure for the long term sick is 0.70 days per member of staff. Cumulative Numerator: 2523 Denominator: 349 = 7.23 days per member of staff for the quarter.
						
	5.25	7.00	1.75	3.50	5.25	
















Directorate Public Services

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
KPI 08 (GNPI 36) Average re-let time in days (General Needs only)	14.3	13	18	16	12	Q3 2014/15 Numerator: 161 Denominator: 13. A combination of lower turnaround times and less voids has seen an improvement in this PI again this quarter. The introduction of the dedicated Voids workforce has already added further improvement to this PI.
	21	21	18	18	18	
KPI 09 Number of accidents that are reportable under RIDDOR (Min)	2	5	4	0	1	Q3 2014/15 1 RIDDOR only operative strained back (minor) but off 7 plus days away from work.
	0	0	0	0	0	
KPI 11 Processing of planning applications: Major applications (within 13 weeks) (Max)	66.67%	62.50%	76.92%	66.67%	52.94%	Q3 2014/15 Numerator: 9 Denominator: 17 = 52.94 %. Cumulative Numerator: 27 Denominator: 42 = 64.29%. Target not achieved in quarter, some issues over case officers' management of extension of times. Processes have been altered and will be addressed through team and individual meetings. Annual target still on track.
	60.00%	60.00%	60.00%	60.00%	60.00%	
KPI 12 Processing of planning applications: Minor applications (within 8 weeks) (Max)	80.00%	61.90%	83.33%	81.25%	87.74%	Q3 2014/15 Numerator: 93 Denominator: 106 = 87.74 %. Cumulative Numerator: 259 Denominator: 308 = 84.09 %. Target achieved/exceeded
	80.00%	80.00%	80.00%	80.00%	80.00%	
KPI 13 Processing of planning applications: Other applications (within 8 weeks) (Max)	88.85%	88.58%	90.14%	89.93%	94.60%	Q3 2014/15 Numerator: 298 Denominator: 315 = 94.6% Cumulative Numerator: 883 Denominator: 965 = 91.50%. Target achieved/ exceeded
	82.00%	82.00%	82.00%	82.00%	82.00%	
KPI 14 Percentage of household waste sent for reuse, recycling and composting (LAA) (Max)	51.91%	54.30%	51.40%	55.10%	51.55%	Q3 2014/15 ESTIMATE Final value will only be available beginning of February. We have to wait until then for complete information from all of our recycling customers. The result given is an estimate based on October and November actuals and an estimate for December. Q3 results are expected to be low reflecting reduced composting levels as winter approaches.
	55.30%	52.40%	55.02%	58.01%	53.88%	

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
KPI 15 Number of return visits to collect bins that have been missed on the first visit (per 100,000 collections) (Min)	49	60	98	128	79	Q3 2014/15 Numerator: 698 (missed bins) Denominator: 884,000 (collections) x 100,000 = 79. Although there was a marked improvement in sickness levels this quarter there were still 2 long term sicknesses through the whole quarter and hence a requirement for agency staff. Recruitment to supervisor vacancies should provide capacity and capability to carry out absence management, and ensure agency drivers use ICT. (Collection rate 99.92%).
						
	45	40	40	40	40	
KPI 16 Rent collected as percentage of rent owed (including arrears b/f) (Max) *	96.29%	97.52%	89.50%	93.36%	95.58%	Q3 2014/15 Numerator: £3,511,189.50 Denominator: £3,973,458.14 (88.37%). Cumulative Numerator: £10,991,926.61 Denominator: £11,500,025.86 = 95.58%. This PI is now on target.
						
	94.55%	96.30%	88.50%	93.55%	94.55%	

2014/15 Quarter 3 Performance Indicators

Directorate Chief Executive

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
PI 06 % of standard searches carried out in 10 working days (Max)	100%	100%	100%	99.59%	99.68%	Q3 2014/15 Numerator: 310 Denominator: 311. Only one search not completed within 10 working days, due to resolving queries before search could be completed.
						
	100%	100%	100%	100%	100%	
PI 21 % of minutes from meetings made available to the public within 10 working days (Max)	100%	88%	100%	95%	96%	Q3 2014/15 Numerator: 26 Denominator: 27 = 96%.The minutes of one meeting were published later than the 10 working day target due to pressure of work.
						
	95%	95%	95%	95%	95%	
PI 39 Number of written customer complaints against leisure centre usage (Min)	0	2	3	0	1	Q3 2014/15 An issue over corporate membership has now been resolved for future.
						
	2	2	2	2	2	





















Directorate Corporate Services

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
PI 02 Average time to pay supplier invoices (Min)	10.8	11.2	15.8	14.4	13.9	Q3 2014/15 Numerator: 1,252 Denominator: 90 = 13.9. The improvement continues, reflecting increased knowledge of RSS & general efficiencies.
	12.5	12.5	12.0	12.0	12.0	
PI 03 % of sundry debt income overdue (debts over 90 days old not subject to a payment agreement) (Min)	3.7%	1.1%	10.3%	4.1%	4.5%	Q3 2014/15 As at 1 Jan 2015, total outstanding sundry debt was £755,718.27 of which £33,608.84 was over 90 days old and not subject to a payment agreement.
	5.0%	5.0%	5.0%	5.0%	5.0%	
PI 20 % of IT help Desk calls resolved within target (Max)	97.70%	96.83%	93.34%	98.88%	97.42%	Q3 2014/15 1395 calls 1359 done within SLA
	90.00%	90.00%	90.00%	90.00%	90.00%	
PI 22 Museum users: Total visitors to the museum building and on-site events (Max) #	4,298	3,528	3,900	4,205	3,095	Q3 2014/15 Visitors 6% under target this quarter, no new special exhibitions to draw more repeat visits until Feb. 2015. Cumulative 11,405
	3,400	4,000	3,200	4,000	3,300	

Directorate Public Services

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
PI 14a Homelessness: Number of people presenting as homeless (Min)	30	14	30	30	29	Q3 2014/15 Total 29 homeless applications (15 acceptances, 2 refusals, 1 withdrawn and 11 decisions pending). Continuation of pattern of high number of presentations. Housing Options Advice and Prevention remain the priority for the team, although clients tend to become known to the team at crisis point.
	20	25	25	25	25	

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
PI 14b The number of cases where positive intervention by the Council has prevented homelessness	26	18	14	9	11	Q3 2014/15 Total 11 prevented. This is a reflection of the fact that the team had a number of challenging cases which have been time consuming. Nevertheless, improvement on this target is a priority and the development of this area of work is ongoing for the team.
	35	35	35	35	35	
PI 15(HMPI 102) % Residents satisfied with the most recent repair (Max)	98.50%	98.00%	99.28%	99.78%	98.74%	Q3 2014/15 Numerator: 313 Denominator: 317 Performance above target.
	98.00%	98.00%	98.50%	98.50%	98.50%	
PI 16 Number of households living in temporary accommodation (CI 19 & NI 156) (Min)	32	15	26	13	16	Q3 2014/15 Snapshot as at 31 December 2014. Council-owned accommodation = 16. Shared accommodation = 1. This is very effective use of temporary accommodation. Note, no emergency B&B placements and a 50% reduction on the total figure in the same quarter last year.
	15	15	15	15	15	
PI 17 Number of service users who are supported to establish and maintain independent living	1,244	1,213	1,205	1,211	1,213	Q3 2014/15 392 sheltered tenants. There are currently only 5 voids within the available sheltered stock of 397 but these are all currently under offer. The number of lifelines is 821 making a total of 1213 supported households. The main reason for the removal of lifelines is death; the number of new lifelines continues to match the removals so the overall number remains fairly constant. The work of promoting the service continues.
	1,300	1,300	1,300	1,300	1,300	
PI 19 Percentage of accidents that are investigated within 10 working days of the accident (Max)	89%	97%	100%	100%	92%	Q3 2014/15 13 reports this quarter, 1 report late in due to absence of officer from work.
	100%	100%	100%	100%	100%	
PI 24a Planning appeals allowed for major applications (Min)	.0%	40.0%	33.3%	50.0%	.0%	Q3 2014/15 Numerator: 0 Denominator: 1 = 0%. Cumulative Numerator: 2 Denominator: 6 = 33.3%. Sole major appeal was dismissed, target achieved
	30.0%	30.0%	30.0%	30.0%	30.0%	
PI 24b Planning appeals allowed for minor applications (Min)	25.0%	28.6%	11.1%	7.7%	20.0%	Q3 2014/15 Numerator: 3 Denominator: 15 = 20%. Cumulative Numerator: 5 Denominator: 25 = 20%. Target achieved
	45.0%	45.0%	45.0%	45.0%	45.0%	

PI Code & Short Name	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Latest Note
PI 24c Planning appeals allowed for other applications (Min)	45.5%	33.3%	40.0%	25.0%	.0%	Q3 2014/15 No appeals.
						
	45.0%	45.0%	45.0%	45.0%	45.0%	
PI 24d Appeals allowed for enforcement notices (Min)	.0%	50.0%	.0%	100.0%	100.0%	Q3 2014/15 Numerator: 1 Denominator:1 =100 %. Cumulative Numerator: 2 Denominator: 2 = 100%. Single Enforcement Appeal was partially allowed through a variation of the notice.
						
	30.0%	30.0%	30.0%	30.0%	30.0%	
PI 30 % planning applications validated within 5 days (Max)	99%	99%	100%	100%	98%	Q3 2014/15 Due to various IT issues there were a couple of periods where there was either no systems or no email which impacted on processing applications.
						
	90%	90%	90%	90%	90%	
PI 35 Number of tonnes of garden waste from kerbside collections sent for composting	216.56	50.78	340	342.8	240.44	Q3 2014/15 Volume shows the anticipated reduction as winter approaches but is still highest Q3 result recorded so far.
						
	360	100	450	420	240	

Committee: Performance and Audit

Agenda Item

Date: 12 February 2015

10

Title: Quarter 3 Corporate Risk Register 2014/15

Author: Richard Auty, Assistant Director Corporate Services

Item for information

Summary

1. This report presents the Corporate Risk Register as at the end of quarter 3 2014/15 (1 October to 31 December).

Recommendations

2. None

Financial Implications

3. There are no financial implications associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	The Risk Register is discussed and updated by the Corporate Management Team at least quarterly.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. Appendix A is the council's Corporate Risk Register as approved by Full Council in February alongside the Corporate Plan. It continues the approach of identifying the key risks associated with delivering the council's main strategic objectives.
7. Appendix B details those risks which have changed since Quarter 2.
8. The risk "14-CR-06 Potential increase in environmental crime" has been removed from the register as per the committee's instruction at the last meeting.

Risk Analysis

9.

Risk	Likelihood	Impact	Mitigating actions
That the council does not effectively monitor the risks it faces in delivering its corporate aims and objectives	1 – The register was created, and regularly monitored, by the Corporate Management Team	3 – If mitigating actions are not identified and acted upon, then there could be serious consequences for the delivery of services	Each corporate action and associated risk is owned by a member of the Corporate Management Team. Colleagues provide challenge and discussion regularly to ensure steps are being taken to reduce the likelihood and/or impact of those risks.

1 = Little or no risk or impact

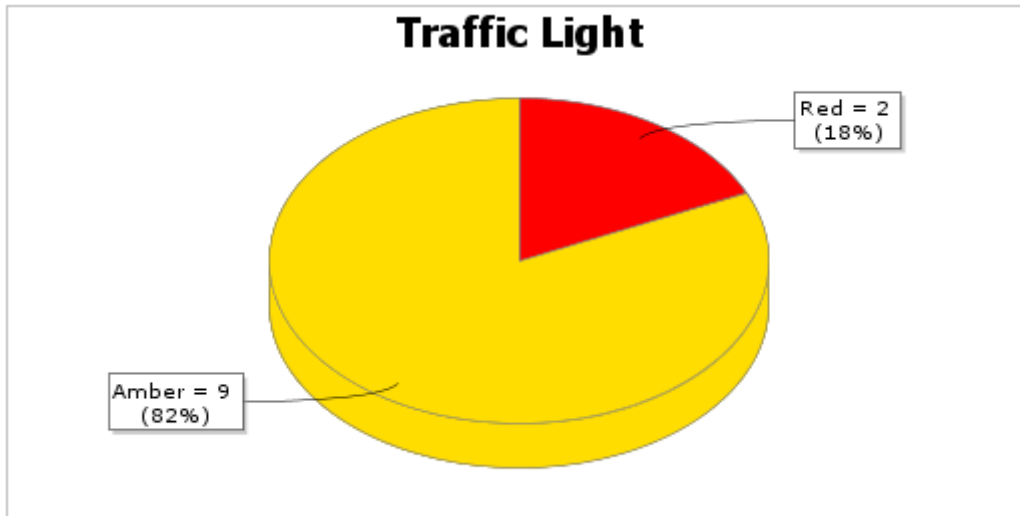
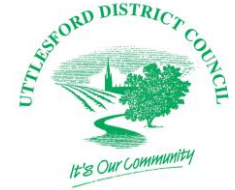
2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required



4 = Near certainty of risk occurring, catastrophic effect or failure of project.


Corporate & Strategic Risk Register 2014-15 - Quarter 3



Report Type: Risks Report
Report Author: Debra Admin_Collins
Generated on: 30 January 2015







Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-CR 01 Insufficient progress against savings	The council does not make sufficient progress against savings targets identified in the MTFS to achieve the necessary savings.	3	1	2	2	4	▲	3	1	Savings targets agreed in the MTFS will not be achieved in year. However an in-year surplus is predicted and plans are underway for a savings action plan. Recent	A Corporate Team was established in 2010. Savings achieved to date have been approx £1 million per annum	Adrian Webb


Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
										government statements on austerity indicate prolonged pressure on council services		
14-CR 02 External factors impact negatively on Council's finances	External factors, such as the reforms to local government finance, negatively impact on Council's finances	2	3	2	3	6		2	3	The current position remains the same. The likelihood of this happening in the next two years will increase as will the impact. Recent government statements on austerity indicate prolonged pressure on council services	Work with local government and other partners to share the risks and benefits of reform	Adrian Webb
14-CR 03 LSP decisions do not inform Council policy	Decisions made by the LSP do not inform Council policy	2	2	3	3	9		2	2	Increasing emphasis is being placed on the Council's role in health and wellbeing and this is currently being met through the LSP working group. The appropriate structural links to	Optimise the Localism agenda and ensure that the Council retains its commitment to supporting the voluntary sector where this provides demonstrable value for money. Ensure continued	John Mitchell





Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
										mainstream corporate policy making do not exist. Solutions to this problem have been placed before Cabinet members.	engagement with partners and the community through channels such as Citizens Panel, Community Forums and Tenant Forum. Continue to review the working of the LSP to ensure it meets the needs of the council, its partners and the community.	
14-CR 04 Local Plan	Failure to meet objectively assessed housing need and identify suitable deliverable sites	3	2	3	2	6		3	2	Since the Q2 assessment, the local plan hearing concluded that the council's local plan did not adequately provide for its objectively assessed housing need. However, the Inspector's conclusions, consultant's progress on a Strategic Housing Market	Complete SHMA, carry out Duty to Cooperate process with authorities cross the housing market area and other neighbouring councils, and issue new call for sites. New member working group established to steer process.	Roger Harborough

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
										Assessment Update for the housing market area that is compliant with the latest planning guidance should limit the risk of a new submission draft plan failing to be capable of adoption.		
14-CR 05 External contracts	Contracts with third parties do not benefit the Council & Community financially	3	3	3	2	6		3	1	Major contracts in procurement process.	Robust evaluation of contract bids. Once new contracts in place, constant monitoring of contracts to ensure appropriate implementation	Roger Harborough
14-CR 07 Failure to embed sound Equality & Diversity, H&S & Corporate Governance principles	Failure to embed sound equality & diversity, health & safety and corporate governance principles throughout the authority, which would make it difficult to	3	1	3	1	3		3	1	Informal peer review has given valuable pointers to "achieve" the equality standard. High priority continues to be given to health and safety. Corporate	Necessary information available to all staff and regular training given	John Mitchell

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
	then promote these ideals to the community									governance regularly monitored by P&A committee		
14-CR 08 Little money available for Highways improvements	Highways Panel unable to deliver expectations owing to ECC financial constraints	2	3	2	3	6		2	3	Based on estimated costs the Panel's budget envelope for 2014-15 has been fully allocated. Actual costs will be monitored to determine whether adjustments should be made in the light of escalating construction costs	Targeted improvements in district due to local member involvement in Highways Panel/Locality Board	Roger Harborough
14-CR 09 Inability to implement the economic strategy	Inability to implement the economic strategy which could lead to a failure to support existing businesses and attract new investment	3	1	3	1	3		3	1	Demanding workload set in new Action Plan, but progressing well. Additional resource in post.	Implement the economic strategy in conjunction with local business representatives, West Essex partners and allocate budget to support this work	Roger Harborough
14-CR 10 Adverse impact from	The reform of council tax benefits will	3	2	2	2	4		2	2	The LCTS scheme has been	Resource and implement the Council's	Adrian Webb

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
reform of council tax benefits	adversely impact some people currently in receipt of benefits									amended for 2014/15 and requires non-vulnerable working age people on low incomes to pay more council tax. The Council has increased its funding for exceptional hardship support.	Local Council Tax Support Policy approved 2012	
14-SR 01 Disruption of Council business	Disruption of council business caused by: loss of building, widespread staff absence, extreme weather conditions	4	2	4	2	8		3	2	This has not been accomplished yet. Most departments have contingency plans for their services but these are not categorically filed or kept centrally at present. Therefore there is a great risk of some services failing during a BC event across the council. It is anticipated that training should start in the coming weeks but is always held	Ensure that emergency plans are in place to provide frontline services. Maintain regular engagement in emergency planning activities, close liaison with county council and regular communication with residents. Ensure relevant HR policies are in place and understood	Michael Perry

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
										up by activities deemed more important by staff/managers at the time		
14-SR 02 Major emergency at the airport	Major emergency at the airport e.g. due to plane crash, terrorism etc.	2	2	2	3	6		2	1	Due to unrest globally, the likelihood has increased. Robust plans are in place, good relations remain between Stansted Airport Ltd and UDC	Ensure that emergency plans are in place and that there is regular liaison with airport operator and engagement in emergency planning activities	Michael Perry

Risk Status	
	Alert
	High Risk
	Warning
	OK

Corporate & Strategic Risks 2014/15 Changes Quarter 2 to Quarter 3

Risk Code & Title	Q2 Risk Impact	Q2 Risk Likelihood	Q2 Risk Score	Q3 Risk Impact	Q3 Risk Likelihood	Q3 Risk Score	Revised Mitigating Action
14-CR 04 Local Plan - Failure to meet objectively assessed housing need and identify suitable deliverable sites	3	2	6	No change	No change	No change	Complete SHMA, carry out Duty to Cooperate process with authorities cross the housing market area and other neighbouring councils, and issue new call for sites. New member working group established to steer process
14-CR 05 External contracts - Contracts with third parties do not benefit the Council & Community financially	3	3	9	3	2	6	Robust evaluation of contract bids. Once new contracts in place, constant monitoring of contracts to ensure appropriate implementation
14-CR 09 Inability to implement the economic strategy - Inability to implement the economic strategy which could lead to a failure to support existing businesses and attract new investment	3	2	6	3	1	3	No change

