

# Brentwood Borough Council

## INTERNAL AUDIT PROGRESS REPORT

May 2016



# CONTENTS

Introduction	3
Progress against 2015/16 internal audit plan since previous Committee	4
Progress against 2015/16 internal audit plan	5
Follow up on 2014/15 recommendations	8
KPIs	9
Appendices:	
I: Definitions of assurance	11
II: Executive Summary - Human Resources	12
III: Executive Summary - Risk Management	13
IV: Executive Summary - Disaster Recovery and Business Continuity	14
V: Executive Summary - Payroll	16
VI: Executive Summary - Housing Systems	17
VII: Executive Summary - Revenues and Benefits	18
III: High priority recommendations outstanding	20

# INTRODUCTION

## Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2015/16 internal audit plan which was approved by this Committee in March 2015. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in section 2 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## Work outside of the Internal Audit Plan

No additional work has taken place.

## Overview of 2015/16 work to date

See page 4 for details of the audits completed since the previous Audit, Scrutiny and Transformation Committee.

# PROGRESS SINCE FEBRUARY 2016 AUDIT, SCRUTINY AND TRANSFORMATION COMMITTEE

Area	No. of days	Head of Service Responsible	Assurance - System Design	Assurance - Operating Effectiveness	No. of High priority recommendations	No. of Medium priority recommendations	No. of Low priority recommendations	Ref to Executive Summary
Human Resources	25	Phil Ruck	Limited	Limited	1	6	2	Appendix II
Risk Management	15	Sue White	Limited	Moderate	2	3	1	Appendix III
Disaster Recovery and Business Continuity	15	Tim Huggins	Limited	Limited	0	5	3	Appendix IV
Payroll	10	Chris Leslie	Moderate	Moderate	1	0	0	Appendix V
Housing Systems	15	Helen Gregory	Moderate	Moderate	0	2	0	Appendix VI
Revenues and Benefits	15	Helen Gregory	Moderate	Moderate	0	4	3	Appendix VII

Copies of full audit reports are available on request.

# PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Modern Council</b>					
Planning	20	Q1/Q2	Final	Limited	Limited
Customer Services	15	Q3	Final	Moderate	Moderate
Corporate Plan and Priorities	20	Q4	In progress		
Financial systems	40	Q4	Draft report		
Payroll	10	Q4	Final	Moderate	Moderate
Review of Accounts Payable Arrangements	12	Q1	Final	Moderate	Limited
Human Resources	25	Q4	Final	Limited	Limited
Risk Management	15	Q4	Final	Limited	Moderate
IT Security and Governance	20	Q4	Planning		
Disaster Recovery and Business Continuity	15	Q4	Final	Limited	Limited
Procurement of Legal Services	5	Q3	Final	N/A *	N/A *
Counter Fraud	18	On-going	On-going	N/A **	N/A **
	215				

\* - this is an additional piece of work to be followed up as part of the Legal Service review being undertaken by the Council.

\*\* - delivery of awareness training

# PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Street scene and environment</b>					
<b>Waste Income and Contract Management</b>	15	Q1/2	Final	Moderate	Moderate
	15				
<b>Housing, Health and Wellbeing</b>					
<b>Housing systems</b>	15	Q4	Final	Moderate	Moderate
<b>Affordable Housing</b>	15	Q4	In progress		
<b>Revenues and Benefits</b>	15	Q3	Final	Moderate	Moderate
	45				
<b>A Safe Borough</b>					
<b>Localism and building community capacity</b>	15	Q4	In progress		
	15				

# PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Prosperous Borough</b>					
<b>Local Development Plan/Regeneration</b>	20	Q4	In progress		
	20				
<b>Planning, Reporting, Follow-up and Contingency</b>					
<b>Planning/ liaison/ management</b>	20				
<b>Recommendation follow up</b>	10				
<b>Contingency</b>	10				
<b>Total</b>	<b>40</b>				
<b>Total</b>	<b>350</b>				

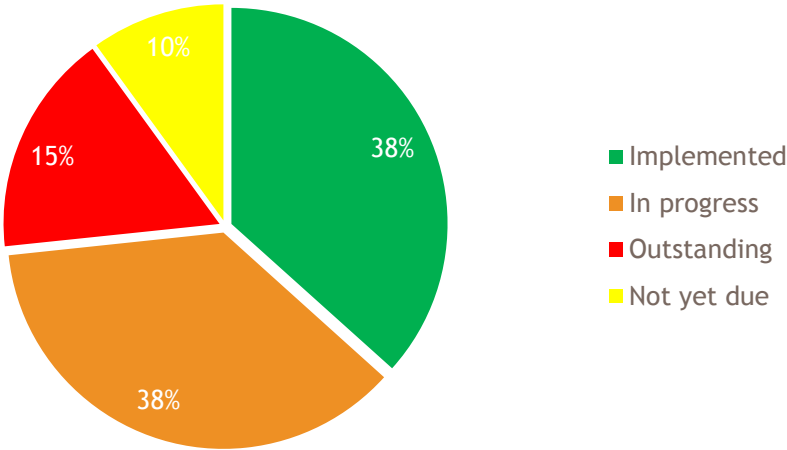
# FOLLOW UP ON RECOMMENDATIONS - 2014/15

## Follow up of current year recommendations

We are constantly monitoring the recommendations raised during 2014/15 and have followed up on the recommendations that have become due since the completion of our review.

The diagram below shows the status of the recommendations raised, in progress and implemented. We raised 28 high priority recommendations during 2014/15, 9 of which have been implemented, 15 of which are in progress and 3 are not yet due. The details of the 1 outstanding high priority recommendation has been included in appendix VIII of this report. Note that the date of a high priority recommendation was revised and is in the process of being implemented.

	High	Medium	Low	Total
Implemented	9	28	9	45
In progress	15	28	2	45
Outstanding	1	13	3	18
Not yet due	3	7	2	12
<b>Total Recommendations raised</b>	<b>28</b>	<b>76</b>	<b>16</b>	<b>120</b>





# KEY PERFORMANCE INDICATORS

## Performance measures for internal audit

<i>Coverage</i>	
Audits completed against the Annual Audit Plan.	The 2015/16 audit plan has commenced and is on track to be delivered by the end of March 2016.
Actual days input compared with Annual Audit Plan.	All days input into the Annual Audit Plan have been achieved to date on audits undertaken.
<i>Reporting</i>	
Issuance of draft report within 3 weeks of fieldwork `closing` meeting.	All draft reports issued for 2015/16 have been issued within 3 weeks of discussing the findings with the client.
Finalise internal audit report 1 week after management responses to report are received.	All draft reports for 2015/16 have been finalised within 1 week of management responses being received.
<i>Relationships and customer satisfaction</i>	
Customer satisfaction	Good feedback has been received on all audits completed.
Annual survey to achieve score of at least 70%.	A year end survey will be completed in March 2016.
<i>Staffing &amp; training</i>	
At least 60% input from qualified staff.	All audits to date have been completed by 100% qualified staff.
<i>Audit Quality</i>	
Reliance on work by EY where appropriate.	EY have been able to rely on the work performed to date.
Positive result from any external review.	Not applicable at this stage.

# KEY PERFORMANCE INDICATORS

Performance measures for management and staff

<i>Response to reports</i>	
<p>Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.</p>	<ul style="list-style-type: none"> <li>• Management responses have not been received for the review completed on the Procurement of Legal Services due to the resignation of the Monitoring Officer.</li> <li>• The Management responses to the Planning draft report were received 3 weeks after receipt, due to other demands on officer time.</li> <li>• Management responded to the terms of reference for the Revenues Shared service arrangement audit was received 2 weeks after receipt.</li> </ul>
<i>Implementation of recommendations</i>	
<p>Audit sponsor to implement all audit recommendations within the agreed timeframe.</p>	<p>See page 8 of this progress report. Not all recommendations have been implemented by the agreed timeframe.</p>
<i>Co-operation with internal audit</i>	
<p>Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff.</p>	<p>Appropriate co-operation has been provided by management and staff to date.</p>

# APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# APPENDIX II - HUMAN RESOURCES




## CLIENT STRATEGIC RISKS

Risk	3	Legal compliance , Employee morale, Reputational
------	---	--

## LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

<b>Design</b>	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
<b>Effectiveness</b>	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High		1
Medium		6
Low		2

**Total number of recommendations: 9**

## OVERVIEW

Since January 2015 the Council's HR function has been fully outsourced to Midland HR (MHR). The contract runs until 2017 with an option to extend for a further two years, at the sole discretion of the Council.

We have carried out a review of the HR function in the context of risks identified in the terms of reference at Appendix IV.

During our review, discussions were held with six Heads of Service (HoS), including the Head of Paid Service, two Service Managers, the Council's contracted employment law specialist and two representatives from MHR, including the Service Team Leader responsible for the Council's account and a Service Administrator who works exclusively on the Council's account.

Our discussions with the above individuals were used to establish any existing issues relating to the risks identified within the terms of reference, and to understand how these issues and hence the risks can be better mitigated.

Our review found the following underlying areas for improvement or development:

- Measurement of MHR performance is insufficient, which hinders the Council's contract monitoring. The Council could be more proactive in obtaining information to enable it to better monitor its contract with MHR.
- Service management meetings and outstanding case discussions are not as regular or effective as they could be, which slows the resolution of service issues and case issues. (1 high priority recommendation)
- The roles of MHR and Marilyn Smyth are not clearly defined, and as a result the Council management appears to draw on Marilyn's support either when they feel MHR will not be capable of providing support of the quality required, or when MHR are not expected to provide a solution with the required urgency.
- HR policies need to be brought up to date as they currently contain inconsistent and non-relevant information, which has caused problems for management and employees relying on the them.

# APPENDIX III - RISK MANAGEMENT

LEVEL OF ASSURANCE (SEE APPENDIX V FOR DEFINITIONS)			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX IV)	
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.	High	2
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Medium	3
			Low	1
			Total number of recommendations: 6	

## OVERVIEW

### Background

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to Risk Management.

The Council is required to effectively manage the organisational risks that it faces to ensure that the strategic objectives in the Corporate Plan are achieved. A well developed Risk Register (including both strategic and operational risks) is an important tool for identifying key risks to the Council and how these will be managed within the organisation’s overall risk appetite.

The Council has recently made use of a Strategic Risk Management Consultant from Zurich to obtain strategic risk management support as part of their risk improvement activities. An action plan is in place to address the findings from this review.

### Good Practice

- The Council makes use of a risk management consultant from Zurich who provides Council staff with comprehensive training on how to effectively engage with risk management.
- The Council has a comprehensive Insurance and Risk Management Strategy and Risk Management Handbook which provides staff with guidance on a wide range of the Council’s risk management procedures.
- The Risk and Insurance Officer engages well with risk owners and other responsible individuals within departments to facilitate engagement with the Council’s risk management procedures and to assist with ongoing maintenance of Council’s risk registers.

# APPENDIX III - RISK MANAGEMENT

## OVERVIEW

### Key Findings

- Links are not being consistently made between risks in the risk registers and the Council's strategic and operational goals. Making these links on a consistent basis would help to ensure that readers of the risk registers understand what specific areas would be impacted by each individual risk. This would aid in managing these risks and ensuring the Council's goals are achieved. (1 high priority recommendation)
- Risks and the Council's risk registers are not being discussed at meetings of the Senior Management Team, where knowledge and information could be effectively and efficiently shared between the Council's different departments. (1 high priority recommendation)
- The risk management policies and procedures are not clear in providing guidance on when it is appropriate to escalate or de-escalate risks between the varying levels of risk registers owned by the Council, or when it is appropriate for risks to be removed from the registers entirely.
- The training provided by the risk management consultant from Zurich should be distributed to a wider audience within the Council to ensure everyone who could benefit from this training has the opportunity to attend a session.
- A number of concerns have been identified with the Council's operational risk registers including the following:
  - A lack of target scores for risks to be mitigated down to
  - Inadequately detailed descriptions of risks
  - A lack of identified controls where risks have not been accepted at the current level
  - Inadequately detailed descriptions of controls
- The risk management policies and procedures do not assign an appropriate level of responsibility for managing risks within the Council's individual departments.
- We have followed up recommendations from the March 2015 audit and we noted that 10 out of 12 recommendations were not fully implemented as of this audit fieldwork date.

### Conclusion

Overall we have raised 6 findings and recommendations relating to the Council's arrangements for risk management, including two high level, three medium level and one low level recommendation. Our review found that there is scope for improving the Council's risk management controls, but that there were no major instances of non compliance with the current controls, leading to a final assessment of limited assurance over the control design and moderate assurance over the control effectiveness.

# APPENDIX IV - DISASTER RECOVERY AND BUSINESS CONTINUITY

## LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved
Effectiveness	Limited	System of internal controls is weakened with system objectives at risk of not being achieved

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High	
Medium	5
Low	3
Total number of recommendations: 8	

## OVERVIEW

### Background

In accordance with the 2015/16 internal audit plan, BDO LLP performed a review of business continuity in place at Brentwood Borough Council (The Council).

Business continuity and disaster recovery are essential elements for any successful organisation and need to be tailored to the services that the body delivers, and the impact of potential disruption. The Council provides several services that are critical to the local community, as such it is necessary that the Council is able to continue to provide these services in the event of a major disaster.

The purpose of this review was to evaluate the Council's processes and arrangements in place for business continuity and disaster recovery, to ensure that the key risks are managed effectively and ensure that a sufficient continuity plan is in place in the case of an emergency.

As part of our review we noted a number of areas of good practice, including:

- Business impact assessments (BIA) have been carried out by all business units and most business units have formally documented this assessment in the template provided by the Council's Business Continuity Team.
- The Council has an over-arching Business Continuity Plan (BCP) and each of the Council's business units have developed their individual BCPs.
- Progress is being made to increase the resilience of the IT infrastructure to ensure availability in an emergency situation.
- A Gold Command Team and a Crisis Management Team has been identified to take charge in the event of a major incident. The team is adequately represented by the different services.
- Communication plans have been documented so that the appropriate people can be contacted as and when required.
- Priorities in terms of staff, systems and processes have been defined as part of the over-arching and individual BCPs.
- A work program has been created to define timelines for completion of different activities including monitoring and testing of the plans to ensure that the Council is as prepared as can be, in the event of a major incident.

# APPENDIX V - PAYROLL

## CLIENT STRATEGIC RISKS

Risk	1	Finance pressures •Unplanned expenditure •Expenditure incurred where no budgetary provision exists
------	---	--

## LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Non-compliance with key procedures and controls places the system objectives at risk.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High **1**

Medium

Low

Total number of recommendations: 1

## OVERVIEW

From April 2014 the Council's payroll function was outsourced to Midland HR and from January 2015 the full outsourcing of the Council's HR functions was also transferred to Midland HR. The contract runs until 2017 and is managed by the Business Development Manager. Brentwood employs approximately 350 staff at a cost of around £11m per year.

Our review found the following areas of good practice:

- controls are in place to ensure the data provided to Midland HR is accurate, complete and not open to manipulation.
- the hierarchy report is circulated on a regular basis, reminding Heads of Services of the importance of positively confirming the accuracy of these
- reports of starters and leavers are circulated on a monthly basis and responses received in a timely manner.
- where an employee has had a change to their pay entitlement due to absences, such as long-term sickness or maternity/paternity pay, Midland HR have the required triggers in place to ensure the accuracy of employees' pay following changes to their pay entitlement.

We also found some areas for improvement or development:

- Although the reconciliations were always undertaken, in some cases the reconciliation of payroll reports received from Midland HR to the nominal ledger had not been completed within a month of month end. Management confirmed that this was as a result of other work being prioritised at particularly busy times of the year. This could result in any issues with payroll expenditure not being accurately recorded on the ledger not being identified and dealt with on a timely basis.
- through discussions with the HRA accountant we identified that there had been some issues with the coding of payroll expenditure from Midland HR, resulting in reconciling differences arising and causing the completion of the reconciliations to be a time consuming process. It was identified that some of these coding issues could be resolved by providing additional information to Midland HR as part of the new starter process (1 high priority recommendation)



# APPENDIX VI - HOUSING SYSTEMS

## CLIENT STRATEGIC RISKS

Risk	1	Finance pressures <ul style="list-style-type: none"> <li>Target levels for income are not achieved.</li> </ul>
------	---	--

This review relates to the risk that the Council does not achieve targets set for income.

## LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
--------	----------	--

Effectiveness	Moderate	Non-compliance with key procedures and controls places the system objectives at risk.
---------------	----------	---

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High

Medium

2

Low

Total number of recommendations: 2

## OVERVIEW

The Council is required to operate a sound system of control over their financial processes to prevent and detect error or fraud. The Council has rental income from council housing equating to around £12m per year generated from 2,500 council properties.

Housing rents and management of the Council's properties are governed by the Housing Revenue Account Business Plan 2014 -2044. The maximum annual average rent increase was limited by government policy to RPI + 2% / + £2 per week until 2015/16, and now social housing rent reforms will require the Council to reduce rents by 1% from 2016/17 to 2019/20.

The responsibility for the setting of rents is that of the Head of Housing, and this is then ultimately approved by full Council on an annual basis.

Our review found the following areas of good practice:

- Following the social housing rent reforms a balanced HRA budget has been prepared and reasonable actions taken to ensure the rent decreases are offset and a reasonable surplus is still achieved.
- A new repairs recharges policy has been in place for a number of months and although it is still in the early stages of implementation the process is being undertaken in line with the policy. At the time of testing only 6 repairs had been recharged to tenants and it was not easy to identify if the policy has had the desired effect of encouraging tenants to be more aware and more responsible for their property and actions within their property. However from our review and testing it was confirmed that the policy is on track to accomplish this.
- There is an effective task force in place to attempt to minimise the effect of claimants on Universal Credit receiving direct payments for their housing rent, as opposed to the rent being paid direct to the Council, resulting in increased rent arrears.

We also found some areas for improvement or development:

- Where a benefit claimant transfers to Universal Credit there is not a formal process for this information to be communicated from the benefits team to the housing team. Such communication would assist the Housing department's pre-tenancy procedure.
- There is currently minimal awareness of and procedures in place for implementation of the forthcoming 'pay to stay' policy (charging higher rents to higher earners) which the Council will be required to administer. It is therefore recommended a taskforce is set up to ensure that the Council is aware of further developments in government policy, including impact on tenant arrears and how this can be addressed by the Council.

# APPENDIX VII - REVENUES AND BENEFITS

CLIENT STRATEGIC RISKS			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Risk	Information Management and Security Financial pressures		High	
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			Medium	4
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	3
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Total number of recommendations: 7	

## OVERVIEW

### Background

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to Revenues and Benefits. Brentwood Borough Council collects Council Tax and National Non-domestic Rates (NNDR), on behalf of itself and other preceptors. £46.6m of council tax and £30.6m of NNDR, was collected in 2014/15. The Council also pays out housing benefits to eligible claimants after they have made an appropriate application. In 2014/15 expenditure for housing benefits amounted to £16.5m. Additionally whilst all revenues and benefits were managed through the Northgate system during the majority of the 2015/16 year, the go-live of the Civica system from February 2016 has now taken place as part of the shared service arrangement with Basildon Council.

### Scope and Approach

The scope of the review considered the arrangements for debt recovery on overpaid housing benefits, Single Person Discounts procedures and review, Discretionary Housing Payments procedures, payment calculations for Local Council Tax Support (LCTS) within Northgate, data transfer to the Civica system, Housing Benefits accuracy checks and compliance checks for Council Tax and NNDR discounts.

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work, whilst seeking to obtain documentary evidence that these controls were designed as described. The review focused on Northgate, as a significant proportion of the review related to the previous process. An additional review for the transfer to Civica has already been undertaken.

# APPENDIX VII - REVENUES AND BENEFITS

## OVERVIEW

### Good Practice

During the review we noted the following areas of good practice:

- The Council have an efficient application process for Housing Benefits (HB), Local Council Tax Support (LCTS) and Discretionary Housing Payments (DHP). There are online application forms for these benefits and processes are in place for provision of the material in alternative languages, as well as accommodating access requirement. Customers may also use computers at the Council offices to complete online applications or obtain paper forms to complete and return.
- The Council retains all correspondence with the claimant on the Information at Work system. Testing verified the retention of application forms, evidence of income and DHP successful award letters.

### Key Findings

We have raised four recommendations of medium significance relating to:

- A lack of specified procedures in place for the Compliance Team undertaking Single Person Discount checks, resulting in a lack of prioritisation of matches from Equifax reports and a backlog of matches to be investigated that are outstanding.
- We identified instances where the compliance checks to be undertaken in response to the matches have not been fully completed and where suitable evidence has not been retained to verify the actions undertaken.
- Debt reports are not produced regularly, resulting in a lack of review or analysis of historic debt to ascertain the actions required to pursue the debt.
- Information retention policies following the transfer of information from Northgate and Information at Work to the Civica system have not been established, including in respect of data cleansing.


In addition we have raised three recommendations of low significance relating to the housing benefit policies not having been updated or reviewed, the lack of documentation retention for housing benefit awards and the quality of accuracy checks undertaken for housing benefit calculations.

### Conclusion

Overall, whilst the Council has demonstrated that controls have been implemented to address the risks associated with Revenues and Benefits and we noted a number of good practice areas during the audit, the lack of compliance with procedures, as well as suitable recording of information resulting in the four medium significance recommendations has meant that, in accordance with our audit methodology (see Appendix II), we have provided moderate assurance over both the design and operational effectiveness of controls in respect of Housing Benefits.

# APPENDIX VIII - 2014/15 high priority recommendations outstanding

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date
Risk Management	The Risk Registers (both strategic and operational) should be linked to the Corporate Plan. The Risk Registers should be set out to show the risks associated with each Corporate Objective. For example, showing the risks under each Corporate Objective rather than by Department.	High	Ramesh Prashar / Sue White	This has almost been completed. Revised due date end July 2016



The proposal contained in this document is made by BDO LLP ("BDO") and is in all respects subject to the negotiation, agreement and signing of a specific contract. It contains information that is commercially sensitive to BDO, which is being disclosed to you in confidence and is not to be disclosed to any third party without the written consent of BDO. Client names and statistics quoted in this proposal include clients of BDO and BDO International.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2013 BDO LLP. All rights reserved.

[www.bdo.co.uk](http://www.bdo.co.uk)

