

**Agenda Item No:** 4  
**Report To:** **AUDIT COMMITTEE**  
**Date:** **26 JUNE 2014**  
**Report Title:** Internal Audit Annual Report 2013/14  
**Report Author:** Rich Clarke



**Summary:** The report is provided in order to allow the Audit Committee to consider the work of the Internal Audit Team over the financial year 2013/14 and the opinion of the Head of Audit Partnership in relation to the Council's control environment.

The Audit Committee must decide whether it is satisfied that an effective internal audit service operated at the Council during 2013/14.

**Key Decision:** No

**Affected Wards:** Not applicable

**Recommendations:** **The Audit Committee is asked to:**

- Note the Head of Audit Partnership's opinion that substantial reliance can be placed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- Note the results of the work of the Internal Audit Team as shown in Appendix A and that this is the prime evidence source for the Head of Internal Audit's opinion.
- Agree that the contents of the report provide evidence of effective internal audit operating at the Council during 2013/14.

**Policy Overview:** Internal Audit is a statutory service under the Accounts and Audit Regulations 2011 which state that 'the body must undertake an adequate and effective internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control' and 'must at least once in each year, conduct a review of the effectiveness of its internal audit'.

**Financial Implications:** None directly

**Risk Assessment** Internal audit is a key component of the Council's assurance process which, among other purposes, comments on the effectiveness of the broader risk assessment work undertaken at the authority. If the Committee is not satisfied that an effective internal audit service operated during 2013/14 it must consider what implications that conclusion has for the assurance it requires on the Council's risk assessment processes.

**Equalities Impact Assessment** No

**Other Material Implications:** None

**Background Papers:** Internal Audit Reports

**Contacts:** Richard.Clarke@ashford.gov.uk – Tel: (01233) 330442

**MID KENT AUDIT**

**Internal Audit  
Annual Report  
2013/14**

**Ashford Borough  
Council**



**ASHFORD**  
BOROUGH COUNCIL

# **Report Title: Internal Audit Annual Report 2013/14**

## **Purpose of the Report**

1. The purpose of the report is to meet the Head of Internal Audit annual reporting requirements set out in the Public sector Internal Audit Standards (the standards). The report also informs Audit Committee members of the Head of Audit Partnerships annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, which can be used to inform the Annual Governance Statement 2013/14.
2. The Standards, in particular Standard 2450: Overall Opinions, direct that annual report must incorporate:
  - The annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
  - A summary of the work completed that supports the opinion; and
  - A statement on conformance with the Public sector Internal Audit Standards and the results of the quality assurance and improvement programme.

## **Background**

3. The Council's internal audit service is provided by Mid Kent Audit as a partnership between Swale, Maidstone, Ashford and Tunbridge Wells Borough Councils. The four way partnership has been in operation since 2010, with Ashford also part of the preceding two way partnership with Maidstone beginning in 2005.
4. The overall scope of the Council's audit service is set out in advance within our annual internal audit plan. The Council's Audit Committee agreed our 2013/14 audit plan at its meeting on 5 March 2013.
5. We have completed the audit work set out in that plan, subject to minor modifications in year in response to prevailing risks and needs of the Council, in accordance with mandatory standards and good practice contained within the Standards.

# Proposal

## The Annual Internal Audit Report

6. In summary, I am satisfied the Council can place substantial assurance on the system of control in operation during 2013/14. Furthermore I am satisfied that the corporate governance framework complies in all significant respects with the best practice guidance issued by CIPFA/SOLACE. Finally, I am satisfied that the Council's risk management processes are effective. I ask the Audit Committee to note these opinions and that they will inform the Council's Annual Governance Statement.
7. The Annual Internal Audit Report 2013/14 and summaries of work completed that support the overall opinions summarised above.

## Introduction

8. Internal auditing is an independent and objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. (Definition of Internal Audit – PSIAS 2013)
9. Authority for Internal Audit is provided by the Accounts and Audit Regulations 2011 (with subsequent amendments), which requires the Council to undertake an adequate and effective internal audit of its accounting records and its systems of internal control in accordance with the 'proper practices'. From 1 April 2013 the 'proper practices' are the Public Sector Internal Audit Standards (the "Standards") which replaced the Code of Practice for Internal Audit in Local Government in the UK.
10. From 2013/14 onwards, the Head of Audit Partnership must provide an annual internal audit opinion and report timed to support the annual governance statement. In accordance with the Standards the annual report must incorporate:
  - a) An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
  - b) A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and
  - c) A statement on conformance with the UK Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme.
11. In addition, the Head of Audit Partnership must confirm to the Audit Committee at least annually, the organisational independence of internal audit activity.

**Independence:**

12. Mid Kent Audit is provided through a shared service partnership together with Ashford, Maidstone, Swale and Tunbridge Wells.
13. At Ashford Borough Council, the Head of Audit Partnership has direct and unrestricted access to the Chief Executive, senior management and the Chair of the Audit Committee.
14. Organisationally the Head of Audit Partnership reports to the Deputy Chief Executive who is a member of the Management Team. On no occasion has the Director or Management Team sought to restrict the scope of audit work or to change any report prepared by the Head of Audit Partnership.
15. We are satisfied that Internal Audit is organisationally independent and fully meets the necessary standard for independence and objectivity.

## **Head of Audit Partnership Annual Opinion**

16. This opinion statement is provided for Ashford Borough Council (the Council) in support of its Annual Governance Statement 2014, which is published alongside the statement of accounts for the year ended 31 March 2014.

### **Scope of responsibility**

17. The Council is responsible for ensuring its business is conducted in accordance with the law and proper practices and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
18. In discharging this responsibility the Council is also responsible for ensuring that there exists a sound system of internal control with allows for effective exercise of the Council's functions and arrangements for the management of risk.

### **The purpose of the system of internal control**

19. The system of internal control is designed to manage risk to a reasonable level rather than eliminate risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

### **The control environment**

20. The Public Sector Internal Audit Standards (the 'Standards') states that the control environment includes the following elements:
- Integrity and ethical values.
  - Management's philosophy and operating style.
  - Organisational structure.
  - Assignment of authority and responsibility.
  - Human resource policies and practices.
  - Competence of personnel.
21. In examining the control environment, I have had regard to these elements and how they support the Council's framework of governance, risk management and control.

## **Basis of assurance**

22. Mid Kent Audit has conducted audits both in accordance with the mandatory standards and good practice contained within the Standards and additionally from our own internal quality assurance systems, which include operating to an agreed audit manual with adequate supervision and review.
23. My opinion is limited to the work carried out by Internal Audit during the year on the effectiveness of the management of those principal risks, identified within the Council's assurance framework, that are covered by Internal Audit's programme. Where principal risks are identified within the Council's framework that do not fall under Internal Audit's coverage or that are not included in Internal Audit's coverage, I am satisfied that an assurance framework is in place that provides reasonable assurance that these risks are being managed effectively.
24. Our work for the year to 31 March 2014 was completed in line with the operational plan approved by the Audit Committee on 5 March 2013.

## **Internal control**

25. From the Internal Audit work undertaken in 2013/14 it is my opinion that I can provide substantial assurance that the system of internal control that has been in place at the Council for the year ended 31 March 2014 accords with proper practice. This assurance extends to both the financial and non-financial systems of the Council insofar as they have been subject to audit review.

## **Corporate governance**

26. In my opinion the corporate governance framework complies in all significant respects with the best practice guidance on corporate governance issued by CIPFA/SOLACE.

## **Risk management**

27. I am satisfied that the risk management processes are effective and provide regular information on key risks and issues to the Council's management team and through to Members.
28. I have based these opinions on the work outlined in the detail of this report.



## Summary of Audit Work – Ashford 2013/14

29. The following projects have been completed for 2013/14 from the Ashford Borough Council operational audit plan, as agreed by the Audit Committee on 5 March 2013, and endorsed on 3 December 2013 as part of the 6 month internal audit progress report

No	Title	Head of Service	Month Issued	Assurance
1	Rechargeable Works	Community & Housing	August	Limited
2	VAT	Financial Services (Corporate Review)	September	Limited
3	Bank arrangements	Financial Services	January	Limited
4	Waste Management	Culture & Environment	May 2014	Limited
5	Business Continuity	Communication & Technology	February	Limited
6	Debtors	Financial Services	May 2013	Substantial
7	Pest Control	Culture & Environment	June	Substantial
8	Social Letting Agency	Community & Housing	June	Substantial
9	Car Mileage & Expenses	Personnel & Development	July	Substantial
10	Car Park Income	Community & Housing	August	Substantial
11	Payroll	Personnel & Development	October	High
12	Car Leasing & Cash Alternative	Personnel & Development	December	Substantial
13	NFI	Deputy Chief Executive	December	Substantial
14	General Ledger	Financial Services	December	Substantial
15	NNDR – Valuation, Liability & Billing	Financial Services	December	Substantial
16	Council Tax Recovery & Write Offs	Financial Services	January	Substantial
17	Creditors (Accounts Payable)	Financial Services	March	Substantial
18	Housing Allocations	Community & Housing	May	Substantial
19	Health & Safety	Community & Housing	June	Substantial

No	Title	Head of Service	Month Issued	Assurance
20	Planning Enforcement	Planning & Development	June	Substantial
21	Benefits – Overpayments	Revenues & Benefits Manager	June	High
22	Farrow Court	Community & Housing	N/A	N/A
23	Greenov	Planning & Development	N/A	N/A

#### Definitions of Assurance Levels 2013/14

Assurance Level	Summary description	Detailed definition
<b>Minimal</b>	Urgent improvements in controls or in the application of controls are required.	<p>The authority or service is exposed to a significant risk that could lead to failure to achieve key authority/service objectives, major loss/error, fraud/impropriety or damage to reputation. This is because key controls do not exist with the absence of at least one critical control <b>or</b> there is evidence that there is significant non-compliance with key controls.</p> <p>The control arrangements are of a poor standard.</p>
<b>Limited</b>	Improvements in controls or in the application of controls are required	<p>The area/system is exposed to risks that could lead to failure to achieve the objectives of the area/system under review. This is because, key controls exist but they are not applied, or there is significant evidence that they are not applied consistently and effectively.</p> <p>The control arrangements are below an acceptable standard.</p>
<b>Substantial</b>	Controls are in place but improvements would be beneficial	<p>There is some limited exposure to risk which can be mitigated by achievable measures. Key or compensating controls exist but there may be some inconsistency in application.</p> <p>The control arrangements are of an acceptable standard.</p>
<b>High</b>	Strong controls are in place and are complied with	<p>The systems/area under review is not exposed to foreseeable risk, as key controls exist and are applied consistently and effectively.</p> <p>The control arrangements are of a high standard.</p>

## Performance

30. Mid Kent Audit delivered 23 projects of the Ashford operational audit plan for 2013/14 which is an achievement of 96% of the original plan.

## Changes to the Operational Plan 2013/14

31. It is a requirement for the audit plan to be flexible to ensure that it remains relevant and accurately reflects the risks and needs of the Council. As such, there were three changes to the plan in 2013/14. Three projects were deferred into the 2014/15 audit plan (which was agreed by Audit Committee in March 2014).

No.	Title	Head of Service	Progress	Comments
1	Cemetery	Culture & the Environment	<b>DEFERRED</b>	Project has been deferred to 2014-15 plan
2	ICT Disaster Recovery	Communications & Technology	<b>DEFERRED</b>	Project has been deferred to the 2014/15 plan
3	Licences	Customers Homes & Property	<b>DEFERRED</b>	Project has been deferred to the 2014/15 plan

## Anti-Fraud & Corruption

32. Internal Audit has not undertaken any new investigations of fraud in 2013/14 for Ashford Borough Council.
33. There have been no investigations resulting from the Council's whistleblowing protocols

## National Fraud Initiative

34. Mid Kent Audit has continued to facilitate the National Fraud Initiative (NFI) for the purposes of detecting and preventing fraud nationally. In 2013/14 Council Tax Single Persons Discount (SPD) data was matched against electoral role data to identify any potential fraudulent claims for SPD.
35. The matches for the Council Tax (SPD) to Electoral Register data were recently released and identified 503 matches. These will be investigated by the Benefit Fraud team will be investigating these matches.
36. The previous NFI exercise (2012/13) matching Housing Benefit, Payroll, Insurance, License and Creditors data. The total value of outcomes reported on the 2012/13 exercise is £29,302.

## **Audit Commission Fraud Survey 2013**

37. The Audit Commission requires that the Council undertakes an annual internal fraud survey. Mid Kent Audit coordinates the survey and provides the information to the Audit Commission in May each year. There were no issues arising from the survey for 2013. The results of the survey form part of the annual publication – Protecting the Public Purse 2013.

## **Risk Management**

38. The revised Strategic Risk Register was reported to the Audit Committee on 18 March 2014
39. The strategic risk register outlines eleven risks:
- Risk Scenario 1a - Economic Growth
  - Risk Scenario 1b - Right mix of quality housing
  - Risk Scenario 2 - Volatile Income streams
  - Risk Scenario 3a - Community Demands
  - Risk Scenario 3b - Consequences of Welfare Reform
  - Risk Scenario 4 - Opportunity for Localism
  - Risk Scenario 5 - Workforce Planning
  - Risk Scenario 6 - Members, skills, capacity and expertise
  - Risk Scenario 7 - Business Planning
  - Risk Scenario 8 - Housing
  - Risk Scenario 9 - Infrastructure
40. Each risk has a detailed action plan that sets out the action being taken to manage or mitigate the risk to an acceptable level. Risks have been assigned a risk owner who is responsible for overseeing the management of this risk.
41. Mid Kent Audit continues to facilitate the risk management process; however, Internal Audit does not have responsibility over the individual risks or for the corporate risk register.

## **Quality Assurance & Improvement Programme**

42. The Public Sector Internal Audit Standards (the 'Standards') were introduced on 1 April 2013 and set the professional standards for Internal Audit in Local Government. The introduction of the standards brought with them new challenges for Mid Kent Audit, and work was conducted throughout the year to ensure that we could comply with the new standards and to use them as a platform to enhance how we deliver the service.
43. In January 2014 we commissioned a validated self-assessment against the new standards through the Chartered Institute of Internal Auditors (IIA). The assessment itself was intensive, and the IIA conducted thorough reviews of all aspects of the audit service, including conducting interviews across each of the Mid Kent Audit sites with key senior stakeholders.

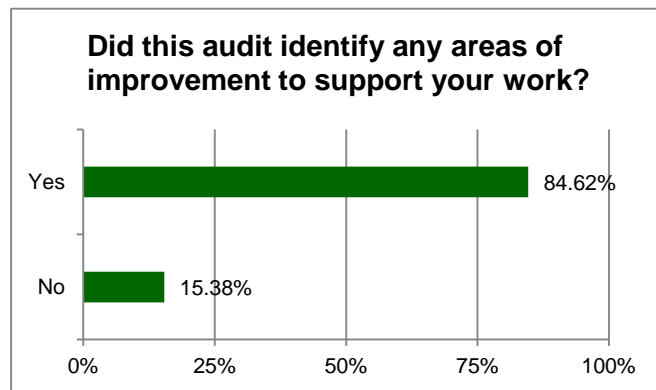
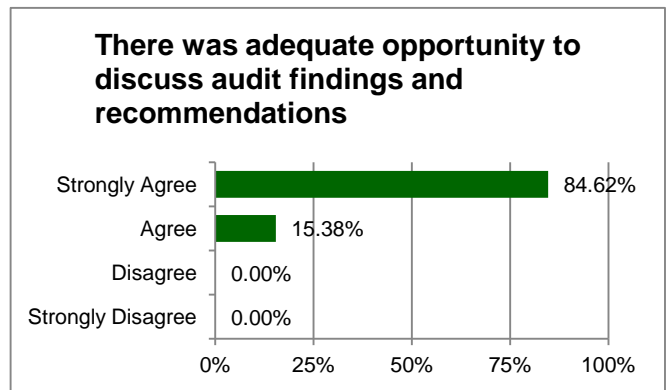
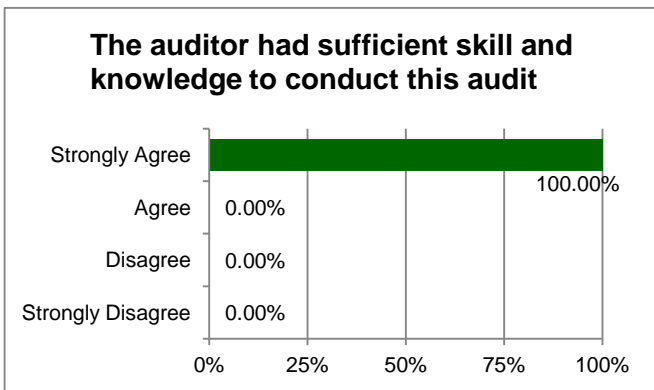
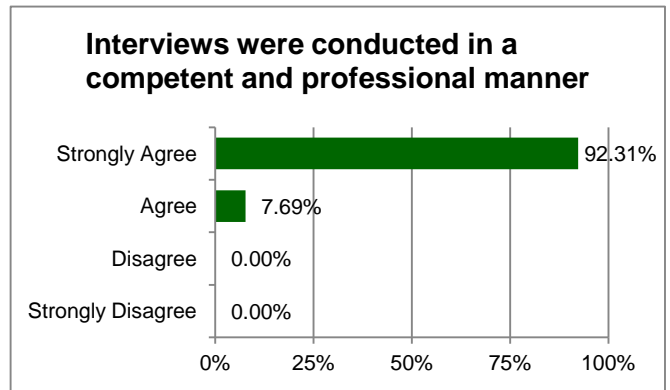
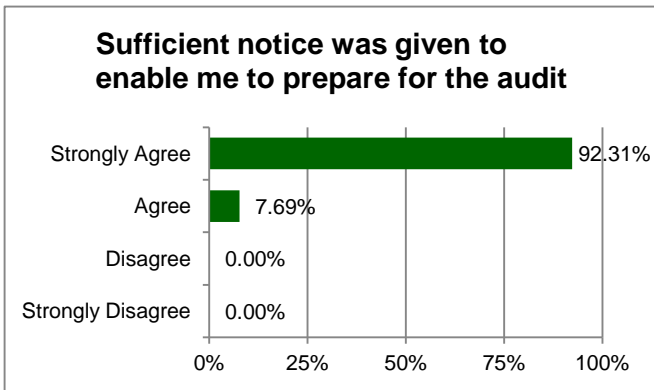
44. The assessment was the first of any Local Authority in England completed by the IIA and since been featured in the Municipal Journal as a demonstration of the successes of partnership working and benefits of having an effective Internal Audit service. The results of the assessment were positive, with the service receiving no fails:

<b>Total Number of Standards</b>	<b>Fully Compliant</b>	<b>Partial Compliance</b>	<b>Failure to Comply</b>
<b>56</b>	<b>50</b>	<b>6</b>	<b>0</b>

45. This is a considerable achievement and provides a high level of independent assurance that Mid Kent Audit is providing a professional and high quality service and is setting the standards in Kent.
46. Having an independent, objective and professional Internal Audit service is one of the key elements of strong and effective governance. Conformance with the professional standards is evidence to demonstrate that Mid Kent Audit is meeting this criterion, and that Members, Officers and External Auditors can place reliance on the work of Internal Audit.
47. The IIA will be invited back in 2014/15 to assess progress against the six areas of partial compliance with the expectation to have achieved full compliance of the standards by the end of 2014/15.

**Satisfaction with Internal Audit Service – Ashford 2013/14**

48. At the close of each audit project the Auditors issue a satisfaction survey to the key client.



49. The level of satisfaction with the audit service remains high and 84.62 % of respondents indicated that audit identified areas of improvement to support there work. By undertaking these surveys it helps us to understand how clients receive the effectiveness of the audit process.

50. Overall 100% positive response was indicated in the returned questionnaires.

## Performance of the Internal Audit function against its performance measures and targets

### Work Completed

51. In the financial year 2013/14, a total of twenty audit reports included an assurance assessment for the area that had been audited (two did not). The initial assurance assessments were categorised as follows:

Assurance	2013/14	2012/13
High	2	3
Substantial	14	8
Limited	5	3
Minimal	0	0
Not given	2	4
<b>Total</b>	<b>23</b>	<b>18</b>

### Performance Indicators

52. Achievement of customer care targets (85% positive response target) from satisfaction questionnaires

Achievement of customer care targets	85 % positive response target	100%
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53. Number of reviews completed

Completion of the annual internal audit plan	90% target	95.83%
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### Follow up Reviews 2013/14

No.	Follow up reviews carried out	Date of follow up report	Audit Assurance Level	Follow up assurance	Direction of Travel
1	Trusts	August	Substantial	Substantial	↔
2	Mileage/Expenses	July	Substantial	Substantial	↔
3	Social Lettings Agency	March 14	Substantial	Substantial	↔
4	Council Tax	April 14	Substantial	Substantial	↔
5	Non Domestic Rates	December	Substantial	Substantial	↔
6	Creditors	March 14	Substantial	Substantial	↔

**Summary of Internal Audit Output: Limited**

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Rechargeable Works &amp; Communal Recharges</u></b></p> <ul style="list-style-type: none"> <li>•To provide assurance over the adequacy of the controls for the identification of rechargeable works;</li> <li>•To ensure that tenants are accurately and promptly recharged for works completed;</li> <li>•To confirm the accuracy and completeness of charges raised in respect of communal recharges including heating &amp; lighting in sheltered units</li> </ul>	<ul style="list-style-type: none"> <li>• Suitable controls are in place to ensure that information is provided to tenants to make them aware of their responsibilities in respect of rechargeable works, and that they will be recharged for the cost of work where the cause is due to misuse, abuse or accidental damage by the tenant.</li> <li>• Testing did however identify a weakness in procedures for raising invoices for rechargeable works whereby it was identified at the time of testing that no invoices had been raised for rechargeable works since early January 2013 despite a number of instances of rechargeable works being evident over the same period.</li> <li>• Appropriate processes are in place for the collection of costs in respect of communal facilities in sheltered units. We can confirm that suitable procedures are in place to collect, record and calculate communal charges to be applied to individual rent accounts in each of the sheltered units and that the charges calculated are being correctly applied to individual rent accounts.</li> </ul>	<p>Limited</p>	<p>3 out of the 3 recommendations made in the report have been accepted</p>	<p>A follow up will be scheduled in Qtr. 1</p>



Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>VAT</u></b></p> <ul style="list-style-type: none"> <li>• Provide assurance over the adequacy of the controls in place to ensure that goods and services supplied to the Council, or supplied by the Council are correctly categorised for VAT purposes;</li> <li>• Ensure that suitable steps are being taken to ensure that input and output VAT is accounted for accurately in a timely manner;</li> <li>• Confirm the accuracy and completeness of monthly returns submitted to HMRC;</li> <li>• Provide assurance over the completeness and accuracy of the annual VAT partial exemption calculation</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance available on the Intranet could be improved to assist staff on the treatment of VAT to assist compliance with VAT legislation.</li> <li>• Areas were identified where the authority has not accounted for VAT correctly/ accurately resulting in sums not being paid over to HMRC or transactions had been mis-classified (i.e. exempt, zero rated etc.)</li> <li>• A number of instances were identified where the Council is not currently maximising the opportunities to recover VAT. To enable the authority to legitimately recover these costs it would need to review and amend some of its current practices; The overall net effect of these adjustments if all options were taken up to maximise VAT recovery would be near cost neutral.</li> <li>• Areas were identified where the authority could achieve year on year savings in respect of the treatment of VAT with some adjustments to their current practices.</li> <li>• Management has taken positive action to address these</li> </ul>	<p>Limited</p>	<p>17 out of the 19 recommendations made in the report have been accepted. (2 low risk recommendations were not accepted)</p>	<p>A follow up will be scheduled in Quarter 2</p>

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Waste Management</u></b></p> <ul style="list-style-type: none"> <li>• Confirm that adequate contract monitoring arrangements are in place to enable effective on-going monitoring.</li> <li>• To provide assurance that accurate records are retained to record performance against contract by the contractor, and any remedial actions are taken within the specified timescales.</li> <li>• To confirm the accuracy and completeness of documentation used to record rectification notices /defaults/variation orders and additional work carried out.</li> <li>• To ensure that checks are carried out to confirm the accuracy/integrity of statistical information provided by the contractor.</li> <li>• Sufficient information/records are provided/maintained to support contract payments being paid and that payments remain within budget</li> <li>• Review arrangements for the collection of Green Waste and that appropriate charging/collection/renewal arrangements are in place</li> </ul>	<ul style="list-style-type: none"> <li>• Contract has been successful in increasing recycling and delivering improved services.</li> <li>• The waste contract understated communal properties resulting in additional cost to the authority.</li> <li>• Need to clarify street cleansing specification and review zoning to identify further savings.</li> <li>• Limited staff capacity to actively monitor street cleansing, with focus instead on move to wheeled bins, expanding recycling, restructuring collection and joint working.</li> <li>• Contractor IT difficulties meant they could not provide detailed inspection routines set out in the contract.</li> <li>• Various areas of current contractor non-compliance including provision of performance information.</li> <li>• The level of missed bins experienced was typical of such a change in service delivery and the contractor has responded well in reducing the level of missed collections.</li> <li>• The Performance mechanism was in need of review.</li> </ul>	<p>Limited</p>	<p>Management have accepted all recommendations and positive steps have already been taken to implement these. (18 out of 18 recommendations accepted)</p>	<p>A follow up will be scheduled in Qtr. 4</p>

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Business Continuity</u></b></p> <ul style="list-style-type: none"> <li>•To ensure the Council has appropriately developed its Business Continuity arrangements, which are formalised through a policy and supporting procedures;</li> <li>•To ensure individual Service areas have developed Business Continuity Plans which are tested and reviewed</li> </ul>	<ul style="list-style-type: none"> <li>• The Head of Communications and Technology took over the responsibility for Business Continuity on the 1st April 2013, following organisational changes and the redistribution of the function from what was previously Environmental Services. The Council's ICT Disaster Recovery Arrangements also sit with the Head of Communications and Technology; therefore the Council's plans to respond to an interruption to its services have been appropriately brought together.</li> <li>• The audit opinion (limited level of assurance) is primarily based upon the lack of recent testing to the Councils Business Continuity arrangements which was last undertaken in 2007. Furthermore, the audit notes a number of matters which were in progress at the time of the audit which are required to formalise and embed the arrangements. These include the approval and adoption of an Overarching Business Continuity Plan, identifying the Council's Business Recovery priorities and revised Business Continuity Plans at an individual service level</li> </ul>	<p>Limited</p>	<p>Management accepted 6 of the 8 recommendations made.</p>	<p>Follow up will be scheduled for Qtr. 3</p>

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Bank Arrangements</u></b></p> <p>To ensure that the Council's banking arrangements are clearly outlined in a contract which meets the requirements of the Council;</p> <p>To ensure that suitable checks are in place to verify the charges levied under the Council's banking terms;</p> <p>To review the structure and purpose of the bank accounts operated by the Council and to ensure that these accounts are suitably controlled;</p> <p>To review the tendering arrangements for the banking contract</p>	<ul style="list-style-type: none"> <li>• The audit has focused on compliance arrangements between the Council and its bank and the accuracy of fees and charges under the agreement in place. In addition, the charges incurred relating to debit and credit card transactions, which are outside the main bank contract, have been considered.</li> <li>• The arrangements relating to card transactions were originally set up by the Head of Communications and Technology.</li> <li>• Contractual arrangements, setting out the Council's banking services, should be formalised together with arrangements for processing payments relating to debit and credit card transactions. The authority should retender its banking arrangements in accordance with Financial Regulations.</li> </ul>	<p>Limited</p>	<p>5 out of the 5 recommendations made in the report have been agreed</p>	<p>Follow up will be scheduled for Qtr. 3</p>

## Summary of Internal Audit Output: Substantial/High

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Debtors</u></b></p> <ul style="list-style-type: none"> <li>• Provide assurance over the adequacy of the controls for the raising of debtors accounts;</li> <li>• Provide assurance that suitable steps are being taken to attempt to recover debts in accordance with the debtors recovery policy;</li> <li>• Determine the accuracy and completeness of payments and reconciliation of the debtors system;</li> <li>• Determine compliance with write off procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Officers are complying with both the Corporate Debt Recovery Policy and internal procedures to ensure that timely recovery action is taken. Where recovery action is unsuccessful the Council's procedures are being complied with when writing-off any debts.</li> <li>• Service Managers should be reminded of the schedule of court fees for applications for County and High Court Judgements which will be charged to their budgets when requesting for a judgement to be obtained on an outstanding debt, and that the obtaining of a County Court or High Court Judgement does not guarantee the recovery of the debt.</li> </ul>	Substantial	Management response is considered to be satisfactory (3 of 3 Recommendations agreed)	Follow up will be scheduled for Qtr. 1
<p><b><u>Pest Control</u></b></p> <ul style="list-style-type: none"> <li>• Provide assurance over the adequacy of the controls for the procurement and monitoring of the contract between the Council, and the contractor providing the Pest Control Service;</li> <li>• Ensure that suitable steps are being taken to monitor the performance of the contractor providing the Pest</li> </ul>	<ul style="list-style-type: none"> <li>• The Council let the contract through an OJEU tender process and has a signed contract in place.</li> <li>• The fees charged to residents for the Pest Control service, were agreed with the contractor prior to the contract being signed however it would appear that the fees for the service have not been formally approved by Cabinet.</li> <li>• Suitable processes are in place to ensure that invoices to the Council for concessionary services are supported</li> </ul>	Substantial	A positive response has been received and appropriate action has been taken or is planned. Specifically, appropriate police checks have now been undertaken on staff working on the contract. The underpayment identified by the audit has been recovered and corrections made to the	Follow up will be scheduled for Qtr. 2

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p>Control Service;</p> <ul style="list-style-type: none"> <li>• Ensure that customer feedback is obtained and actioned as appropriate;</li> <li>• Confirm the accuracy and completeness of payments both to, and from the contractor</li> </ul>	<p>by a detailed schedule listing all work carried out during the month.</p> <ul style="list-style-type: none"> <li>• The authority had under recovered approx. £2,000 in respect of the concession re-imburement fee payable to the Council based on the Gross takings from the contract in each quarter therefore steps are required to be taken to recover these sums..</li> </ul>		<p>procedures for calculating commission fees. (7 of 7 Recommendations agreed)</p>	
<p><b><u>Social Lettings Agency (ABC Lettings)</u></b></p> <p>To provide assurance over the adequacy of the controls governance arrangements for the provision of the service;</p> <ul style="list-style-type: none"> <li>•To ensure that appropriate arrangements are in place to enable the ‘Letting Agency’ to deliver the services required to the Landlords;</li> <li>•To confirm the accuracy and completeness of payments from landlords;</li> <li>•To ensure that reputational and financial risks to the council are sufficiently controlled;</li> <li>•To assess the likelihood of the scheme being self financing after year one.</li> </ul>	<ul style="list-style-type: none"> <li>• Suitable controls are in place regarding the governance arrangements, and related controls surrounding the Social Lettings Agency.</li> <li>• Checks are carried out on landlords, and the properties which are being used by ABC Lettings.</li> <li>• Procedures are in place to match tenants to available properties which in turn ensures that rent arrears are kept to a minimum.</li> <li>• The auditor has been able to confirm that the correct payments are being made to landlords.</li> <li>• On the whole, the conditions of the contract between ABC Lettings and the landlord are complied with, however a small number of areas were identified within the contract where this is not the case. These areas are considered to be of low risk, but have nonetheless been highlighted for review by management</li> </ul>	<p>Substantial</p>	<p>8 out of the 8 recommendations made in the report have been accepted.</p>	<p>Substantial</p>

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Car Mileage and Expenses</u></b></p> <ul style="list-style-type: none"> <li>•To establish whether car mileage and expenses claims are appropriate and have been made in accordance with the Council's Conditions of Service Handbook;</li> <li>•To establish whether claims are adequately evidenced and authorised;</li> <li>•To establish whether payments are accurately made and correctly recorded in the payroll and general ledger;</li> <li>•To consider the general controls and structure of iTrent Self Service as it relates to expenses submission, authorisation and processing</li> </ul>	<ul style="list-style-type: none"> <li>• Generally positive results were achieved from the testing of a sample of mileage and expenses claims, which confirmed that payments had been made in the required format, properly substantiated and reimbursed at the prevailing rates. Furthermore, the audit did not identify any contentious or excessive claims from those selected for testing.</li> <li>• The iTrent Self Service system provides suitable audit trails and notes that, at the time of the audit, retrospective checks were being undertaken by the Payroll team to provide assurance that the processes are working effectively.</li> <li>• Two recommendations were made relating to updating the Conditions of Service Handbook to reflect the introduction of iTrent Self Service module and reviewing the payment of phone rental and reimbursement of internet allowances</li> </ul>	Substantial	The audit recommendations are accepted and will be implemented. ( 2 of 2 recommendations)	Follow up will be scheduled for Qtr. 3

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Car Parking Income</u></b></p> <p>To determine the adequacy of controls over the administration and payments for season tickets;</p> <ul style="list-style-type: none"> <li>•To establish and evaluate the financial controls over the secure collection and reconciliation of car parking pay and display income;</li> <li>•To establish and evaluate the arrangements in place over the security and maintenance of pay and display machines</li> </ul>	<ul style="list-style-type: none"> <li>• The auditor concluded that suitable controls are in place regarding the governance arrangements, and related controls surrounding the income arising from car parking pay and display income and the issuing of season tickets and residential permits.</li> <li>• Testing was able to confirm that in terms of season tickets and residential permits procedures were in place to ensure that the correct processing of applications and the associated fees.</li> <li>• Sample testing of income collected from pay and display machines was matched to the daily and cumulative information recorded on individual audit tickets with the information held in the database used to record income received. We were able to reconcile the amounts recorded in the database with income received in the parking income codes</li> </ul>	Substantial	3 out of the 3 recommendations made in the report have been accepted.	Follow up will be scheduled for Qtr. 1
<p><b><u>Payroll</u></b></p> <ul style="list-style-type: none"> <li>• To review and test the procedures and calculation for starters, leavers and changes;</li> <li>• To confirm accurate and secure BACS payments;</li> <li>• To review the accuracy of the interface and the reconciliation between the payroll system and general ledger</li> </ul>	<p>The audit reviewed the arrangements in place for : - Starters, deductions, payments, variations to pay, leavers, reconciliation between Payroll and General Ledger.</p> <p>Sound arrangements were found to be in place for all areas tested and no recommendations were made.</p>	High	N/A – no recommendations made	N/A



Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Car Leasing &amp; Cash alternatives</u></b></p> <ul style="list-style-type: none"> <li>•To provide assurance over the adequacy of the controls in place to ensure that entitlement criteria for each of the schemes meets the operational and financial needs of the Council;</li> <li>•To confirm that officers in receipt of leased car; or cash alternative scheme meet the qualifying criteria;</li> <li>•To confirm the accuracy of both employee; and employer rental contributions for leased cars.</li> <li>•To undertake benchmarking of the schemes currently provided against those provided by other authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Sound procedures are in place for management of leased cars by Payroll staff, with the appropriate (correct) deductions/re-imbursements being made to officer's monthly pay to cover the cost of the leased vehicle.</li> <li>• However at the time of testing it was identified (from a sample check) 28% of the officers in receipt of a leased car had not provided the Council with a copy of their current certificate of motor insurance.</li> <li>• The audit identified that 7 of the 8 authorities benchmarked had less than 25% of their workforce designated as essential users.</li> <li>• The overall 'car benefit' scheme needs to be reviewed in order to confirm that the scheme continues to meet the current operational and financial requirements of the Council</li> </ul>	Substantial	<p>The audit recommendations are agreed and will be implemented (3 of 3). The car benefit scheme will be reviewed alongside other terms and conditions as part of a major review of the overall pay and benefits package which is scheduled to be completed during 2015</p>	<p>Follow up will be scheduled for Qtr. 3</p>

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>General Ledger – Budgetary Control</u></b></p> <p>To provide assurance over the adequacy of the controls in place to ensure that a balanced budget is set and properly approved by Full Council for the forthcoming year;</p> <p>To review existing Budget Monitoring procedures and assess whether budget holders are provided with the necessary information required to monitor and control income and expenditure within their areas of budgetary responsibility;</p> <p>To provide assurance that alterations and virements are appropriately controlled and approved;</p> <p>To confirm the accuracy, completeness and regularity of budgetary monitoring reports provided to management board and elected members</p>	<ul style="list-style-type: none"> <li>• Audit testing identified that the Finance Department have provided budget managers with guidelines on the procedures for the setting of budgets, that budget managers have sufficient input into the setting of their individual budgets to ensure that accurate assumptions of income and expenditure are made.</li> <li>• The 2013/14 budget was reviewed by suitable committees prior to being submitted to full council for approval in accordance with the budget setting timetable.</li> <li>• Regular (monthly) meetings take place between service accountants and budget holders to review budgets. Training has been provided on the use the budget monitoring system.</li> <li>• Virements undertaken during 2012/13 were approved in accordance with Financial Procedure Rules.</li> <li>• Testing of users with access to the main financial system identified that a number had not accessed the system since prior to April 2013. These user accesses should be reviewed.</li> <li>• Budget Monitoring reports are routinely presented to members on a quarterly and contain suitably detailed information on favourable and adverse variances to approved budgets.</li> </ul>	Substantial	<p>The audit recommendations have been agreed and will be implemented. (2 of 2 recommendations have been agreed)</p>	<p>Follow up will be scheduled for Qtr. 3</p>

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>NNDR – Valuation, Liability &amp; Billing</u></b></p> <ul style="list-style-type: none"> <li>•To establish if all rateable values (new and amendments) have been correctly recorded and updated.</li> <li>•To review procedures for the monitoring of the rate retention scheme.</li> <li>•To confirm that the correct bills have been calculated, raised and issued to all NNDR accounts in the Borough (based on sample testing)</li> <li>•To review the contractual arrangements and performance in respect of NNDR processes between the Council and Canterbury City Council</li> </ul>	<ul style="list-style-type: none"> <li>• Overall, sound controls were in place regarding the operation of the various elements of the system concerning Valuation, Liability and Billing.</li> <li>• Sound procedures are in place for the monitoring of the rate retention scheme.</li> <li>• Procedures in place to identify new properties were effective and amendments received from the Valuation Office were implemented promptly. Reconciliations of the rateable values recorded on the NNDR system to that of the Valuation Office were being undertaken.</li> <li>• Testing of reliefs and exemptions confirmed that suitable procedures are in place to ensure these are correctly applied.</li> <li>• Empty property records did identify from a sample of 20 properties tested, evidence was in place for 14 properties to confirm an inspection had taken place within 3 months of exemption being granted.</li> <li>• A review of credit balances below £1,000 should be undertaken to determine whether a refund is due.</li> </ul>	Substantial	Management response is considered to be satisfactory (6 of 6 recommendations accepted)	Follow up to be scheduled Qtr. 3

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Council Tax: - Recovery &amp; Write Offs</u></b></p> <ul style="list-style-type: none"> <li>•The recovery and write off procedures are carried out in accordance with statutory requirements.</li> <li>•Review impact on recovery of Council Tax since the introduction to the changes earlier this year.</li> <li>•All recovery action taken is supported by documentary evidence.</li> <li>•All relevant records and accounts are updated to record the action taken; which must be legitimate and appropriate and whether write-offs are correct and are properly authorised.</li> </ul>	<ul style="list-style-type: none"> <li>• The recovery of Council Tax is performed both in a timely manner, and in accordance with legislation.</li> <li>• Management and officers should be commended for the successful introduction of the use of charging orders and bankruptcy proceedings as methods of recovery for debtors which have sufficient assets, but no desire to pay their Council Tax liability. This has resulted in a number of charging orders being successfully obtained, with the additional benefit being that a number of debts which may have previously been considered uncollectable have been paid in full by the debtor upon initiation of charging order or bankruptcy proceedings.</li> <li>• Sample testing of write offs undertaken since January 2013 confirmed that appropriate steps are being taken by staff to attempt to collect the outstanding debt, prior to considering submitting the debt for write off.</li> <li>• <u>Management should review the level of Credit balances and take appropriate action to reduce them.</u></li> </ul>	Substantial	Management response is considered to be satisfactory. ( 5 of 5 recommendations accepted)	Follow up will be scheduled for Qtr. 3

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Creditors (Accounts Payable) - Transparency</u></b></p> <ul style="list-style-type: none"> <li>• To verify compliance with the relevant 'transparency guidelines' and internal procedures for collation and publication of data for creditor payments;</li> <li>• To undertake a follow-up to the previous audit review of creditors (2012-13) to ensure that the agreed recommendations have been implemented or have been suitably progressed;</li> <li>• To verify that credit card expenditure and use is in accordance with the guidance in place;</li> <li>• To establish, evaluate and test the procedures which control fuel cards;</li> <li>• To establish, evaluate and test the procedures for supplier accounts that the Council has entered into.</li> </ul>	<p>The audit focused on data quality of information the Council publishes under the national transparency agenda. We also considered the control of corporate credit cards and fuel cards.</p> <ul style="list-style-type: none"> <li>• Data extraction arrangements were sound for expenditure above £500 were sound.</li> <li>• Suitable procedures are in place for the control of corporate credit cards.</li> <li>• Suitable procedures are in place to verify and evidence changes made to creditors standing data (bank accounts and sort code).</li> <li>• A recommendation from the previous audit, relating to the authorisation of payments over £20k payments remains outstanding.</li> <li>• The Department for Communities and Local Government (DCLG) published the local government Transparency Code in December 2013. The revised code will make it mandatory to publish additional information.</li> <li>• The current data which the Council publishes for creditors meets the minimum requirements set out in Part 2 of the code. The new code will require local authorities to publish a wider range of transactions and is anticipated that the authority will be able to meet these requirements before the new code comes into effect.</li> </ul>	Substantial	(3 recommendations made) awaiting management response	TBA

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Housing Allocations</u></b></p> <ul style="list-style-type: none"> <li>•To establish compliance with the Housing Allocations policy and agreed procedures;</li> <li>•To review the adequacy and efficiency of the application process and the administration and management of the housing register;</li> <li>•To review controls in place to manage the Choice Based Letting bid process via Home choice;</li> <li>•To verify the eligibility of applicants housed through the housing allocations process; and</li> </ul> <p>To establish and evaluate the controls over the monitoring and reporting of the related service performance measures</p>	<ul style="list-style-type: none"> <li>• The audit focused on the controls over the Housing Allocations process, as it is defined within the Council’s Housing Lettings Policy.</li> <li>• The audit confirmed that the procedures and processes in place support the aims of the Council’s Lettings policy. Testing confirmed that the procedures (and therefore the policy) were being applied in practice and ensured that: -</li> <li>• Applicants entered onto the housing register are suitably scrutinised to establish their eligibility.</li> <li>• The housing needs of registered applicants are properly determined.</li> <li>• Allocations decisions are transparent.</li> </ul>	Substantial	The three recommendations from the audit are agreed and will be implemented. (3 of 3 recommendations accepted)	Follow up will be scheduled for Qtr. 4

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>NFI</u></b></p>	<ul style="list-style-type: none"> <li>• The NFI is a biennial data matching exercise (still) carried out by the Audit Commission. The Council is required to submit a broad range of data which is matched against other data sets</li> <li>• The Commission has obtained data from a number of sources. Data sets include Benefits, Payroll, Creditors, Residents Parking Permits, Licensing, Insurance claims and Register of Electors.</li> <li>• The review sought to confirm that data matches from the 2012/2013 exercise were being appropriately investigated and that the new data sets had been submitted for the 2013/14 Initiative.</li> <li>• Internal Audit continues to be the 'Key Contact' for the NFI and has responsibility for overseeing /co-ordinating the initiative, including monitoring the progress of investigations and ensuring the Authority complies with the Code of Data Matching.</li> <li>• It has been confirmed that the 2012/13 sets have been appropriately investigated and that the data sets for 2013/14 were uploaded via the secure portal within the scheduled time frame, with appropriate steps put in place to investigate the data matches.</li> </ul>	N/A	N/A	N/A

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Farrow Court</u></b></p> <p>It is proposed that Internal Audit will contribute to in the delivery of this project from a control, risk and governance perspective and example areas of activity are set out as follows:</p> <ul style="list-style-type: none"> <li>-Compliance with the Project Management tool PPC 2000</li> <li>-Procurement decisions - to evidence and verify key decisions made through either sub contracting or the supply chain decisions</li> <li>-Management of identified risks (Projects Risk Register – update, control, monitoring)</li> <li>-Transparency of key decision making and scheme of delegation (authority, minutes and appropriate reporting i.e. to Committee)</li> <li>-Compliance with legislation</li> <li>-Accuracy of Interim Payments</li> <li>-Adequacy of Budgetary Control</li> <li>-Arrangements for declaring conflicts of interest and gifts and hospitality offered or received</li> </ul>	<p>Internal Audit were requested by Management to assist in contributing to the delivery of this project from a control, risk and governance perspective and provide advice, guidance, assistance and challenge. Internal audit are part of the project team. –</p> <p>Scope of work being supported by internal audit</p> <ul style="list-style-type: none"> <li>-Compliance with the Project Management tool PPC 2000</li> <li>-Procurement decisions - to evidence and verify key decisions made through either sub contracting or the supply chain decisions</li> <li>-Management of identified risks (Projects Risk Register – update, control, monitoring) <ul style="list-style-type: none"> <li>• Transparency of key decision making and scheme of delegation (authority, minutes and appropriate reporting i.e. to Committee)</li> <li>• Compliance with legislation</li> <li>• Accuracy of Interim Payments</li> <li>• Adequacy of Budgetary Control</li> <li>• Arrangements for declaring conflicts of interest and gifts and hospitality offered or received</li> </ul> </li> </ul> <p>This project continues to progress therefore internal audit support will continue to ensure appropriate assurance can be provided on the governance arrangements in place.</p>	N/A	N/A	N/A



Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b>H &amp; S</b> To ascertain that the Council has arrangements in place to comply with health &amp; safety requirements</p> <ul style="list-style-type: none"> <li>•Resource (policies, procedures, facilities, roles &amp; responsibilities)</li> <li>•Awareness and Assessment (training, promotion, risk assessment and inspections)</li> <li>•Accountability (monitoring, review and reporting)</li> </ul>	<ul style="list-style-type: none"> <li>• A number of requirements set out in the Health &amp; Safety Policy appear to have lapsed.</li> <li>• The Health &amp; Safety Policy should be reviewed to ensure that it reflects the processes actually in operation.</li> <li>• H &amp; S information on the intranet was in need of revision we were informed this would occur when the new intranet was introduced.</li> <li>• Arrangements have been progressed to identify on line training to deliver general awareness information to the wider staff population however this initiative has currently stalled.</li> <li>• At the time of review some older records generated/maintained by previous post holders (e.g. accident records) were not readily accessible. It is important that data retention protocols are applied to ensure continuity of records, particularly in areas where there has been a turnover in staff.</li> <li>• The 'risk register' cautionary contacts should be reviewed.</li> </ul>	Substantial	5 Recommendations made.	TBA

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Planning Enforcement</u></b></p> <p>To establish</p> <ul style="list-style-type: none"> <li>•Complaints received are recorded promptly and allocated for investigation</li> <li>•Enforcement investigations are conducted in accordance with framework guidance (legal requirements &amp; local planning enforcement policy)</li> <li>•Post investigation actions (monitoring compliance with planning decisions / enforcement action) are progressed in a timely manner, including any follow up work and prosecutions</li> <li>•Performance monitoring (achievement of key processing targets e.g. notification timescales)•Strategy, policy and procedure</li> </ul>	<ul style="list-style-type: none"> <li>• There are comprehensive policy and guidance notes to support staff in undertaking the processes detailed in the Planning Enforcement Policies and that the function is supported by database systems that allow adequate data capture and data analysis to support performance and monitoring reviews.</li> <li>• Team meeting minutes encouraged staff to facilitate data analysis by completion of relevant fields on the system however some data fields were incomplete.</li> <li>• We found that some files (completed cases scanned material) varied in the content of records maintained between case officers.</li> </ul>	<p><b>Substantial</b></p>	<p>4 Recommendations made</p>	<p>TBA</p>

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Housing Benefits Overpayments</u></b></p> <p>To establish if Benefit Overpayments are processed in accordance with agreed procedures;</p> <p>-verify that the categorisation of overpayments is accurate and correctly reported to the Department of Works and Pensions;</p> <p>-assess the adequacy of procedures employed to recover Benefit Overpayment;</p> <p>-Review and assess the write-off procedures, where recovery cannot be pursued;</p> <p>-To review the performance on Benefit Overpayments between Ashford Borough Council and other local authorities</p>	<p>The policy specific to the recovery of Benefit Overpayment is suitably set out in the Council's Debt Recovery policy. The policy is complimented by procedure notes which had recently been updated at the time of the audit and were found to be fit for purpose.</p> <p>The audit notes a number of strong preventative measures are in place to minimise overpayments occurring in the first instance. Audit testing confirmed the correct application of controls and a number of suitable measurers are in place to recover overpayments where this has occurred. The effectiveness of the measures in place is reflected in an increasing recovery rate and a further initiative to combat and address overpayment recovery is the recently formed Overpayment Group which the Council participates in.</p> <p>The audit has raised only two minor recommendations relating to the need to refresh the Revenue and Benefit Service Irrecoverable Debt policy and observe division of duties between claims assessment and action from overpayment recovery to the claim</p>	High	2 recommendations made	TBA

Title & Audit Objectives	Summary of Key Findings	Level of Assurance	Response	Follow-up Assurance
<p><b><u>Intereg Project Greenov</u></b></p>	<p>The GREENOV project aims at developing the economic sector of sustainable renovation in North West Europe. This will be done by developing a cluster, one of the most effective tools for competitiveness and economic development, multiplying and diversifying opportunities on the market.</p> <p>The partners (12) will identify technologies, know-how and best practices in the field of sustainable renovation, and will carry out investments utilising Greenov funding to stimulate the market, stakeholders and raise awareness among decision-makers and inhabitants.</p> <p>Ashford Borough Council took over responsibility for the Greenov project from Ashford's Future in autumn 2011 and to date Greenov funding has been utilised installing energy efficiency initiatives in St Marys Church and the Gateway building to provide sustainable energy efficiency solutions.</p> <p>This partnership initiative will continue to be funded until 2014/15 therefore the work undertaken by Internal audit will continue to attract a fee income for the service</p> <p>The audit work consisted of acting as the First Level Controller compiling and reviewing the documents and the calculations relating to the claims that were submitted to the Lead Partner during 2013/14.</p>	N/A	N/A	N/A

## **Reporting of Internal Audit work to the Audit Committee**

54. Internal Audit work is reported at six-monthly intervals. An interim report, showing the first six months work of the financial year 2013/14, was provided to the Audit Committee meeting on 3 December 2013. A number of audit projects shown in the appendices have therefore already been brought to the attention of the Committee.

## **Other Options Considered**

55. I am satisfied that the opinions expressed are a fair reflection of the work completed by Mid Kent Audit for Ashford Borough Council during 2013/14. Consequently I do not propose any alternative option.

## **Consultation**

56. Individual audit reports are provided to the respective Head of Service for consideration and implementation, with copies to the Deputy Chief Executive and the Chief Executive.
57. The Audit Manager undertakes an ongoing process of meeting with Heads of Service in order to establish their views and their perceptions of controls and risks. The results of this ongoing exercise helps to inform future audit plans,

## **Implications Assessment**

58. Internal Audit is a statutory requirement for local authorities. Internal Audit work can impact on staff in terms of issues arising from audit reviews. A substantial element of internal audit work is based around the review of financial systems and controls.

## **Handling**

59. The Audit Committee is asked to agree the recommendations contained in this report.

## **Conclusion**

60. The Head of Internal Audit has concluded that substantial reliance can be placed on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion covers the period from 1 April 2013 to 31 March 2014.

**Contact:** Rich Clarke Tel: 01233 330442

**Email:** Richard.Clarke@ashford.gov.uk