

Appendix 1

List of audits completed as part of the 2018-19 Audit Plan Reported to Audit Committee 19 September 2018

Audits			
Audit: GARDEN WASTE 2018-19			
Introduction: Since the transfer of waste services to UBICO in April 2015, garden waste operations have been segregated into two functions. The council has retained the administration and payment functionality whilst UBICO are responsible for the collection of waste and the delivery of bins. Garden waste is a chargeable service, currently set at £45 for the 2018/19 financial year; with an estimated income budget of £697,500.00. Residents subscribe to the scheme by ordering and paying in advance for one year. For the duration of the subscription, customers are loaned a brown wheeled bin in which to keep their garden waste; these are then emptied fortnightly. Following a recent garden waste review, all garden waste customers now have a single renewal date and a sticker system has been introduced whereby a sticker is put on the garden waste bin; this serves as the customers licence to demonstrate to the collection team that the service has been paid for and the bin can therefore be emptied. This audit is completed as part of the 2018/19 Internal Audit Plan and will obtain assurance that garden waste income has been collected and banked promptly and the service has only been provided to paying customers.			
Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Policy Compliance</p> <p>LPC1: The collection and storage of garden waste customer data fails to comply with General Data protection Regulation (GDPR).</p>	Limited	Garden waste data is being held for only as long as necessary i.e. 1 year plus the current year (to allow for renewals) and this is publicised within the garden waste privacy statement- available on the council's website. The data is not currently included within the appropriate retention schedule and this is a recommended action within the 2018/19 GDPR audit. In terms of sharing customer data with Ubico to enable garden waste collections to take place, a Data Sharing Agreement is in the process of being drawn up (this is an outstanding recommendation from a previous Ubico audit) and is also an action within the GDPR action plan with a target completion date of October 2018.	There are no recommendations as these are covered elsewhere.
<p>Operational</p> <p>O1: Inadequate stock control of bin sticker licences giving the potential for fraud.</p> <p>O2: Garden waste bins are emptied where the service has not been paid for.</p>	Limited	<p>At the time of the audit there was found to be inadequate stock control of the sticker licences; this was in relation to the re-issuing of approximately 400 stickers, with a further 300 held in stock. Improvements were implemented during the audit whereby the stickers are now stored in a secure, lockable cabinet and a stock control spreadsheet is now in place which will be used to record stock levels and the distribution of replacement stickers. Therefore, whilst stock control was limited at the time of the audit, there is now a satisfactory level of assurance that the arrangements going forward are robust.</p> <p>During the launch of the new sticker system, issues were experienced with customers not receiving their sticker licences through the post. Audit testing gave a good level of assurance that requests for replacement stickers were genuine.</p> <p>During the course of the audit, a filled garden waste bin, without a licence sticker, was presented for collection at 10 different locations across the borough. 5 of these were emptied by Ubico, the remaining 5 were not emptied. Of these 5, 3 were reported back as having been presented without a sticker, therefore following the correct process. The remaining 2 were not reported. It is acknowledged that these findings are based on a small and non-scientific sample size when taking into account the 17,000 garden waste customers and therefore over 400,000 collections per annum. A further desktop exercise established a total of 67 bins (for which a garden waste licence had not been purchased) were</p>	<p><u>O2- R1</u> <i>Recommendation priority: Medium</i> <i>Implementation date: April 2019</i> <i>Responsible Officer: Interim Corporate Services Manager</i> A pro-active approach should be taken to marketing the garden waste service and identifying and contacting those in possession of a non-licensed garden waste bin; to identify potential renewals or bins that could be collected and re-issued where it is cost effective to do so.</p> <p><u>O2- R2</u> <i>Recommendation priority: High</i> <i>Implementation date: October 2018</i> <i>Responsible Officer: Operations Manager</i> The garden waste crew induction should include a briefing note on the licence scheme for garden waste and periodic refresher training should be given. Reminders should also be visible in the crew files and/or cabs and this should be monitored and reported regularly at the Ubico/Customer Services meeting. Regular spot checks should be carried out in order to ensure that bins are only emptied where the service has been paid for.</p>

		presented for collection over a 3 month period; recommendations have been made in respect of refresher briefings for crews, regular spot checks and taking a more pro-active approach in identifying potential renewals (R1&2).	
<p>Economic and Financial</p> <p>EF1: The 2018/19 garden waste fee has not been formally approved.</p> <p>EF2: Loss of income due to failure to collect payments due.</p> <p>EF3: Refunds issued for incorrect amount and/or not authorised by an appropriate officer.</p>	Satisfactory	<p>The 2018/19 garden waste fee of £45 has been approved in accordance with the council's scheme of delegation. The recording and processing of these payments involves three interfacing systems; the payments system (Adelante), the garden waste customer database and the general ledger. A sample of 20 garden waste payments were reviewed and in all cases they were able to be successfully traced between all three systems. A small number of minor, known, issues were highlighted during the audit in relation to the customer database (these relate to the consistency of referencing, some duplication and payments listed with no payment amount). The customer database therefore showed a variance against Adelante when reconciled. It has therefore been recommended that a regular reconciliation between these systems be carried out in order to identify and investigate any variances (R3).</p> <p>A selection of refunds sampled during the audit were found not to have been issued in accordance with the terms and conditions of the service and without authorisation from an appropriate officer. These refunds, albeit for minimal amounts, were mainly issued due to missed collections. A decision should therefore be made to determine the continuation of these refunds and the terms and conditions amended to reflect this (R4).</p>	<p>EF2- R3 <u>Recommendation priority: Medium</u> <u>Implementation date: April 2019</u> <u>Responsible Officer: Interim Corporate Services Manager</u> A regular reconciliation should be carried out between the payments system and the garden waste customer database to identify and investigate any variances. (Responsibility for this action to be allocated following implementation of T1-R5).</p> <p>EF3- R4 <u>Recommendation priority: Medium</u> <u>Implementation date: April 2019</u> <u>Responsible Officer: Interim Corporate Services Manager</u> A decision should be made as to whether refunds should continue to be issued for missed collections. If so, the terms and conditions should be amended to reflect this.</p>
<p>Technology</p> <p>T1: An adequate record of garden waste customers is not maintained.</p>	Satisfactory	<p>A record of garden waste customers is maintained, confirming address details, number of sticker licences purchased and payment confirmation. Following the successful completion of the garden waste project, the ownership of the customer database and responsibility for the administration of the service should be established, including phase two of the project which will include more proactive marketing of the service to attract additional customers (R5).</p>	<p>T1- R5 <u>Recommendation priority: High</u> <u>Implementation date: April 2019</u> <u>Responsible Officer: Interim Corporate Services Manager/ Head of Corporate Services / Head of Community Services</u> Moving forward, the ownership of the garden waste customer database and responsibility for the administration of the service should be established.</p>

Audit:
COUNCIL TAX LIABILITY, DISCOUNTS AND EXEMPTIONS 2018-19

Introduction:

This audit is completed as part of the 2018/19 audit plan.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Policy Compliance (LPC)</p> <p>LPC1: The introduction of the Executive Committee approved empty homes premium in April 2018 has not been implemented</p> <p>LPC2: The introduction by Executive Committee in August 2017 to the issue of penalty charge notices in respect of incorrectly claimed council tax discount and exemptions has not been implemented</p>	Satisfactory	<p>There is a good level of assurance that processes are in place through the running of regular Northgate reports to identify properties which have been empty for more than 2 years. Where applicable, the additional premium of 50% was found to have been applied correctly with amended bill notices being issued. No processes have been established in relation to enforcing penalties on incorrectly claimed council tax discounts and exemptions. The Revenues and Benefits Manager (RBM) explained that this policy had been agreed shortly before her arrival and the implementation of other revenue and benefit changes such as council tax reduction scheme and a new discretionary housing policy had been given a higher priority. [R1] Verbal confirmation was provided from the Senior Fraud Investigations Officer that a penalty process is in place for council tax support</p>	<p>LPC2: R1 <i>Recommendation priority: Medium</i> <i>Implementation date: end October 2018</i> <i>Responsible Officer: Revenues and Benefits Manager</i> A process should be established for issuing penalties where the council tax penalty policy criteria for incorrectly claimed exemptions and discounts have been met.</p>
<p>Operational (O)</p> <p>O1: The Hierarchy of liability approach has not been applied to accounts and therefore incorrect recovery action is being taken.</p> <p>O2: Transactions relating to liability changes are not initiated and recorded promptly leading to incorrect liability records.</p> <p>O3: Discounts and exemptions are not accurate leading to incorrect liability and loss of income</p>	Good	<p>Testing of new council tax accounts found that the hierarchy of liability had been applied correctly. Council tax transactions involving changes in tenancies and death notifications that resulted in liability changes had also been appropriately dealt with, including fresh demand notices being issued. Changes in liability are also being identified through the annual data matching exercises carried out in conjunction with the national fraud initiative. There is a satisfactory level of control in respect of the application of discounts and exemptions to council tax accounts with periods of discount/exemption having been calculated correctly and evidence being retained to support their initial application. In respect of discount/exemption reviews, the single person's discount (SPD) review has been replaced by the annual data matching of SPD against the electoral register through the national fraud initiative. Further consideration does need to be given to reviewing disregards (such as the 'severely mentally impaired') which have no end date - the Revenues Team leader indicated that currently resources for such reviews are limited. [R2] The Revenues and Benefits Manager will look at options for realigning resources in the 2019-20 financial year to free up capacity to undertake the reviews.</p>	<p>O3: R2 <i>Recommendation priority: Low</i> <i>Implementation date: end June 2018</i> <i>Responsible Officer: Revenues and Benefits Manager</i> A review of disregards should be undertaken.</p>

<p>Social, Political and Ethical (SPE)</p> <p>SPE1: Information and data are not protected from loss, damage or unauthorised access</p>	<p>Good</p>	<p>Assurance was obtained through the reviewing of access to both the revenues system 'Northgate' and the document imaging system 'Information at Work' that data is protected through authorised access. In respect of adherence to the council tax privacy statement verbal confirmation was obtained that data is stored on servers within the building.</p>	<p>There are no recommendations.</p>
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Audit:
Disabled Facilities Grants- additional funding 2017/18 (audited 2018/19)
Introduction:
This audit is completed as part of the 2018/19 Internal Audit Plan. In the Autumn Budget in 2017, it was announced that an additional £42 million would be allocated between Local Authorities in England for the provision of Disabled Facility Grants (DFGs). In a letter dated 1st December 2017, an indicative maximum allocation for Tewkesbury was stated as £107,949.79. In the grant determination letter dated 24th January 2018 confirmed that an amount of £107,951 had been accepted, with an additional £4353 being allocated due to unclaimed funding, providing a total of £112,304 to be paid to the Council. The additional funding was primarily for the provision of adaptations to disabled people's homes, or where agreed locally, for wider social care capital projects. This audit will look to confirm that the funding has been spent appropriately.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Policy Compliance (LPC)</p> <p>LPC1: the additional grant funding has not been spent in accordance with the Grant Determination letter and relevant legislation (section 11 of the Local Government Act 2003 and chapter 1 of part 1 of the Housing Grants, Construction and Regeneration Act 1996)</p>	<p>Good</p>	<p>A full Disabled Facilities Grants audit was completed in 2017/18 and found a satisfactory level of assurance that grants were processed, approved and paid correctly. Testing of 10 DFGs including 6 standard DFGs and 4 payments to Severn Vale Housing schemes confirmed that the additional grant funding has been spent in accordance with the Grant Determination letter and relevant legislation (Housing Grants, Construction and Regeneration Act 1996).</p>	<p>There are no recommendations.</p>
<p>Operational (O)</p> <p>O1: supporting documentation has not been retained to evidence that the grant has been paid in accordance with the legislation.</p>	<p>Good</p>	<p>Sufficient supporting documents were retained for the sample of standard DFGs tested in LPC1. The Head of Community Services (HoCS) provided supporting documentation relating to the award of grant monies to Severn Vale Housing, however these were retained in their email inbox. The HoCS has agreed to transfer this data to a central drive for resilience and continuity.</p>	<p>There are no recommendations.</p>
<p>Economic and Financial (EF)</p> <p>EF1: the grant funding amount as outlined in the Grant Determination letter has not been received in full and allocated correctly within the General Ledger (GL)</p> <p>EF2: invoices have not been accurately accounted</p>	<p>Satisfactory</p>	<p>A sample of 5 DFGs were traced from the information recorded on Uniform to the General Ledger and confirmed that these had been accurately allocated. Testing in LPC1 found that the invoices for the 6 standard DFGs sampled had been accurately paid and accounted. Invoices had been received from Severn Vale Housing Society for the successful projects, these had been processed for payment prior to the works having been completed, however verbal assurance was obtained that these works had been carried out. A recommendation has therefore been made for the HoCS to obtain evidence of the completion of the works [R1].</p>	<p>EF2.1: <u>Recommendation priority: Medium</u> <u>Implementation date: December 2018</u> <u>Responsible Officer: Head of Community Services</u> The Head of Community Services should obtain evidence of the completion the SVH works.</p>

Audit:
GENERAL DATA PROTECTION REGULATION (DATA RETENTION)

Introduction:

The General Data Protection Regulation (GDPR) became effective on 25 May 2018 and replaced the Data Protection Act. It sets out requirements for how organisations must handle personal data and is intended to strengthen and unify data protection for all individuals. Failure to comply with this legislation, and consequently handle and dispose of personal data appropriately could lead to significant financial and reputational costs for the council. This audit is undertaken as part of the 2018/19 audit plan and will focus specifically on the data retention requirements of the GDPR.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Policy Compliance (LPC)</p> <p>LPC1: Failure to comply with General Data Protection Regulation</p>	<p>Satisfactory</p>	<p>The council's revised Data Protection Policy was presented to Audit Committee in July 2018 and was subsequently approved at Executive Committee on 28 August 2018. The policy itself makes appropriate reference to the requirement for, and responsibility for implementing retention schedules within service areas.</p> <p>All service areas have in place a completed data retention schedule. The format and level of detail given within these schedules does vary and it has therefore been recommended that these be standardised and amalgamated into a single, corporate document to ensure consistency. A more detailed review of the retention schedules identified that some functions had not been covered, namely; land drainage, safeguarding, design & conservation, garden waste and sports development. All data retention schedules should therefore be quality assured to ensure completeness and be inclusive of all functions within services. A number of actions have also been recommended in line with the Information Commissioner Office (ICO) guidance. These are in relation to demonstrating authorisation from an appropriate officer and ensuring ongoing periodic reviews [R1&2].</p> <p>Information Asset Owners have been identified within each service area and verbal assurance was obtained during the audit that data destruction days had taken place across the organisation in the lead up to, and following the introduction of the GDPR. These were however not documented in line with best practice. It is recommended that going forward, the monitoring of the implementation of the data retention schedules be carried out through regular spot checks [R3].</p>	<p><u>LPC1- R1</u> <i>Recommendation priority: Medium</i> <i>Implementation date: March 2019</i> <i>Responsible Officer: Business Administration Manager</i> Data retention schedules should be quality assured and reviewed in line with best practice to ensure they are robust:</p> <ul style="list-style-type: none"> -Their format should be standardised to ensure continuity and these be amalgamated into one, corporate document. -All schedules should be quality assured to ensure completeness and be inclusive of all functions within services. -Schedules should demonstrate authorisation from an appropriate officer i.e. Information Asset Owner, and be subject to periodic review to ensure their ongoing relevance. <p><u>LPC1- R2</u> <i>Recommendation priority: Medium</i> <i>Implementation date: April 2019</i> <i>Responsible Officer: Interim Corporate Services Manager in conjunction with Operational Managers & ICT Services</i> Discussions should take place between Customer Services and relevant service areas to ensure there is a consistency in the information being retained. Following this, in conjunction with ICT, appropriate retention periods should be set within Firmstep for personal data obtained via online forms.</p> <p><u>LPC1- R3</u> <i>Recommendation priority: Medium</i> <i>Implementation date: April 2019</i> <i>Responsible Officer: Business Administration Manager</i> Monitoring of the implementation of data retention schedules should take place by way of regular spot checks.</p>

Recommendations Rating

Priority:	Definition:
1 High	A fundamental weakness in the system that puts the Authority at risk. This might include non-compliance with legislation or council policy, or may result in major risk of loss or damage to council assets, information or reputation. Requires action as a matter of urgency; to be addressed within a 3-6 month timeframe wherever possible or within an extended time frame as agreed with Internal Audit if the recommendation requires extensive resources or time.
2 Medium	Observations refer mainly to issues that have an important effect on the system of internal control but do not require immediate action. Legislation or policy are unlikely to be breached as a consequence of these issues, although could cause limited loss of assets, information or adverse publicity or embarrassment. Internal audit suggest improvement to system design to minimise risk and/or improve efficiency of service. To be resolved within a 6-9 month timescale.
3 Low	Observations refer to issues that would if corrected, improve internal control in general and ensure good practice, but are not vital to the overall system of internal control. A desirable improvement to the system, to be introduced within a 9-12 month period.

Level of control

Level of control:	Definition:	Guidance:
Good	Significant assurance- There is a sound system of control, and the controls are being consistently applied. Limited scope for improving existing arrangements. Significant action unlikely to be required.	No audit recommendations or no more than 3 low priority (3) recommendations.
Satisfactory	Reasonable assurance- There is a sound system of control, and the controls are generally being consistently applied. However, there are some minor weaknesses in control, and/or evidence of non-compliance.	No more than 2 medium priority (2) recommendations, possibly with some low (3) recommendations.
Limited	Limited assurance- Lapses in the framework of control in a number of areas, and/or evidence of significant non-compliance.	Between 1 and 3 high priority (1) and possibly several other priority recommendations OR 3 or more medium (2) recommendations.
Unsatisfactory	Inadequate assurance- The system of control is weak, and/or there is evidence of significant non-compliance, which exposes the council to the risk of significant error or unauthorised activity.	4 or more Priority 1s OR 6 or more medium priority (2) recommendations.