



Kim Webber B.Sc. M.Sc.  
Chief Executive  
52 Derby Street  
Ormskirk  
West Lancashire  
L39 2DF

Tuesday, 21 May 2019

**TO: COUNCILLORS**    **C COOPER,    N PRYCE-ROBERTS,    T BLANE,    C DERELI,**  
**J GORDON,    J MEE,    M NIXON,    O'NEILL,    E POPE,**  
**A PRITCHARD AND I RIGBY**

Dear Councillor,

Please find attached items marked to follow on your agenda for **AUDIT & GOVERNANCE COMMITTEE ON TUESDAY 28 MAY 2019**.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Kim Webber', written over a horizontal line.

Kim Webber  
Chief Executive

**AGENDA**  
**(Open to the Public)**

- |            |   |                |
|------------|---|----------------|
| <b>6.</b>  | <b>GRANT THORNTON - PROGRESS UPDATE</b><br>Report of the Borough Treasurer and appendix 2 | <b>67 - 72</b> |
| <b>10.</b> | <b>INTERNAL AUDIT ANNUAL REPORT</b><br>Appendix 1   | <b>73 - 78</b> |
| <b>11.</b> | <b>INTERNAL AUDIT ACTIVITIES - QUARTERLY UPDATE</b><br>Appendix 1                         | <b>79 - 86</b> |

**We can provide this document, upon request, on audiotape, in large print, in Braille and in other languages.**

For further information, please contact:-  
Kirsty Breakell on 01695 583312



## AGENDA ITEM:

**AUDIT AND GOVERNANCE COMMITTEE:**

**28 May 2019**

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**Report of: Borough Treasurer**

**Contact for further information: Marc Taylor (Extn. 5092)**  
**(E-mail: [marc.taylor@westlancs.gov.uk](mailto:marc.taylor@westlancs.gov.uk))**

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**SUBJECT: GRANT THORNTON PROGRESS UPDATE**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

1.1 To receive updates from our External Auditors on a range of different matters.

### **2.0 RECOMMENDATION**

2.1 That the Progress Report and the Planned Audit Fee letter be considered and that any questions be raised with the Grant Thornton representatives who will be attending the meeting.

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### **3.0 BACKGROUND**

3.1 Our external auditors have asked for the documents contained in the appendices to be included on the agenda for this meeting so that Members may give them due consideration.

### **4.0 GRANT THORNTON REPORTS**

4.1 The Grant Thornton Progress Report sets out their progress in delivering their responsibilities against their audit plan as well as a range of other matters, while the Audit Fee letter provides details on the audit fee and works that are planned to take place for 2019/20.

4.2 Representatives of Grant Thornton will introduce and explain these documents at the Committee meeting and will be able to answer any questions that Members may have on their contents.

## **5.0 SUSTAINABILITY IMPLICATIONS**

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

## **6.0 RISK ASSESSMENT**

6.1 The work that our External Auditors undertake is an integral part of the Council's control framework and provides assurance to Members that the Council is operating effectively.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

Appendix 1 - Grant Thornton Progress Report

Appendix 2 - Grant Thornton Planned Audit Fee Letter 2019/20

Our ref: West Lancashire 19/20  
Your ref:

Marc Taylor  
Borough Treasurer  
West Lancashire Borough Council  
52 Derby Street  
Ormskirk  
L39 2DF

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**Grant Thornton UK LLP**  
4Hardman Square  
Spinningfields  
Manchester  
M3 3EB  
T +44 (0)161 953 6900  
[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

Dear.Marc

## Planned audit fee for 2019/20

The Local Audit and Accountability Act 2014 (the Act) provides the framework for local public audit. Public Sector Audit Appointments Ltd (PSAA) has been specified as an appointing person under the Act and the Local Authority (Appointing Person) Regulations 2015 and had the power to make auditor appointments for audits of opted- in local government bodies from 2018/19.

For opted- in bodies PSAA's responsibilities also include setting fees and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

All grant work, including housing benefit certification, falls outside the PSAA contract, as PSAA no longer has the power to make appointments for assurance on grant claims and returns. Any assurance engagements will therefore be subject to separate engagements agreed between the grant-paying body, the Council and ourselves and separate fees agreed with the Council.

### Scale fee

PSAA published the 2019/20 scale fees for opted-in bodies at the end of March 2019, following a consultation process. Individual scale fees have been maintained at the same level as in 2018/19, unless there were specific circumstances which required otherwise. Further details are set out on the [PSAA website](#). The Council's scale fee for 2019/20 has been set by PSAA at £33,684 which is the same as in 2018/19.

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes'.

The audit planning process for 2019/20, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

### Scope of the audit fee

There are no changes to the overall work programme for audits of local government audited bodies for 2019/20. Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors. Audits of the accounts for 2019/20 will be undertaken under this Code. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

### Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its latest guidance for auditors on value for money work in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.*

### Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2019	8,421
December 2019	8,421
March 2020	8,421
June 2020	8,421
<b>Total</b>	<b>33,684</b>

### Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2019 to February 2020. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June and July 2020 and work on the whole of government accounts return in August 2020.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2019 – February 2020	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June – July 2020	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of

those charged with governance.

VfM conclusion	July 2020	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	August 2020	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	August 2020	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.

### Our team

The key members of the audit team for 2019/20 are:

	Name	Phone Number	E-mail
Key Audit Partner	Andrew Smith	0161 953 6472	Andrew.j.smith@uk.gt.com
Senior Manager	Georgia Jones	0161 214 6383	Georgia.s.jones@uk.gt.com

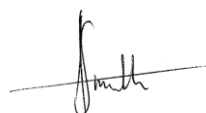
### Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed, and a detailed project specification and fee agreed with the Council.

### Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact Mark Stocks, our Public Sector Assurance regional lead partner, via mark.c.stocks@uk.gt.com.

Yours sincerely



Andrew Smith  
Key Audit Partner  
Grant Thornton UK LLP







# **INTERNAL AUDIT SERVICE ANNUAL REPORT 2018-2019**

**Jacqui Pendleton  
Internal Audit Manager  
West Lancashire Borough Council  
May 2019**

## 1. Executive Summary

- 1.1 The Internal Audit Manager is obliged, under the Public Sector Internal Audit Standards (PSIAS), to provide an annual report summarising the work undertaken by internal audit during the financial year just closed, and to provide an overall opinion on West Lancashire Borough Council's internal control environment.
- 1.2 In respect of 2018/19, 23 work streams were completed to draft / final report stage. Of the 13 work streams that are at final report stage, eight recorded an audit assurance opinion and a further five non assurance audits, which have been taken into account, had no significant issues identified. Ten work streams are currently at draft report stage. Work on a further four work streams has commenced.

Details of the eight work streams with an assurance opinion can be summarised as:

Assurance Opinion	Assessment of Internal Control	Number
Full Assurance	There is a sound system of internal control designed to secure objectives and controls are being consistently applied.	<b>0</b>
Substantial Assurance	There is a generally sound system of internal control in place designed to secure objectives and controls are generally being applied consistently. Some weakness in the design or operation of the controls put the achievement of particular objectives at risk.	<b>7</b>
Limited Assurance	Weaknesses in design or inconsistent application of controls put the achievement of objectives at risk.	<b>1</b>
No Assurance	Weak controls or significant non-compliance with controls could result (or have resulted) in failure to achieve objectives.	<b>0</b>

- 1.3 Based upon the work undertaken by Internal Audit in respect of 2018/19, the opinion of the Internal Audit Manager on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is **Satisfactory**.

## **2. Introduction**

- 2.1 In accordance with the Accounts and Audit Regulations 2015, the Council must ensure that it provides adequate and effective internal audit arrangements in respect of its accounting records and systems of internal control, and that it conducts an annual review of the effectiveness of these. In addition, these arrangements must be delivered in accordance with the Public Sector Internal Audit Standards (PSIAS), revised in January 2017, and Local Government Application Notes (LGAN), which came into effect on 1 April 2013 and 1 February 2019.
- 2.2 The work carried out by the Internal Audit Service involves reviewing and reporting on the control environment established by management to:
- Determine and monitor the achievement of the Council's objectives
  - Identify, assess and appropriately manage the risks to achieving the Council's objectives
  - Facilitate policy and decision making
  - Ensure economical, effective and efficient use of resources
  - Ensure compliance with established policies, procedures, laws and regulations
  - Safeguard the Authority's assets and special interests.
- 2.3 It is a requirement of the PSIAS that "the Head of Internal Audit provides an annual report to those charged with governance, which should include an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control".
- 2.4 The work streams set out in the Internal Audit Plan 2018/19, approved by this committee on 28<sup>th</sup> March 2018 are a primary source of assurance upon which the Internal Audit Manager's opinion is based.
- 2.5 In arriving at this opinion, this report sets out:
- A summary of the Internal Audit work undertaken during 2018/19;
  - A summary of the developments within Internal Audit during the year;
  - The Internal Audit Managers opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in 2018/19;

### **3. Internal Audit Activity 2018/19**

- 3.1 The Internal Audit Service has not had an Internal Audit Manager in post for seven months of the current financial year, however, a new Internal Audit Manager was appointed in March 2019. The Internal Audit Service now has a full complement of 3.6 FTE staff.
- 3.2 The 2018/19 Internal Audit Plan was compiled by the previous Internal Audit Manager using a risk based approach taking into account the Council's objectives and considering known local and national influences on risks to their achievement. It was approved by this committee on 28<sup>th</sup> March 2018.
- 3.3 The 2018/19 Internal Audit Plan set out 31 work streams. An additional audit review was included which was initially planned to be undertaken during 2017/18 but deferred until 2018/19, resulting in 32 work streams in total for the year. At the request of service areas five audit reviews have been delayed and will be undertaken during 2019/20, leaving 27 work stream for 2018/19.
- 3.4 Performance against the plan, summaries of internal audit activity and the level of assurance it provides are reported to this committee on a quarterly basis.
- 3.5 Sufficient audit coverage has been achieved during 2018/19 to enable me to provide an opinion on the control environment.
- 3.6 Assurance work carried out during the year has confirmed that in the main the Council has appropriate controls in place to manage significant risks in its operations. This is demonstrated by audit reviews that were concluded with a substantial assurance opinion. In the review which has a limited assurance opinion, Internal Audit continues to work closely with the department to ensure that recommendations are implemented as per agreed timescales and a follow up audit review will be undertaken during 2019/20.
- 3.7 Non-assurance work is activity undertaken by internal audit and not primarily designed to provide assurance. An example is the National Fraud Initiative which the Council is required to participate in. Such work may still provide useful evidence of the effectiveness of controls in operation and work completed in these areas during the year did not disclose any evidence of significant areas of weakness in controls.
- 3.8 In addition to planned activity, internal audit have a role in investigation of potential fraud and irregularity, responding to items referred to it in accordance with established procedures. No referrals during the year disclosed evidence of significant areas of weakness in controls.

#### 4 Internal Audit Developments

- 4.1 The Internal Audit Team have reviewed and developed new working practices, including new formats of working papers which will promote efficiencies and a new format Internal Audit Report.
- 4.2 All Internal Audit reviews will be subject to a follow up review no later than six months following the issue of the final Internal Audit Report. This is to be implemented immediately.
- 4.3 A customer satisfaction survey is in development and this will be provided to each auditee once the final Internal Audit Report has been issued.
- 4.4 A suite of Internal Audit Service Performance Indicators have been developed and will be introduced from 1<sup>st</sup> June 2019. The proposed Performance Indicators and targets are typical to Local Authorities and are detailed below for information. Results from these Performance Indicators will be reported to this committee as part of the quarterly progress report.

##### Performance Indicators:

Performance Indicator	Target
1. Completion of the audit plan	90% of planned audits completed to draft report stage by end of plan review period (31 May 2020)
2. % recommendations confirmed fully implemented at time of formal follow up	Priority 1 – 100% Priority 2 – 80% Priority 3 – 75%
3. Timely production of draft report	80% of draft reports issued within 4 weeks of end of fieldwork
4. Timely agreement and issue of the final report	80% of final reports (including agreed management action plan) issued within 5 weeks of draft report
5. Customer satisfaction	Through key question customer satisfaction surveys – target 90% satisfaction of Very Good, Good or Average rating.

## **5 Annual Governance Statement**

- 5.1 Internal Audit work supports the production of the Annual Governance Statement. There were no issues arising from Internal Audit's work in 2018/19 which are deemed Significant Governance Issues which would be reportable in the Annual Governance Statement.

## **6 Internal Audit Manager's Overall Opinion**

- 6.1 Based upon the work undertaken by Internal Audit in respect of 2018/19, the opinion of the Internal Audit Manager on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is that the controls in the majority of systems and procedures continue to operate **satisfactorily**.
- 6.2 Of the systems and procedures reviewed, one audit review was found to provide limited assurance and an action plan detailing findings and recommendations has been agreed with management. Follow up audit work will be carried out to ensure that adequate progress to implement audit recommendations has been made.
- 6.3 No system of control can give absolute assurance against material misstatement or loss and, accordingly, this opinion does not provide such an absolute assurance.



**INTERNAL AUDIT SERVICE**

**INTERNAL AUDIT ACTIVITY - QUARTERLY UPDATE  
2018/19**

## 1. Summary of Progress against the 2018/19 plan.

- 1.1 Progress against the plan for the financial year 2018/19 has been satisfactory with 84% of planned audit work being near completion or completed, compared to 83% at the end of financial year 2017/18.

### Audit Plan Progress

Title	Stage of Audit	Assurance reported to A&G Committee
General Data Protection Regulations	Fieldwork Complete	
Contract and Procurement	Draft Report	
Off Street Parking	Final Report Issued	28 <sup>th</sup> May 2019
Main Accounting	Fieldwork Commenced	
Treasury Management	Final Report Issued	28 <sup>th</sup> May 2019
Payroll	Final Report Issued	28 <sup>th</sup> May 2019
Property Management - Gas	Draft Report Issued	
Service Now	To be undertaken in 2019/20 *	
Home Care Link	Draft Report	
Business Rates	Draft Report Issued	
Sustainable Organisational Review	To be undertaken in 2019/20*	
Anti-fraud review	Completed – No report required	
Insurance	Final Report Issued	29 <sup>th</sup> January 2019
Risk Management	Draft Report	
Sheltered housing	Audit Brief Issued	
Housing Rents	Draft Report	
Performance indicators	To be undertaken in 2019/20*	
ICT	Completed – No report required	
Benefits	Final Report Issued	24 <sup>th</sup> July 2019
Creditors	Draft Report Issued	
Debtors	Final Report Issued	28 <sup>th</sup> May 2019
Cashiers - Income Management	To be undertaken in 2019/20*	
Council Tax	Draft Report Issued	
Right to Buy Sales	Final Report Issued	29 <sup>th</sup> January 2019
Caretaking	Final Report Issued	28 <sup>th</sup> May 2019
Homefinder	Draft Report Issued	
Commercial waste	Fieldwork commenced	
Civic Bulky Collections Service	To be undertaken in 2019/20*	
Refuse and Recycling	Draft Report Issued	
National Fraud Initiative	Completed – No report required	
Annual Governance Statement	Completed – No report required	
Money Laundering Reporting Officer	Completed – No report required	
Summary		
Work complete	23	72%
Work in progress	4	12%
Work not commenced	5	16%
Total	32	100%



- 1.2 An additional audit in relation to refuse and recycling has been undertaken during 2018/19 following a deferment from 2017/18.
- 1.3 As previously reported to this committee five audit reviews originally planned for completion in 2018/19 are to be deferred to 2019/20, these include:
- Service Now – the first stage of the system was implemented in March 2019, therefore it is at too early a stage to undertake an audit review that will add value.
  - Sustainable Organisation review - project is due to be completed by July 2019 and specific audit work will be identified once the findings and recommendations are known;
  - Civic Bulky Collections Service – this service was reintroduced at the later part of 2018 and time was needed to embed the service. A review will now be undertaken during 2019/20.
  - Cashiers – Income Management – this audit is to be deferred until 2019/20, the Income Management Review final report will influence the work carried out by Internal Audit.
  - Performance Indicators – this review is to be deferred to 2019/20.

## 2. Audit Opinions and Priorities for Recommendations

### 2.1 Assurance rating system

- 2.1.1 This report records the levels of assurance provided by Internal Audit's work. The following categories are used to record the level of assurance.

**Full assurance:** there is a sound system of internal control designed to secure objectives and controls are being consistently applied.

**Substantial assurance:** there is a generally sound system of internal control in place designed to secure objectives and controls are generally being applied consistently. Some weaknesses in the design or operation of the controls put the achievement of particular objectives at risk.

**Limited assurance:** weaknesses in design or inconsistent application of controls put the achievement of objectives at risk.

**No assurance:** weak controls or significant non-compliance with controls could result (or have resulted) in failure to achieve objectives.

#### 2.1.2 Recommendation Priority Levels

Recommendations made in all internal audit reports are given a priority level as set out in the table below:

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact of frequency presents risk to the system objectives, which needs to be addressed by management.

Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.
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- 2.3 No system of internal control can eliminate every possible risk and increasing the level of control in a system frequently increases costs. Balancing risk appropriately against the costs of control is management's responsibility.
- 2.4 Internal Audit's role is to evaluate and improve the effectiveness of risk management and control processes.
- 2.5 It is important to recognise that the scope of the work in each area examined defines the limits of the assurance which can be provided and to give context to the assurance provided work is summarised in the reports set out below.

### 3. Assurance reports:

Since the last report to the Audit and Governance Committee, 15 audits have been completed by Internal Audit during February to May 2019, five to final report stage and ten to draft report stage. Details of the final reports issued are as follows:

Audit Title	Assurance Opinion	Recommendations		
		P1	P2	P3
Off Street Parking	Substantial	0	4	4
Treasury Management	Substantial	0	0	2
Payroll	Substantial	0	6	0
Property Management - Gas	Limited	5	7	4
Debtors	Substantial	0	1	1

#### 3.1 Off Street Parking (Substantial Assurance)

3.1.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Appropriate contracts are in place
- New machines are installed in line with the implementation plan
- Adequate insurance cover is in place
- Changes to tariffs have been approved in line with the constitution and legislation
- Staff have received appropriate training in relation to the legislation and operation of the pay and display parking system
- Car parks display the correct signage and that the ticket displays the correct information in relation to the fee paid and the car park name
- An inventory of machines is held by WLBC and the collection dates for each machine are documented
- There are controls in place regarding the collection of income

- Income is reconciled and monitored
- There is a procedure for querying and investigating any anomalies on the car park income
- There are procedures in place for ensuring that machines subject to vandalism or that are not working are reported promptly
- Budget monitoring is undertaken
- Risks have been considered and documented on Pentana
- The service action plan highlights planned changes to the operation.

3.1.2 Review of Off Street Parking concluded that overall it is well controlled in that new car parking machines had been installed, although the card payment facility was not in operation at the time of the audit, tariffs had been implemented and income is collected and well controlled. It was noted that Contract Procedure Rules had not been followed in that there were 2 contracts without the official signed contracts in place.

### 3.2 Treasury Management (*Substantial Assurance*)

3.2.1 The purpose of this audit was to provide assurance to management that procedures and controls ensure that:

- A register of all loans and investments is maintained, transactions are confirmed in writing and there is a full audit trail of activity.
- All investments in the sample comply with the current Treasury Management Policy and there is a regular reconciliation undertaken which is signed off independently.
- Credit interest / repayment of principle and interest calculations are accurate.
- The cash flow forecast spreadsheet is kept up to date and provides adequate evidence to support appropriate levels of investment.
- Segregation of duties within the end to end process are robust and the Scheme of Delegation sets out the delegation of duties to officers.
- There is adequate insurance cover in place to cover all Treasury Management investments and lending and contingency arrangements are in place if / when web based applications are inaccessible.
- Periodic reviews are undertaken to review the performance of the investment and debt portfolio to ensure it is performing as initially expected.

3.2.2 Review of Treasury Management concluded that segregation of duties and controls within the end to end process both manual and system enforced are working well. Registers of all loans and investments are maintained with records held providing a full audit trail of activity. Minor recommendations were reported in relation to a review of the current Treasury Management Policy, specifically the section pertaining to the rollover of funds on call/notice accounts, and a review of the current bankline users to ensure that there is sufficient coverage.

### 3.3 Payroll (*Substantial Assurance*)

3.3.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Starters, movers and leavers are treated correctly
- The pay award is loaded correctly on the payroll system
- Bacs payments are adequately reviewed
- Checks are undertaken to make sure payments are only made to genuine employees
- Frequent reconciliations to the Council's financial management system - Civica GL are undertaken
- Arrangements have been implemented to ensure there is a smooth transition to the new payroll system
- The agency worker policy is being followed and there is regular review of Matrix Agency Recruitment.

3.3.2 It should be noted that the work undertaken by Internal Audit related to the iTrent system, provided by Wigan Council, which was replaced in April 2019 by Oracle and provided by BTLs. Based on the work reviewed by Internal Audit, HR processes and procedures were found to be operating effectively. There were a variety of high level controls in place in the form of reports to verify monthly payroll submissions to ensure that the number and value of payments look consistent with previous months.

3.3.3 The main area highlighted for improvement was in relation to the compliance of the policy for the Recruitment of Agency Staff. It was acknowledged that there are difficulties in compliance with the policy due to the difficult nature, demands and specialisms of some service areas, however, it was evident that there were a number of staff who had been employed via an agency for longer than 12 months.

#### 3.4 Property Management – Gas (*Limited Assurance*)

3.4.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- The recommendations in the compliance action plan from the Independent review are being progressed
- There is a gas procedure document and that is being followed
- Rectification works are being completed in a timely manner
- Checks are undertaken on remedial works to ensure they have been completed appropriately

3.4.2 Based on the work reviewed it was noted that a great deal of work had been undertaken in getting a new gas policy and new gas procedure in place, however, Internal Audit had concerns around the gas safety process. These concerns were mainly in relation to how the Landlord Gas Safety Record is being completed and reviewed, how warning notices were administered and the follow up of remedial action and charging for work by contractors.

3.4.3 Other areas of concern included a number of cases identified where the incorrect heating type was recorded on the central database, supporting information for the installation of new boilers not being transferred to the council from the contractor and failure of an external review to be completed (Fulcrum Report) within the prescribed deadline date of 31<sup>st</sup> March 2018. Other lower risk findings were also noted.

3.4.4 All findings and recommendations have been fully discussed with the Service Manager and the Director of Housing and Inclusion Services. The Service area have already implemented a number of the recommendations and are working to ensure the remainder are addressed quickly. Internal Audit are confident that the quick response of the Service to address the concerns raised will ensure that the majority of recommendations will be implemented within agreed timescales.

3.4.5 Due to the Limited Assurance rating given, a follow up audit review will be carried out within six months to ensure that all recommendations have been implemented.

### 3.5 Debtors (Substantial Assurance)

3.5.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Controls surrounding the input and amendment of debtor accounts are robust
- Debtor accounts are the most the appropriate means of collecting the debt, the original source documentation can be located and it was raised by an officer authorised to do so.
- Time elapsed from the provision of service / goods to raising of the debtor account was reasonable.
- The debt was accurately calculated in accordance with the appropriate scale of fees and charges, coded appropriately and VAT accounted for.
- Any “non-standard” transactions or invoices in dispute, have an adequate audit trail and action taken appears reasonable in the circumstances.
- There is an end to end debt recovery process and procedures have been followed.
- Appropriate write off procedures are in place and being followed.
- Payments received are reconciled into the financial information system and is completed by someone independent to the collection process and procedures.
- Debtor's suspense account is reviewed regularly.
- Staff authorised to access the debtors system are current and up to date and there is appropriate segregation of duties is in place.

3.5.2 From the work carried out by Internal Audit it was established that from the sample period reviewed, processes and surrounding controls are working as designed. In addition, the debt recovery process is well managed by BTLS. It should be noted that pending debt was not subject to review during this audit.

3.5.3 Minor recommendations were made in relation to the availability of the Pending Memorandum report so all Service areas can choose additional resources to support further the effective management of their pending debt volumes should they wish to do so and the introduction of a process to ensure BTLS are aware of all staff movements / change of name so that all systems administration can be maintained.

## 4. **Other matters of note**

- 4.1 As requested by this committee a follow up audit review of Property Services is planned for 2019/20. The follow up audit review is to verify that the controls are operating effectively and have been embedded into management processes and practices.

## **5. Conclusion**

- 5.1 The 2018/19 Internal Audit Plan is designed to fulfil the Council's duty under the Accounts and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards. Good progress has been made in delivering the 2018/19 plan, and it will be substantially complete by 31<sup>st</sup> May 2019, with minimal work being carried forward into 2019/20.