

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 24 JUNE 2015

Title of report	INTERNAL AUDIT ANNUAL REPORT 2014/15
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Senior Auditor 01530 454728 lisa.cotton@nwleicestershire.gov.uk
Purpose of report	To present the Internal Audit Annual Report to members.
Reason for Decision	To comply with the Public Sector Internal Audit Standards.
Council Priorities	Value for Money
Implications:	
Financial/Staff	None
Link to relevant CAT	None
Risk Management	The audit planning process is based on risk assessment.
Equalities Impact Assessment	N/A
Human Rights	N/A
Transformational Government	No direct implications
Consultees	Head of Finance
Background papers	Public Sector Internal Audit Standards
Recommendations	THAT THE COMMITTEE NOTES THIS REPORT AND COMMENTS AS APPROPRIATE.

1. INTRODUCTION

- 1.1 This is the annual report of the Senior Auditor as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2014 to 31 March 2015.

- 1.2 This report includes the Senior Auditor's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.3 This report also provides information on:
- the independence of internal audit;
 - comparison of planned work to actual work undertaken;
 - audit reports issued and implementation of recommendations;
 - other assurances;
 - issues of concern;
 - Internal Audit's performance;
 - compliance with the Public Sector Internal Audit Standards; and
 - issues for inclusion within the Annual Governance Statement.
- 1.4 The most that the Internal Audit Service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes or internal controls. The matters raised in this report are only those which came to our attention during the internal audit work and are not necessarily a comprehensive statement of all weaknesses that exist, or of all the improvements that may be required.

2. ANNUAL OPINION 2014/15

- 2.1 For the 12 months ended 31 March 2015, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations, I have formed the opinion that the Council's overall internal control arrangements are a **Grade 2** which means that they **require improvement in some areas**.

2.2 Table 1: Assurance Model Definitions

	ASSURANCE	CONTROLS ADEQUACY
Positive Opinion	Grade 1	Internal Controls are adequate in all important areas
→ Positive Opinion	Grade 2	Internal Controls require improvement in some areas.
Negative Opinion	Grade 3	Internal Controls require significant improvement in some areas.
Negative Opinion	Grade 4	Internal Controls are inadequate in all important aspects.

- 2.3 The assurance model (Table 1) on which I have based my opinion has changed from previous years to better align with the assurance model used on all audit assignments carried out during the year. Last year the annual opinion was based on three levels of assurance; substantial, adequate and limited. This model of assurance was only ever used in the annual report and the definitions for each level were quite broad. This inconsistency was identified during the external assessment of compliance with the Public Sector Internal Audit Standards (see section 9 for more information).

3. INDEPENDENCE OF INTERNAL AUDIT

- 3.1 Internal auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice. Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product

and that no quality compromises are made. There have been no impairments for the 2014/15 financial year.

4. COMPARISON OF PLANNED WORK TO ACTUAL WORK UNDERTAKEN

- 4.1 The Internal Audit Plan for 2014/15 was approved by the Audit and Governance Committee on 26 March 2014. A comparison of planned audits with audits completed is shown in Appendix A. In 2014/15 thirteen planned audits were completed plus one additional audit by 31 March 2015. Three audits from the 2014/15 plan have been carried out during the first quarter of 2015. Three audits were removed from the plan as other pieces of work in the service area meant the audit was no longer required during 2014/15. Two audits were moved to 2015/16.
- 4.2 The Audit and Governance Committee receives quarterly progress reports which set out progress against the audit plan. A fuller commentary of variations from the plan is provided in these reports. Annual internal audit plans must be sufficiently flexible to enable auditors to respond to changing needs throughout the year.

5. SUMMARY OF REPORTS ISSUED AND THE IMPLEMENTATION OF RECOMMENDATIONS

- 5.1 The Executive Summaries of all audit reports issued for 2014/15 are documented in Appendix B. Appendix C details all the recommendations made during the year along with their status.
- 5.2 Table 2 provides a summary of the assurance levels and number and priority of recommendations for each audit (in order of report issue).

Table 2: Summary of Reports Issued

Audit Area	Level of Assurance	Number and Priority of Recommendations
Planned Housing Maintenance	Grade 2	2 High
Sunbed Policy	Grade 2	3 High
Decent Homes Improvement Programme	Grade 2	1 Medium
Treasury Management	Grade 1	None
Business Rates Retention	Grade 1	None
Fraud Prevention and Detection	Grade 2	3 High, 6 Medium, 1 Low
Governance and Ethics	Grade 2	1 Medium, 1 Low
Cash and Bank	Grade 1	None
Rent Accounting	Grade 2	2 Medium
Main Accounting	Grade 1	None
Risk Management	Grade 1	None
Creditors	Grade 1	None
Debtors	Grade 1	None
Payroll	Grade 3	14 High
Contracts – Aids and Adaptations	Final report not yet issued	
Performance Management	Final report not yet issued	

6. OTHER ASSURANCES

- 6.1 Three of the Council's key financial systems (Benefits, Business Rates and Council Tax) are provided by the Leicestershire Revenues and Benefits Partnership. For 2014/15 the internal audit service at the Partnership was provided by CW Audit Services. Appendix D details the level of assurance and overall opinion for the three key financial systems and Appendix E details the recommendations made and the status for each recommendation.
- 6.2 An audit of ICT Key Controls has been undertaken by a specialist computer auditor employed by Leicestershire County Council (LCC). The audit has been completed and a 'partial' level of assurance has been given. LCC use a different model of assurance therefore the definition of 'partial assurance' is included in paragraph 7.1 below. The recommendations, which will be followed up by the Internal Audit Shared Service during 2015/16, are detailed at Appendix F.

7. ISSUES OF CONCERN

- 7.1 During the year, there have been two audits that have identified significant controls weaknesses. The findings have been taken into consideration when forming my annual opinion for 2014/15. The two audits are:
- Human Resources and Payroll
Grade 3 – Internal controls require significant improvement
A summary of the improvements required is detailed in Appendix B. The payroll final report was not issued until June 2015 therefore none of the recommendations are yet due for implementation.
 - ICT Key Controls
Partial Assurance - Based on the answers provided during the audit and the testing undertaken, only partial assurance can be given that the internal controls in place to reduce exposure to those agreed risks currently material to the system's objectives are adequate and are being managed effectively. This is because at least one "high importance" (HI) recommendation has been identified. A HI recommendation denotes that there is either an absence of control or evidence that a designated control is not being operated and as such the system is open to material risk exposure. It is particularly important that management quickly addresses those recommendations denoted as HI and implements an agreed action plan without delay.

8. INTERNAL AUDIT PERFORMANCE

- 8.1 The performance of Internal Audit is monitored regularly. This is achieved through monthly meetings with the Head of Finance and quarterly reports to the Audit and Governance Committee. Please see separate report presented to this Audit and Governance Committee for the latest quarterly performance report.

9. COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

- 9.1 During 2014/15 progress was made against the action plan presented to 26 March 2014 Audit and Governance Committee. Appendix G details the actions along with their status.

- 9.2 The PSIAS were introduced on 1 April 2013 and they require a periodic self assessment and an external assessment at least once every five years. With the appointment of the new Senior Auditor in January 2015 it was felt that it would be a good time to have the external assessment to ensure that the limited resources of the Internal Audit team are focussed on achieving an appropriate level of compliance.
- 9.3 In March 2015 it was agreed by the Audit and Governance Committee that CIPFA would carry out the external assessment. They completed their onsite work in April 2015 and did not identify any major areas of non-compliance with the standards. They did make some minor recommendations for improvement. The report and associated action plan are presented to this Audit and Governance Committee via a separate agenda item.

10. ISSUES FOR INCLUSION WITHIN THE ANNUAL GOVERNANCE STATEMENT

- 10.1 The Head of Finance has been issued with copies of all internal audit reports issued during the year. The Head of Finance should review the reports in order to assess whether to include any of the findings within the Annual Governance Statement.

Appendix A

Comparison of work actually carried out to the work planned

Audit	Type of Audit	Status
Business Rates Retention	Planned Audit	Complete
Capital	Planned Audit	Removed from plan – no longer required
Cash and Bank	Planned Audit	Complete
Contracts - Aids and Adaptations	Planned Audit	Draft Issued
Creditors	Planned Audit	Complete
Debtors	Planned Audit	Complete
Decent Homes Improvement Programme	Planned Audit	Complete
Ethics	Planned Audit	Completed as part of Governance & Ethics Audit
Fraud	Planned Audit	Complete
Governance & Ethics	Planned Audit	Complete
Grant Income	Planned Audit	Removed from plan – no longer required
Housing – Other Capital Works	Planned Audit	Moved to 2015/16
IT Governance (part of ICT Key Controls)	Planned Audit	Completed as part of ICT Key Controls Audit (external contractor completed audit)
ICT Security/Back Up	Planned Audit	Completed as part of ICT Key Controls Audit (external contractor completed audit)
Information Sharing	Planned Audit	Moved to 2015/16
Main Accounting	Planned Audit	Complete
Payroll	Planned Audit	Complete
Performance Management	Planned Audit	Drafting report
Planned Housing Maintenance	Planned Audit	Complete
Planning Policy/Local Plan	Planned Audit	Removed from plan – no longer required
Rent Accounting	Planned Audit	Complete
Risk Management	Planned Audit	Complete
Treasury Management	Planned Audit	Complete
Sunbed Policy	Additional Audit	Complete

Executive Summary of 2014/15 Audits Reports Issued

Audit	Grade	The principal areas identified for improvement:
<u>Key Financial Systems</u>		
Cash & Bank	Grade 1 Internal Controls are adequate in all important areas	None identified.
Creditors	Grade 1 Internal Controls are adequate in all important areas	None identified.
Debtors	Grade 1 Internal Controls are adequate in all important areas	None identified, however it is suggested that the ongoing approach for tackling aged debt is reviewed to ensure it is done in the most efficient way.
Main Accounting	Grade 1 Internal Controls are adequate in all important areas	None identified.
Payroll	Grade 3 Internal Controls require significant improvement	<ul style="list-style-type: none"> • Finalising the Selima Service Level Agreement for the provision of the managed payroll service as a matter of urgency and formally assigning and documenting the roles and responsibilities of NWLDC staff. • Strengthening and consistently applying HR procedures, this includes but is not limited to: <ul style="list-style-type: none"> -all data entry to the HR module -arrangements for new starters and leavers -verification of the effects of monthly amendments on the payroll • Training and support for managers and staff using the self service

		system <ul style="list-style-type: none"> • Regular review of the Council's establishment list by Senior Managers. • Formal recording of all under and overpayments and the corrective action taken including monitoring the recovery of overpayments.
Rent Accounting	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • Recovery action on static arrears • Monitoring of accounts in credit
Treasury Management	Grade 1 Internal Controls are adequate in all important areas.	None identified.
<u>Assurance Audits</u>		
Fraud Prevention and Detection	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • Training for staff and Members • Updating of Anti-Fraud and Corruption Strategy and Confidential Reporting (Whistle Blowing) Policy • Identification and management of fraud risks • Reporting on counter fraud work • New starter identification checks
Governance and Ethics	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • Update and review of Local Code of Corporate Governance • Awareness training for relevant officers and Members
Risk Management	Grade 1 Internal Controls are adequate in all important areas.	None identified.

<u>Risk Based Systems</u>		
Business Rates Retention	Grade 1 Internal Controls are adequate in all important areas	None identified.
Decent Homes Improvement Programme	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • Updating of completed works spreadsheet
Planned Housing Maintenance	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • Induction training for staff with responsibility for ordering goods and services • Review workload of Repairs Client Team Leader
Sunbed Policy	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • Design of Skin Analysis Form • Display of instructions for using sunbeds

Members are able to view copies of all Internal Audit reports in full on iNET at:

<http://workspace.nwldc.gov.uk/Members/Internal%20Audit%20Reports%20and%20Recommendations/Forms/AllItems.aspx>

Appendix C

INTERNAL AUDIT RECOMMENDATIONS 2014-15

Report No: 14/15-1

Report Name: Planned Housing Maintenance

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	All staff with responsibility for ordering goods and services should be given enhanced induction training covering Contract Procedure Rules and Financial Regulations.	High	Agree	October 2014 Revised: November 2014	Repairs & Investments Team Manager	Implemented
2	The workload of the Repairs Client Team Leader should be reviewed by management and appropriate measures considered and implemented.	High	Agree	October 2014 Revised: May 2015	Repairs & Investments Team Manager	Overdue Review started however target date extended to allow incoming Team Manager to have input.

Report No: 14/15-2

Report Name: Sunbed Policy

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The Suntower Skin Analysis Form should be redesigned without the 'scoring table' to avoid the possible skewing of answers to enable the user access to the sunbeds.	High	Agree	September 2014	Commercial Manager	Implemented
2	The Centre Managers should consider whether the doors to the rooms containing the Suntower equipment should be re-hung to open out of the room in accordance with the Sunbed Association Code of Practice to avoid blocking access if the customer faints/collapses inside the room.	High	Disagree	N/A	N/A	Risk accepted as considered more dangerous to have the door opening outwards onto corridor.

3	'Instructions for use' should be displayed in the Suntower room in accordance with the Sunbed Association Code of Practice.	High	Agree	September 2014	Commercial Manager	Implemented
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Report No: 14/15-3

Report Name: Decent Homes Improvement Programme

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The spreadsheet used to notify the Business Support Team of completed improvements should be updated monthly following agreement of completed works with the contractors.	Medium	Agree	October 2014	Planned Investment Manager	Implemented

Report No: 14/15-6

Report Name: Fraud Prevention and Detection

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	All Members and staff should be circulated with information detailing their responsibilities regarding fraud prevention and detection and provided with clear links to the Anti-Fraud and Corruption Strategy and the Confidential Reporting (Whistle-blowing) Policy.	High	Agree	December 2014 Revised: March 2015 Revised: May 2015	Head of Finance / Head of Legal and Support Services	Overdue The fraud prevention and detection module has been delayed by the Elections and the need to urgently introduce the Data Protection module. The Fraud Awareness module is now being customised as a NWLDC document.
2	Members (in particular, the Audit and Governance Committee) should be provided with training to ensure they can effectively consider the effectiveness of the Authority's Anti-Fraud and Corruption Arrangements.	Medium	Agree	June 2015	Head of Finance	Not due
3	Staff whose duties might bring them into contact with situations where fraud	Medium	Agree	March 2015	Head of Finance	Implemented

	or corruption is a potential risk (e.g. procurement, exchequer, benefits, planning) should be identified and targeted with specific training.					
4	All new staff and Members should be made aware of their fraud prevention and detection responsibilities with training as appropriate as part of their induction programme.	Medium	Agree	December 2014 Revised: March 2015 Revised: June 2015	Head of Legal and Support Services/Head of Finance/Human Resources Team Manager	Overdue Democratic Services and HR to be consulted over roll out of e-learning packages.
5	The Anti-Fraud and Corruption Strategy should be reviewed and up-dated as soon as possible.	Medium	Agree	November 2014	Head of Finance	Implemented
6	The Confidential Reporting (Whistle blowing) Policy should be reviewed and up-dated as soon as possible.	Medium	Agree	November 2014 Revised: March 2015	Head of Legal and Support Services	Implemented
7	The Council's strategic risk register and all individual service risk registers should be revisited to ensure that any potential risks regarding fraud or corruption are identified and that appropriate mitigating actions and controls are in place.	High	Agree	January 2015 Revised: March 2015	Head of Finance	Implemented
8	Details regarding the management of fraud risks and any identified incidences of fraud should be included within the Council's Annual Governance Statement.	Low	Agree	September 2015	Head of Finance	Not due
9	Quarterly reporting to the Corporate Leadership Team and the Audit and Governance Committee on how well the council is tackling fraud risks should be undertaken.	High	Agree	April 2015	Head of Finance	In progress Quarterly updates to Audit & Governance Committee following up Fraud Audit recommendations. More consideration about the form of this reporting needed.
10	Human Resources staff should ensure that the new Starter Checklist is properly completed in all cases, and that internal procedures regarding the retention of (copies of) personal	High	Agree	Immediate and ongoing	HR Team Manager	Tested as part of 2014/15 payroll audit. Not found to have been implemented in all cases. A further

	documents such as passports and birth certificates is followed correctly.					recommendation to be made on the payroll audit.
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Report No: 14/15-7

Report Name: Governance and Ethics

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The Local Code of Corporate Governance should be reviewed and updated.	Low	Agree	March 2015 Revised: June 2015	Legal Services Team Manager	Overdue In progress following election.
2	Governance and Ethics awareness training should be provided to all relevant officers.	Medium	Agree	March 2015 Revised: June 2015	Legal Services Team Manager	Overdue Training with be delivered via the Learning Pool (as with fraud awareness).

Report No: 15/15-9

Report Name: Rent Accounting

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The Senior Housing Officers should review all static arrears and arrears below £100 every 6 months to ensure adequate recovery action has been taken. All unsatisfactory recovery action should be followed up with the appropriate officer.	Medium	Agree	January 2015	Senior Housing Officers	Implemented
2	The Income and Systems Officer should monitor all accounts in credit on a quarterly basis, and report any accounts that have been written off and subsequent payments have been made to the Housing Management department to enable recovery action to recommence.	Medium	Agree	January 2015	Income and Systems Officer	Implemented

Report No: 14/15-14**Report Name: Payroll**

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The Selima Service Level Agreement for the provision of the managed payroll service should include the requirement for Selima to notify that all processes have been completed for each payroll. The SLA should be signed off by both parties as a matter of urgency.	High	Agree	September 2015	Head of Finance assisted by Human Resources Team Manager and Financial Services Team Manager	N/A report issued June 2015
2	Responsibilities in NWLDC for the HR and Payroll function should be formally assigned and fully documented.	High	Agree	September 2015	Head of Finance assisted by Human Resources Team Manager and Financial Services Team Manager	N/A report issued June 2015
3	HR staff should ensure that all personnel files are securely held whether in paper or electronic format.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
4	All new employees should complete the starter form that should then be held on their HR file.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
5	HR should verify the Offer Letter to the payslip prior to payment for all starters. The verification should be completed by a person different to the originator of the data input and a record maintained.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
6	All new starters should have their identity verified and recorded as such.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
7	Team managers should ensure that all staff leaving NWLDC complete a leaver form and this should be provided to HR in sufficient time for them to make accurate final payments. The leaver form should be held on the HR file together with supporting documentation.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
8	HR should verify the details from the Leaver Form to the payslip prior to payment for all leavers. The verification should be completed by a person different to the originator of the data input and a record maintained.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015

9	The Human Resources Team Manager should review the functionality made available to Managers and staff in the self serve system to ensure that appropriate 'training notes' are issued prior to full implementation of the system.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
10	When an employee starts to receive maternity benefits HR should check whether essential car allowance is also in payment and make the appropriate adjustment to avoid an overpayment.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
11	The Human Resources Team Manager should periodically circulate to Chief Officers the current establishment list for their area of responsibility to enable verification of the staffing structure and current employees.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
12	The HR database should be checked to ensure that the correct coding has been entered for the relevant service area and that the manager shown is correct as the self service authorisation system will not operate correctly with incorrect managers shown.	High	Agree	As part of self service project development	Human Resources Team Manager	N/A report issued June 2015
13	A schedule of under and overpayments generated by the payroll process should be compiled with the proposals for full recovery of the overpayment that will be updated with repayment transactions as they occur.	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015
14	<p>Bulk amendments, such as increments, should be subject to sample testing of the resulting payslips and all other amendments verified to the payslip.</p> <p>The verification should be completed by a person different to the originator of the data input and a record maintained.</p>	High	Agree	Immediate and ongoing	Human Resources Team Manager	N/A report issued June 2015

Leicestershire Partnership – Revenues and Benefits

2014/15 Audits Completed by CW Audit Services

Audit	Level of Assurance	Overall Opinion
Benefits	Significant	The audit did not highlight any weaknesses that would materially impact on the achievement of the system's key objectives. The audit did find some low and medium impact control weaknesses and occasional processing errors which, if addressed, would improve the overall performance of the system. The main issues highlighted relate to the requirement to ensure that changes to system parameters are supported by evidenced authorisation, high value back-dated claims are independently checked and new claimants are checked to ensure that they have not been subject to previous, unrecovered overpayments.
Business Rates	Significant	The audit did not highlight any weaknesses that would materially impact on the achievement of the system's key objectives. The audit did find some low impact control weaknesses which, if addressed, would improve the overall performance of the system. However these weaknesses do not affect key controls and are unlikely to impair the achievement of the system's objectives.
Council Tax	Significant	The audit did not highlight any weaknesses that would materially impact on the achievement of the system's key objectives. The audit did find some low impact control weaknesses which, if addressed, would improve the overall performance of the system. However these weaknesses do not affect key controls and are unlikely to impair the achievement of the system's objectives.

Appendix E

Leicestershire Partnership – Revenues and Benefits

2014/15 Internal Audit Recommendations

Report Name: Benefits

Recommendation	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
Applications should not be processed unless all relevant sections of the form have been completed satisfactorily.	Agree	January 2015	Benefits Operational Manager	Implemented
Consideration should be given to reviewing the Verification Policy to set out the circumstances in which identification verification is not required.	Agree	April 2015	Benefits Operational Manager	Implemented
Assessors should be reminded of the requirement to comply with the Partnership's Verification Policy.	Agree	January 2015	Benefits Operational Manager	Implemented
Staff should be reminded of the need to process claims correctly.	Agree	January 2015	Benefits Operational Manager	Implemented
Benefits assessors should be reminded of the requirement to classify backdated claims correctly and training updates should be provided.	Agree	January 2015	Benefits Operational Manager	Implemented
Whenever possible all evidence to support a decision relating to a claim should be documented and retained.	Agree	January 2015	Benefits Operational Manager	Implemented
The authorisation field for backdated claims should always be fully completed.	Agree	January 2015	Benefits Operational Manager	Implemented
Benefit assessors should be reminded of the requirement to check all correspondence to ensure that it is clear.	Agree	January 2015	Benefits Operational Manager	Implemented
Processes for removing access controls for staff that have left the employment of the Council should be reviewed and complied with, and confirmation should be obtained to demonstrate that access to Citrix has been disabled.	Agree	January 2015	Business Support and Development Team Leader	Implemented

The welfare benefit parameter screen prints should clearly state the name of the Council to which they refer.	Agree	February 2015	Business Support and Development Team Leader	Implemented
Benefit assessors should be reminded on the need to ensure that claims are correctly flagged where a debt needs to be recovered.	Agree	January 2015	Benefits Operational Manager	Implemented
Benefit assessors should be reminded of the requirement to check all correspondence relating to overpayments to ensure that it is accurate.	Agree	January 2015	Benefits Operational Manager	Implemented
Timely reviews of assessment work to ensure that quality assurance targets are consistently met throughout the year.	Agree	January 2015	Benefits Control Team Leader	Implemented
Consideration should be given to reporting the progress against the Quality Assurance Check (4%) and the rate of errors identified.	Agree	April 2015	Head of Partnership	Implemented

Report Name: Business Rates

Recommendation	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
Consideration should be given to re-introducing quality audits to ensure consistency and accuracy of work.	Agree	June 2015	Revenues Operational Manager	The new NNDR Team are being formed and further recruitment is required within the team. Once the full team are in place the relevant training will be undertaken and a formal quality checking process will commence. This will be implemented by the end of August 2015.
Evidence that system parameters entered were double checked should be retained.	Agree	February 2015	Business Rates Team Leader	Implemented
The Discretionary Relief Policy should be complied with.	Agree	January 2015	Benefits Operational Manager	Implemented
a) The Partnership should ensure that all empty properties are inspected within 3 months of them being registered as eligible. b) To support this management should consider reviewing the staffing capacity dedicated to inspection and the planning of inspections to ensure this is as effective as	Agree A full review will take place regarding visits moving	July 2015	Business Development and Support Manager	New partnership staffing structure has resulted in a new combined visiting officer team and will be supported by a Senior Visiting Officer who will co-ordinate the workloads.

c) possible. Management should consider a specific exercise to 'catch up' on the apparent backlog of inspections and identify any cases where empty property exemptions appear to have been extended incorrectly up to that point, and take suitable action on these cases.	forward being more focused. The team will be fully generic covering Council Tax, NNDR and Benefits inspections/vis its.			From April 2015 all properties for Council Tax will be inspected if they are in receipt of an exemption and outcome captured on the system and accounts will be adjusted accordingly
All inspections should be recorded on the inspection screen of the Business Rates system.	Agree	January 2015	Business Development and Support Manager	Implemented
As per the Write-Off Policy, non-recoverable debt should be identified and written-off promptly.	Agree	April 2015	Revenues Operational Manager	Implemented
Care should be taken that all write-off forms are produced on a timely basis.	Agree	April 2015	Revenues Operational Manager	Implemented

Report Name: Council Tax

Recommendation	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
a) Consideration should be given to re-introducing quality audits to ensure consistency and accuracy of work. We would suggest that such checks could be targeted particularly at new staff or staff with changed roles.	Agree	June 2015	Council Tax Team Leaders	The quality checklist has been reviewed and revised. Quality checking is on track to recommence from June 2015.
b) Action should be taken to address training needs arising from identified recent errors, particularly with new staff.	Agree			
Discrepancies between VOA and CT systems should be investigated and rectified.	Agree and liaison with VOA to ensure records reconcile.	May 2015	Council Tax Team Leaders	The discrepancies are on the VOA's system. Information has been shared and the Ctax Team Leader will work with the VOA to remove the discrepancies.
a) Care should be taken to ensure that supporting documentation for exemptions is indexed correctly to the relevant account.	Agree	January 2015	Support Services Team Leader	Auditing of indexing will commence once a Senior Administration Officer has been appointed but in the meantime issues are addressed on an adhoc basis

b)	Team Leaders should investigate the exemption that has been incorrectly applied and rectify where necessary.	Agree	January 2015	Council Tax Team Leaders	Implemented
c)	Reviews should be carried out as soon they become due.	We will be reviewing process for all discounts and exemptions to ensure they are reviewed in a timely manner.	May/June 2015	Business Support and Development Team Leader	Implemented
a)	Care should be taken to ensure that supporting documentation for discounts is indexed correctly to the relevant account.	Agree	January 2015	Support Services Team Leader	Auditing of indexing will commence once a Senior Administration Officer has been appointed but in the meantime issues are addressed on an adhoc basis
b)	Team Leaders should investigate the discounts that have been incorrectly applied and rectify where necessary.	Agree	January 2015	Council Tax Team Leaders	Implemented
c)	Reviews should be carried out as soon they become due.	We will be reviewing process for all discounts and exemptions to ensure they are reviewed in a timely manner.	May/June 2015	Business Support and Development Team Leader	Implemented
a)	The Partnership should ensure that all empty properties are inspected within 3 months of them being registered as eligible.	A full review will take place regarding visits moving forward being more focused. The team will be fully generic covering Council Tax, NNDR and Benefits inspections/	May/June 2015	Business Support and Development Team Leader	New partnership staffing structure has resulted in a new combined visiting officer team and will be supported by a Senior Visiting Officer who will co-ordinate the workloads.
b)	To support this management should consider reviewing the staffing capacity dedicated to inspection and the planning of inspections to ensure this is as effective as possible.				
c)	Management should consider a specific exercise to 'catch up' on the apparent backlog of inspections and identify any cases where empty property exemptions appear to have been extended incorrectly up to that point, and take suitable action on these cases.				From April 2015 all properties for Council Tax will be inspected if they are in receipt of an exemption and outcome captured on the system and accounts will be adjusted accordingly

	visits.			
All inspections should be recorded on the inspection screen of the Academy system.	Agree	January 2015	Business Development and Support Manager	Implemented

Appendix F

2014/15 ICT Key Controls Audit (audit work carried out by Leicestershire County Council)

Recommendation	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
Consideration should be given to reviewing the backup site arrangements to ensure that environmental controls from the main machine room can be replicated at the backup site. If a decision is taken to accept the risk then this should be formally accepted and recorded by Senior Management. (High Impact)	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
ICT Management should give consideration to producing a detailed DR plan and process. Once this has been completed consideration should be given to undertaking a full end to end disaster recovery test to ensure that data and systems can be recovered successfully. (High Impact)	Agree	December 2015	Head of Finance in conjunction with ICT Team Manager	Not due
A formal ICT change control policy and process should be established for all ICT changes and changes associated with Line of Business Systems. (High Impact)	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	In progress
ICT Management should give consideration to what performance indicators and reports should be made available and the new Service Desk Management System should be developed to satisfy this requirement.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
ICT Management should give consideration to developing a formal ICT Service Level Standard which ICT should be monitored against.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
Consideration should be given to formalising systems ownership for all applications in use at NWLDC and the associated roles and responsibilities. This should include the:- <ul style="list-style-type: none"> • Senior Management Owner (Usually at Assistant Director Level) • Name of the Systems Owner • Name of the Deputy Systems Owner • Main Systems Administrator 	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
Consideration should be given to developing and rolling out key ICT related policies.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due

Where a decision is taken not to pay for support, this decision should be formally risk assessed and approved by Management. ICT should determine if there are any similar instances where systems are being run unsupported and this decision should be approved by Senior Management, risks assessed and mitigating controls put in place.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
Consideration should be given to testing what would happen if one of the air conditioning units was to stop operating in the main machine room e.g. would the other AC units still function and whether just running on one or two of the AC units would provide adequate cooling.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
Consideration should be given to whether some more operational business tasks currently being undertaken by ICT would, subject to adequate segregation of duties, reside better within the departments e.g. the processing of BACS files.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
Consideration should be given to ascertaining if there are any efficiencies to be gained through automating some of the manual processes currently (e.g. spreadsheets for overtime) undertaken by departments.	Agree	September 2015	Head of Finance in conjunction with ICT Team Manager	Not due
Consideration should be given to implementing capacity monitoring processes to prevent any system downtime as a result of capacity issues and ensure that any areas of concern are addressed in a proactive manner.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
ICT staff should give consideration to undertaking a risk assessment when moving systems to a cloud based system to ensure that key risks have been identified and mitigating controls implemented.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
The ICT Section of the Corporate Business Continuity Plan should be reviewed and updated to reflect timescales that are aligned to operational business needs for the recovery of IT systems and should also detail the new backup arrangements.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
The policy for passwords should be revised to reflect the actual settings. Furthermore the policy should include the requirement for the number of passwords to be retained in the password history.	Agree	January 2016	Head of Finance in conjunction with ICT Team Manager	Not due
Consideration should be given to reviewing the password configurations within key applications to either ensure that they	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due

comply with best practice or that a conscious decision has been made to accept any residual risk of non-compliance (once other controls such as lock out settings have also been taken into account)				
Staff should be reminded on the need to notify ICT and relevant systems administrators promptly when an employee leaves the organisation. Furthermore HR should ensure that leaver forms are promptly sent to ICT so that leavers can be removed from the network. (The feasibility of receiving a monthly leavers report from HR should be investigated as an additional control).	Agree	September 2015	Head of Finance in conjunction with ICT Team Manager	Not due
For the Selima System (HR) consideration should be given to training and assigning another user with HR Super User access in order to ensure system continuity.	Agree	July 2015	Head of Finance in conjunction with ICT Team Manager	Not due
ICT Management should consider undertaking a review of all the generic accounts set up and disable/ delete the accounts as appropriate. This review should also include consideration on whether passwords should be set to expire depending on the level of risk posed if the password for the generic account was breached.	Agree	August 2015	Head of Finance in conjunction with ICT Team Manager	Not due

Public Sector Internal Audit Standards (PSIAS) – Action Plan

Action		Target Date	Status
1	Set-up quarterly meetings with the Chair of the Audit and Governance Committee.	28 th February 2014	Implemented
2	Develop comprehensive performance targets for Internal Audit.	28 th February 2014	Implemented
3	Review the format of the Engagement Plan (Terms of Reference) to ensure conformance with the PSIAS.	28 th February 2014	Implemented
4	Review the format of the Engagement Programme (Audit Programme) to ensure conformance with the PSIAS.	28 th February 2014	Implemented
5	Update the Internal Audit Report format to ensure conformance with the PSIAS.	28 th February 2014	Implemented
6	Update the issuing of reports and the monitoring and follow up of management actions process.	28 th February 2014	Implemented
7	Produce a risk based annual audit plan.	31 st March 2014	Implemented
8	Update the Progress Report to Managers and Audit Committee Members to ensure conformance with the PSIAS.	31 st March 2014	Implemented
9	Update the Declaration of Interest Form for Internal Audit Staff.	31 st March 2014	Implemented
10	The Senior Auditor to provide the Internal Auditors with training in relation to the Bribery Act 2010	31 st March 2014	Implemented
11	Review the Annual Internal Audit Opinion Report to ensure conformance with the PSIAS.	31 st May 2014	Implemented
12	The NWLDC Head of Finance to obtain feedback on the performance of the Chief Audit Executive from the Chief Executive, the Chair of the Audit Committee and Blaby District Council as part of the appraisal process.	31 st May 2014	Implemented
13	Undertake a self-assessment against the PSIAS.	30 th June 2014	Implemented
14	Agree the process for the acceptance and authorisation of consulting engagements.	30 th June 2014	Implemented
15	Develop a Quality Assurance and Improvement Programme.	30 th September 2014	Implemented
16	Review and update the job descriptions and personal specifications for Internal Audit Staff.	30 th September 2014	To be considered as part of NWLDC BEE Valued process.
17	Assess the collective skills, knowledge and competencies of the Internal Audit Team.	31 st December 2014	To be considered as part of NWLDC BEE Valued process.
18	Develop a programme of continuing professional development	31 st December 2014	To be considered as part of NWLDC BEE Valued process.
19	Update the Internal Audit manual.	31 st December 2014	Implemented
20	Review the computer assisted audit techniques available and assess whether they could be used to perform audit testing.	31 st December 2014	Discussed with external assessor – not necessary
21	Undertake an assurance mapping exercise.	31 st January 2015	Discussed with external assessor – not necessary
22	Produce an Internal Audit Strategy in conformance with the PSIAS.	28 th February 2015	Discussed with external assessor – not necessary although may consider later in 2015/16.
23	Produce a risk based annual audit plan in conformance with the PSIAS.	28 th February 2015	Implemented
24	Undertake a fraud evaluation of the authority.	31 st March 2015	Implemented