



Thurrock Council

Internal Audit Annual Report
Year ended 31 March 2013

Presented at the Audit Committee meeting of: 19th September 2013

Chris Harris
Head of Internal Audit

1 INTERNAL AUDIT OPINION

1.1 Context







As the provider of the internal audit service to Thurrock Council we are required to provide the Section 151 Officer and the Audit Committee an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

As your internal audit provider, the audit opinions that RSM Tenon provides the organisation during the year are part of the framework of assurances that assist the Council to prepare an informed annual governance statement.

1.2 Internal Audit Opinion 2012/2013

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Thurrock Council's arrangements.

For the 12 months ended 31 March 2013, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of Thurrock Council's arrangements for governance, risk management and control is as follows:

	Red	Amber	Green	Direction of travel
<p>Governance</p> <p>During 2012/13 the Council had to make a number of difficult decisions around the arrangements with some of its main partners. It has also looked at options to improve services and reduce costs through partnership working with other local authorities. These decisions were made with the full involvement of both officers and members and showed that governance was robust. Therefore, our overall opinion on Governance remains as Green.</p>				
<p>Risk Management</p> <p>Whilst it was noted that the Corporate Risk Register is regularly monitored by the Standards & Audit Committee, it was identified that some of the Directorate Plans do not cross reference their risks to the risk registers, or in some cases, do not identify them. Therefore, our overall opinion on Risk Management remains as Amber.</p>				
<p>Control</p> <p>Although the number of red reports issued increased from 2 in 2011/12 to 4 in 2012/13, the number of reports issued also increased from 26 to 42. The percentage change was a slight increase from approximately 8% to 10%. The number of high recommendations reduced from 14% of the total to 10%. Therefore, our overall opinion on Control remains as Amber.</p>				

Note: The direction of travel arrow indicates whether the change in our opinion related to the previous year is upward (improving), downward (adverse) or static.

1.3 The Basis of the Opinion

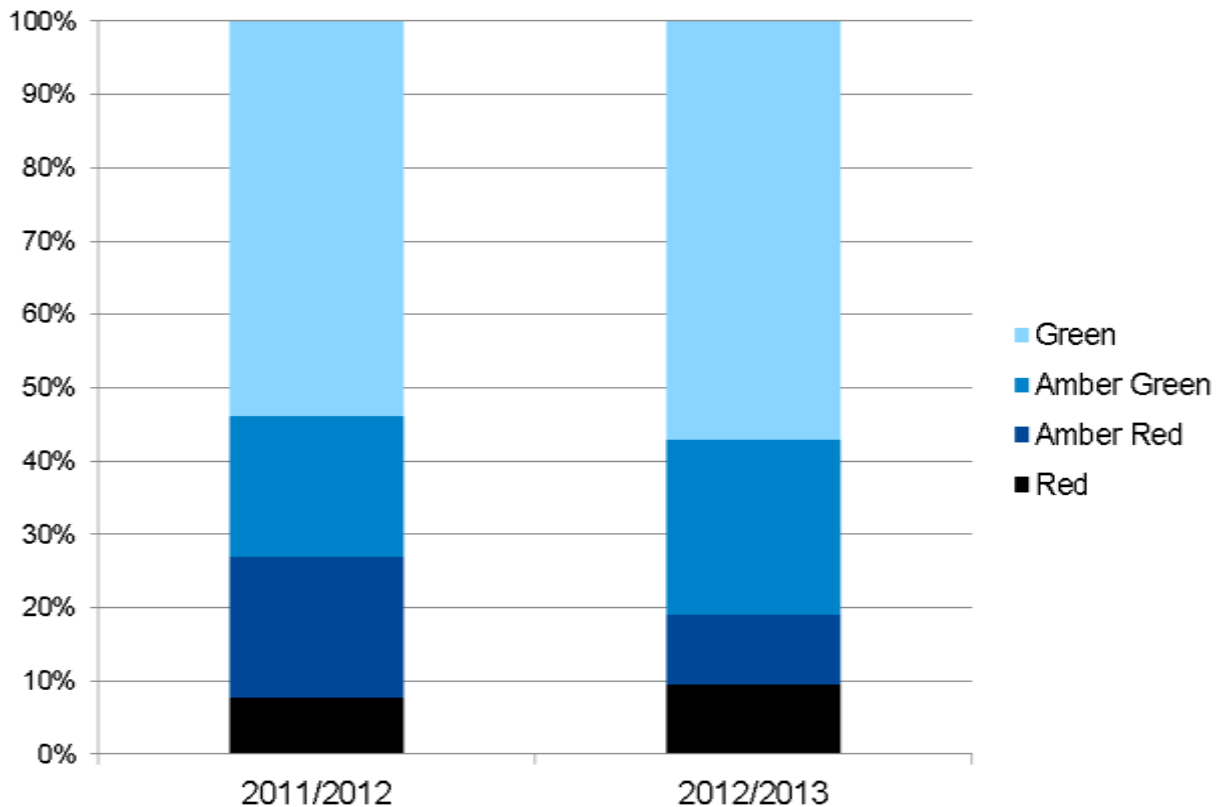
1.3.1 During the year, we issued a total of 42 assurance reports (26 only in 2011/12 as there were a number of very large pieces of work), all of which have been issued as final. In addition, we have also carried out advisory work around the National Fraud Initiative and have been involved in providing independent review and investigation in respect of 2 formal complaints against the Council submitted through the complaints process and a Councillor enquiry.

1.3.2 The chart at 1.3.4 shows that there was a slight decrease in the percentage of final reports issued with a positive assurance opinion. It also highlights that there was an increase in the percentage of reports issued with a green or amber/green assurance opinion. However, there was a slight increase in the percentage of reports issued with a red assurance opinion. The final reports issued with a red assurance opinion were:

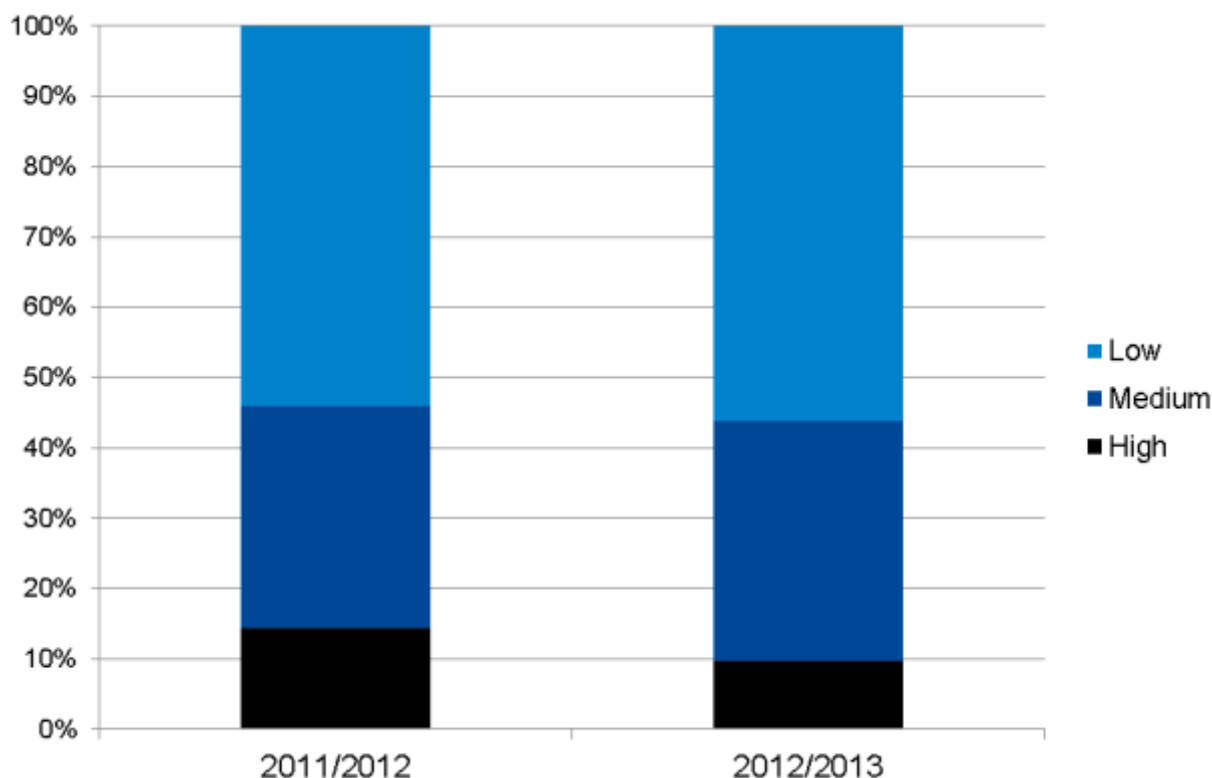
- Re-charging Tenants
- Manor School
- Corporate Health & Safety
- ICT Vulnerability

1.3.3 The chart at 1.3.5 shows that the percentage of high recommendations has reduced slightly with a slight increase in the percentage of medium and low level recommendations issued.

1.3.4 *Comparison of Internal Audit Opinions (Assurance assignments) in 2012/2013 compared with 2011/2012*



1.3.5 Comparison of Internal Audit recommendations made in 2012/2013 compared with 2011/2012



1.3.6 Progress made with previous internal audit recommendations

Our follow up of the implementation of recommendations, including those that were outstanding from previous years, showed that the organisation had made adequate progress in implementing the agreed recommendations, as summarised below:

Recommendation Priority	Number of recommendations checked in the period	Of which:	
		Addressed	Not implemented or still in progress
High	6	6	0
Medium	22	18	4
Low	86	63	23
Totals	114	87	27

As can be seen from the chart, implementation of high and medium recommendations was good at 86%. It was noted that the majority of the low recommendations that had not been implemented related to schools and will be picked up as part of the next cyclical visit to the school.

1.3.7 Reliance Placed Upon Work of Other Assurance Providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

2 OUR PERFORMANCE

2.1 Wider value-adding delivery

As part of our client service commitment, during 2012 we issued 10 local government client updates and four general briefings. In addition, RSM Tenon provided Thurrock Council with assistance around its Carbon

Reduction Commitment by carrying out an audit and providing an evidence pack to support the process. RSM Tenon also provided additional assistance to the Housing Department around the Housing Capital Programme – Kitchens and Bathrooms.

2.2 Conformance with Internal Audit Standards

RSM Tenon affirms that our internal audit services to Thurrock Council are designed to comply with the CIPFA Code of Practice for Internal Audit and the International Standards published by the Global Institute of Internal Auditors (IIA).

Under the standards, internal audit services are required to have an external quality review at least once every five years. During 2011 RSM Tenon commissioned an external independent review of our internal audit services to provide assurance whether our approach meets the requirements set out in the International Professional Practices Framework (IPPF) published by the IIA.

The external review concluded that *“the design and implementation of systems for the delivery of internal audit provides **substantial assurance** that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”*.

In this year we have reviewed our processes to ensure we will be conformant with the new Public Sector Internal Auditing Standards in 2013/2014.

2.3 Conflicts of Interest

We (RSM Tenon) have not undertaken any work or activity during 2012/2013 that would lead us to declare any conflict of interests.

APPENDIX A: INTERNAL AUDIT OPINIONS AND RECOMMENDATIONS 2012/2013

Audit	Link to risk or rationale for coverage	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Stifford Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	0	1
Abbots Hall Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	1	3
Shaw Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	1	4
Graham James Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	0	1
Herringham Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Amber / Green	0	2	4
Re-charging Tenants	A formal procedure may not be in place to re-charge tenants for acts of vandalism resulting in financial loss to the Council.	Red	3	3	0
Bulphan Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	0	5

Woodside Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Amber / Red	1	6	5
Assistive Technology	Assistive technology may not result in a more efficient, effective and economical service to users.	Green	0	2	1
Grays Convent School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	1	2
Little Thurrock Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	2	3
Manor School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Red	3	2	0
Dilkes Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss..	Green	0	1	1
Corporate Health and Safety	Inadequate health and safety policies and procedures leads to an increase in incident and/or accidents.	Red	5	1	0
Kenningtons Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Amber / Green	0	2	4
Care Proceedings	Social Workers and Legal staff may not be working effectively together resulting in applications being submitted to the courts with missing or incomplete key documents.	Amber / Red	1	2	2
St Joseph's Catholic Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	1	1

ICT Vulnerability	The Council's network may be vulnerable to cyber threats that may lead to a loss of data or affect services	Red	3	3	1
West Thurrock Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Amber / Green	0	3	5
Sickness Management	Sickness absence may not be recorded accurately or on a timely basis and e-mail prompts triggered by the system could be ignored by Managers. Long term illness and any period of absence citing stress, anxiety or depression may not be referred to Occupational Health.	Green	0	1	3
Emergency Planning	The Council may not be able to react in the event of a disaster, resulting in the Council being unable to provide key front line services and a support framework to the Public and local Businesses.	Amber / Green	0	3	3
Morrison Follow-up	To confirm that the recommendations listed on the action plan from the previous audit had been implemented.	Amber / Green	0	2	0
Uniform System	The Uniform system may not be upgraded resulting in an inefficient service provision to users.	Green	0	1	2
Shop Premises	Arrangements' around the management of shop premises may not be robust leading to loss of income to the Council.	Green	0	1	1
Somers Heath Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Amber / Green	0	0	9
Grays School Media Arts College	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Amber / Red	0	3	7
3 rd Sector Arrangements	Arrangements between the Council and the 3 rd (voluntary/charity) sector do not result in VFM being achieved.	Amber / Green	0	3	2







Stifford Clays Junior School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	0	5
Stifford Clays Infant School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	0	2
Thameside Infant School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	1	2
Thameside Junior School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	0	3
Beacon Hill School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	1	2
Holy Cross Catholic Primary School	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety or financial loss.	Green	0	1	0
Core Assurance					
Housing Benefits	Procedures may not comply with legislation and Risk Based Verification Framework. Incorrect assessments may be made and payments may be incorrectly calculated and valued.	Green	0	1	4
Treasury Management	If controls around the payment and reconciliation processes are not robust, the Council may not achieve the best return on its investments.	Green	0	0	4
Housing Rents	There may not be adequate systems and procedures in place relating to the administration and management of the rents process.	Amber / Green	0	4	0

Bank Reconciliation	If regular reconciliations are not carried out, errors may not be picked up in a timely manner.	Amber / Green	0	2	1
Accounts Payable	Purchase Orders may not be raised. Invoices may not be paid correctly and promptly. Insufficient checks and reconciliations may be carried out. Access to the Accounts Payable system may not be restricted.	Amber / Green	1	2	1
Accounts Receivable	Poor controls around the administration and management of debt could result in lost income to the Council.	Green	0	0	2
Council Tax	Records and Accounts may not be updated to record new properties and amendments. Liability may be incorrectly assessed and calculated. Billing might not be carried out in accordance with procedures and reconciliations to may not be carried out to confirm accuracy of the billing run. Checks and reconciliations to agree income collected, refunds made and housing benefit postings might not be undertaken.	Green	0	1	0
Payroll including HR Follow-up	The recommendations arising from the 2011/12 review which resulted in a red assurance opinion may not be implemented.	Green	0	0	2
National Non Domestic Rates	The Council's NNDR systems and processes in respect of property valuations may not comply with all statutory requirements resulting in inaccurate billing, failure to recover overdue debts and insufficient documentary evidence to support all payment transactions.	Green	0	0	1
		Total	17	60	99

We use the following levels of opinion classification within our internal audit reports:

Red	Amber / Red	Amber / Green	Green
<p>Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.</p>	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>

APPENDIX B: KEY FINDINGS FROM INTERNAL AUDIT REVIEWS 2012/2013

<p>Assignment: Stifford Primary School</p> <p>Opinion: Green</p>	
<p>Headline Findings: Our audit of Stifford Primary School did not identify any high or medium recommendations. It was noted that there were good controls in place around the monitoring and reconciliation of bank balances, the raising of purchase orders and invoice payment processes.</p>	
<p>Assignment: Abbots Hall Primary School</p> <p>Opinion: Green</p>	
<p>Headline Findings: Our audit of Abbots Hall Primary School identified 1 medium recommendation which related to the need to ensure that two references and evidence of qualifications are obtained and copies kept in the personnel files for all new employees.</p>	
<p>Assignment: Shaw Primary School</p> <p>Opinion: Green</p>	
<p>Headline Findings: Our audit of Shaw Primary School identified 1 medium recommendation which related to putting stronger processes in place to deal with arrears and debt, particularly around school meals income.</p>	
<p>Assignment: Graham James Primary School</p> <p>Opinion: Green</p>	
<p>Headline Findings: Our audit of Graham James Primary School did not identify any high or medium recommendations. It was noted that there were good controls in place around the monitoring and reconciliation of bank accounts, procurement of goods and services and the monitoring and collection of school dinner money.</p>	
<p>Assignment: Herringham Primary School</p> <p>Opinion: Amber/Green</p>	
<p>Headline Findings: Our audit of Herringham Primary School identified 2 medium recommendations. These related to:</p> <ul style="list-style-type: none"> • The need to improve the processes around the reconciliation and administration of the petty cash account; and • The school enforcing its own processes around parents who had excessive school meal debt. 	
<p>Assignment: Re-charging Tenants</p> <p>Opinion: Red</p>	
<p>Headline Findings: Our audit of Re-charging Tenants identified 3 high and 3 medium recommendations. These related to;</p> <ul style="list-style-type: none"> • A lack of direction and failure to reinforce roles and responsibilities resulted in an ineffective system for recharging tenants; • Failure by the contractor to supply invoices meant the Housing Department could not identify actual costs to charge; and • The policies and procedures had not been adapted to reflect a new major housing breakdown repairs partnership. 	

Assignment: Bulphan Primary School

Opinion: Green



Headline Findings: Our audit of **Bulphan Primary School** did not identify any high or medium recommendations. Overall, there were good controls around the financial processes at the school but there were a couple of low recommendations made around the school's governance arrangements.

Assignment: Woodside Primary School

Opinion: Amber/Red



Headline Findings: Our audit of **Woodside Primary School** identified 1 high and 6 medium recommendations. These related to:

- The need for the school's Financial Regulations to reflect the current school structure (became an academy from 1st December 2012);
- Poor controls around petty cash;
- Orders not being authorised, and quotes not being obtained in line with the school's Financial Regulations; and
- Poor controls around the collection, reconciliation and administration of school meal income.

Assignment: Assistive Technology

Opinion: Green



Headline Findings: Our audit of **Assistive Technology** identified 2 medium recommendations. These related to:

- The budget not reflecting the actual cost of the service; and
- Minutes were not available as evidence to support the monitoring process.

Assignment: Grays Convent School

Opinion: Green



Headline Findings: Our audit of **Grays Convent School** identified 1 medium recommendation which related to the need to ensure that the school fund account is regularly reconciled, independently reviewed and signed off by the Headteacher.

Assignment: Little Thurrock Primary School

Opinion: Green



Headline Findings: Our audit of **Little Thurrock Primary School** identified 2 medium recommendations. These related to:

- The need to raise official purchase orders at the time the goods are ordered, not after the goods have been received and/or the invoice is being processed for payment; and
- Lettings processes need to be better controlled and organised, and documentation filed appropriately.

Assignment: Manor School

Opinion: Red



Headline Findings: Our audit of **Manor School** identified 3 high and 2 medium recommendations. These related to:

- A potential conflict of interest for a member of the governing body;
- A lack of a signed contract with one of the school's main suppliers;
- Insufficient evidence of tenders or quotes being sought for some major expenditure;
- Orders were cancelled then re-issued to match actual expenditure; and
- Payments were made against invoices which did not contain all of the required details.

Assignment: Dilkes Primary School

Opinion: Green



Headline Findings: Our audit of **Dilkes Primary School** identified 1 medium recommendation which related to the misfiling of one member of staff's job application on another member of staff's personal file. It was accepted this was human error and was corrected during the review but was highlighted due to the potential data protection issues.

Assignment: Corporate Health & Safety

Opinion: Red



Headline Findings: Our audit of **Corporate Health & Safety** identified 5 high and 1 medium recommendation. These related to:

- The requirement to carry out inspections in a timely manner;
- Risk assessments need to be submitted for all areas;
- The corporate asbestos policy was not complete and needed to be kept up to date;
- Re-inspections were not up to date; and
- Accident forms were not always submitted promptly.

Assignment: Kenningtons Primary School

Opinion: Amber/Green



Headline Findings: Our audit of **Kenningtons Primary School** identified 2 medium recommendations. These related to:

- Ensuring equipment lists contained all the relevant details, new equipment was added immediately and annual checks were completed; and
- Obtaining a copy of the original contract with the payroll provider to determine that costs being charged are in line with the agreed contractual costs.

Assignment: Care Proceedings

Opinion: Amber/Red



Headline Findings: Our audit of **Care Proceedings** identified 1 high and 2 medium recommendations; These related to:

- The timeliness of core assessments;
- The need to agree a new service level agreement with the Peoples Services Directorate; and
- Monitoring the costs of each case to provide useful management information on the efficiency of the service.

Assignment: St Joseph's Catholic Primary School

Opinion: Green



Headline Findings: Our review of **St Joseph's Catholic Primary School** identified 1 medium recommendation related to the need to seek three quotes for all orders over £5000, in line with the school's financial procedures.

Assignment: ICT Vulnerability

Opinion: Red



Headline Findings: Our review of **ICT Vulnerability** identified 3 high and 3 medium recommendations. These related to:

- The framework for the ICT contract was weak as there was no governance body for the ICT service and no corresponding Service Level Agreement (SLA);
- There were a number of servers running unsupported operating systems and there is no strategy to fund upgrades to obsolete server infrastructure or application software;
- There is a patching policy for devices running Microsoft software but not for other software;
- Although Anti-virus signature updates were distributed to servers and workstations, there were weaknesses in the process to manage exceptions;
- The arrangements for commissioning of network vulnerability scans and the remediation of issues raised by the scanning process have not been formalised; and
- There was an absence of an adequate ICT Risk identification, assessment or management process.

Assignment: West Thurrock Primary School

Opinion: Amber/Green



Headline Findings: Our review of **West Thurrock Primary School** identified 3 medium recommendations. These related to:

- The school fund account had not been audited or presented to the Governors;
- Three quotes were not always obtained in line with the school's financial procedures; and
- Poor attendance by some Governors at Finance Committee meetings.

Assignment: Sickness Management

Opinion: Green



Headline Findings: Our review of **Sickness Management** identified 1 medium recommendation. This related to the need for further training to be provided to managers on the use of the system provided by the contractor, Diagnostic Health Solutions (DHS), which provides the Council with reports for monitoring and reporting sickness.

Assignment: Emergency Planning

Opinion: Amber/Green



Headline Findings: Our review of **Emergency Planning** identified 3 medium recommendations. These related to:

- The requirement to publish the latest Major Incident Plan;
- The local media strategy and plan for responding to an emergency needed to be aligned to the Essex response and those of other responders such as the emergency services; and
- The need for a complete set of local and/or regional plans within the emergency plans folder to ensure all risks were addressed.

Assignment: Morrison Follow-up

Opinion: Amber/Green



Headline Findings: Our follow-up review of **Morrison Facilities Services** identified 2 medium recommendations. These related to:

- The requirement to ensure the new payment mechanism supported the Council's annual accounts process; and
- Ensure that significant increases on the value of orders were monitored and did not exceed the overall contractual amount in the original tender.

Assignment: Uniform System

Opinion: Green



Headline Findings: Our operational review of the **Uniform System** identified 1 medium recommendation which related to the need to review the contractual arrangements with the current supplier as the business had changed hands since the original contract was agreed.

Assignment: Shop Premises

Opinion: Green



Headline Findings: Our review of **Shop Premises** identified 1 medium recommendation which related to the need to agree a repayment plan for 3 tenants who had underpaid rent on their leases.

Assignment: Somers Heath Primary School

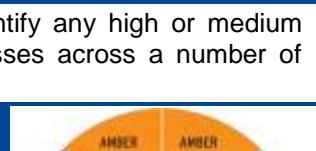
Opinion: Amber/Green



Headline Findings: Whilst the review of **Somers Heath Primary School** did not identify any high or medium recommendations, there were 9 low recommendations which indicted minor weaknesses across a number of areas, which the school needed to address.

Assignment: Grays School Media Arts College

Opinion: Amber/Red



Headline Findings: Our review of the **Grays School Media Arts College** identified 3 medium recommendations. These related to:

- Raising purchase orders and ensuring they were signed by an authorised signatory before goods were ordered;
- The need to retain copies of contracts with suppliers; and
- Monthly invoices should have been raised for lettings of the school premises.

Assignment: 3rd Sector Arrangements

Opinion: Green



Headline Findings: Our review of 3rd **Sector Arrangements** identified 3 medium recommendations. These related to:

- The lack of a central record to capture all third sector provider agreements which should have been monitored by the Contracts and Commissioning team;
- No copy of the contract was held in Legal in one instance; and
- The cumulative amount of 2 orders added together relating to the same contract exceeded the authorisation limit of the approver.

Assignment: Stifford Clays Junior

Opinion: Green



Headline Findings: Requested due to the amalgamation of the Junior and Infant Schools. Our review of **Stifford Clays Junior School** did not identify high or medium recommendations. It was noted that there were strong controls around the administration of petty cash, collection of income and system security.

Assignment: Stifford Clays Infant School

Opinion: Green



Headline Findings: Requested due to the amalgamation of the Junior and Infant Schools. Our review of **Stifford Clays Infant School** did not identify any high or medium recommendations. It was noted that there were strong controls around bank accounts, governance, procurement and HR processes.

Assignment: Thameside Infant School

Opinion: Green



Headline Findings: Requested due to the amalgamation of the Junior and Infant Schools and transfer to Academy status. Our review of **Thameside Infant School** identified 1 medium recommendation which required the school to set up an inventory to record its stock and carry out annual reviews.

Assignment: Thameside Junior School

Opinion: Green



Headline Findings: Requested due to the amalgamation of the Junior and Infant Schools and transfer to Academy status. Our review of **Thameside Junior School** did not identify any high or medium recommendations. Good controls were identified around governance, petty cash, income collection and the budget planning and setting process.

Assignment: Beacon Hill School

Opinion: Green



Headline Findings: Requested due to the school changing status to become an academy. Our review of **Beacon Hill School** identified 1 medium recommendation which related to the need to present the audited school fund accounts to the Governors on an annual basis.

Assignment: Holy Cross Catholic Primary School

Opinion: Green



Headline Findings: This review was carried out due to the poor control environment identified as a result of the previous audit in 2011/12. That review identified 1 high, 5 medium and 4 low recommendations. We were pleased to note that these had all been implemented. This review of **Holy Cross Catholic Primary School** only identified 1 medium recommendation around the requirement to update the School Improvement Plan so it covers a 3 year period.

Assignment: Housing Benefits

Opinion: Green



Headline Findings: Our review of **Housing Benefits** identified 1 medium recommendation which related to revisiting the risk based verification policy to establish the type of evidence to be collected for each risk category.

Assignment: Treasury Management

Opinion: Green



Headline Findings: Our review of **Treasury Management** did not identify any high or medium recommendations. It was noted that the CIPFA Code of Practice on Treasury Management was complied with and the strategy was approved by full Council at the start of the financial year with an interim report during the year.

Assignment: Housing Rents

Opinion: Amber/Green



Headline Findings: Our review of **Housing Rents** identified 4 medium recommendations. These related to

- The need to review the process for collecting former tenant arrears;
- The requirement to restrict administrator level access to the system;
- The Grays Office filing all relevant supporting documentation e.g. tenancy agreement, registration form, identification checks etc.; and
- Housing Rent Records should have been reconciled to Oracle on a monthly basis.

Assignment: Bank Reconciliation

Opinion: Green



Headline Findings: Our review of **Bank Reconciliation** identified 2 medium recommendations. These related to:

- The need for reconciliations to be countersigned by a senior officer to verify independent checking; and
- The requirement to keep all evidence to support the reconciliations on the relevant file.

Assignment: Accounts Payable

Opinion: Amber/Green



Headline Findings: Our review of **Accounts Payable** identified 1 high and 2 medium recommendations. These related to:

- Writing to budget holders to tell them to stop receipting blanket orders in advance;
- Reminding budget holders to raise orders in advance; and
- Ensuring payment terms are set in accordance with the Council's terms and conditions.

Assignment: Accounts Receivable

Opinion: Green



Headline Findings: Our review of **Accounts Receivable** did not identify high or medium recommendations. It was noted that the Council has an approved Fair Debt Policy, debts were raised and dispatched promptly, access to the system was restricted and recovery procedures were robust.

Assignment: Council Tax

Opinion: Green



Headline Findings: Our review of **Council Tax** identified 1 medium recommendation which related to the need to index documents following bar code scanning to show the signature of the client was obtained in support of their single person discount claim.

Assignment: Payroll including HR follow-up

Opinion: Green



Headline Findings: Our follow-up review of **Payroll including HR** did not identify any high or medium recommendations. This follow-up was carried out as a result of a red report being issued in 2011/12. It identified significant improvements in the control process around starters, amendments, leavers, redundancy payments, compromise agreements and acting up allowances.

Assignment: National Non Domestic Rates (NNDR)

Opinion: Green



Headline Findings: Our review of **NNDR** did not identify any high or medium recommendations. There were strong control processes around property valuations, liability, billing, debt recovery and payments processing.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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