

# **Audit & Anti-Fraud Service Internal Audit Report 2016/17**

A summary report of Internal Audit activity at the London Borough of Hackney

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June 2017



**Finance and Corporate Resources Directorate  
Audit and Anti-Fraud Division**

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# Introduction

## Purpose of this report

This report summarises the results of the work performed by Internal Audit during the financial year 2016/17, including the key themes that can be identified across the Council. It also highlights how responsive managers have been in implementing internal audit recommendations.

## Overview of work done

The original plan for 2016/17 included a total of 76 projects. There has been close communication with senior management throughout the year to ensure that the audits actually undertaken continued to focus on high risk areas in the light of new and ongoing developments in the Council, and best use of our resources.

As a result of this liaison, some changes were agreed to the plan during the year as follows: -

Total number of projects per original plan	76
Audits added to the plan	5
Cancelled audits as no longer relevant	3
Carried forward to 2017/18 plan	6
Total number of projects per revised plan	72

The majority of projects were geared towards providing assurance to management on the adequacy and effectiveness of the Council's internal control environment. Others were geared more towards the provision of specific advice and support to management to enhance the efficiency, effectiveness and economy of the services and functions for which they are responsible. Where Internal Audit identified areas for improvement, recommendations were made to further minimise the level of risk, all of which were agreed by management. If implemented, the actions will further enhance the control environment and the operation of the controls in practice.

This report sets out the results of the work performed as follows: -

**Overall summary** – work done by Internal Audit including an analysis of report ratings, priority of recommendations and performance of the service.

**Key themes identified** during internal audit work in 2016/17.

**Managers' response to internal audit recommendations** – providing a summary of progress with the implementation of recommendations.

**Directorate analysis** – providing details of assurances for each directorate.

This report has drawn on the findings and assessments included in all of the reports issued.

# Overall Summary

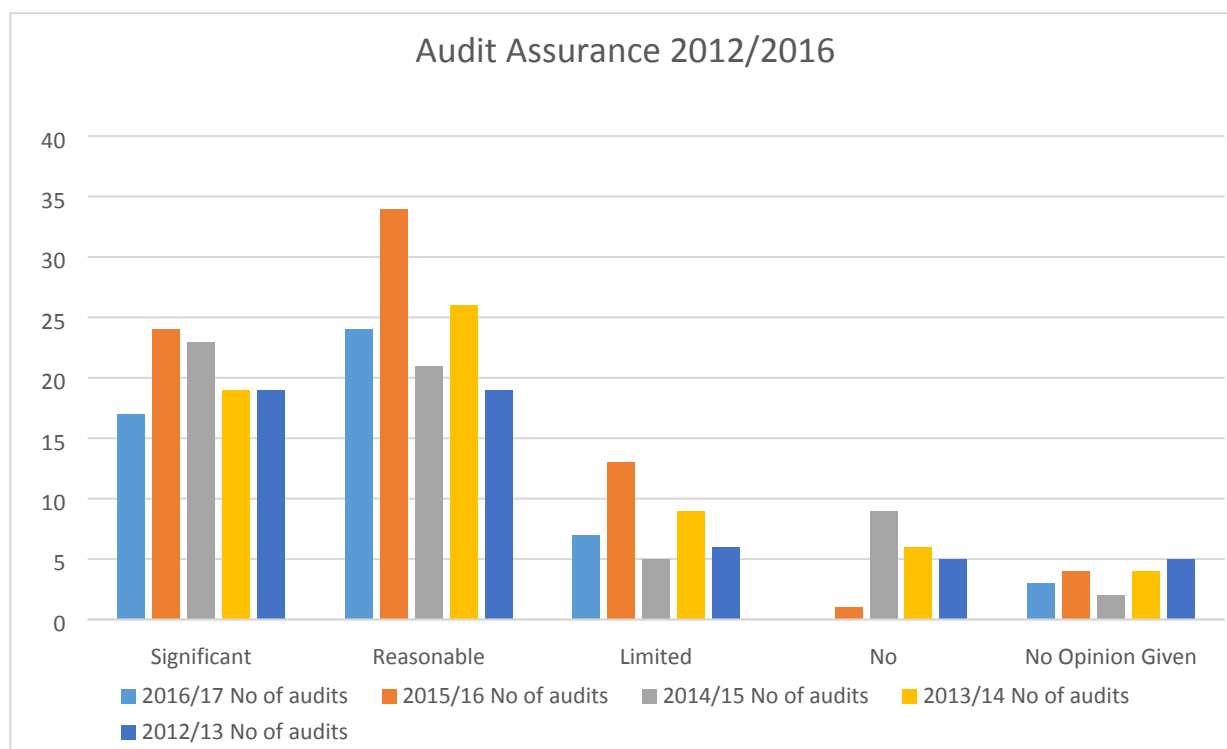
## Report ratings

Areas of good practice have been noted throughout the Authority, particularly in the areas of commercial property, regeneration, rent collection and right to buy.

A summary of the assurances provided for audits completed during 2016/17 is provided in the following table, compared with assurances for audits completed since 2012/13.

Assurance	2016/17		2015/16		2014/15		2013/14		2012/13	
	No of Audits	%	No of audits	%	No of audits	%	No of audits	%	No of audits	%
Significant/High	18	37	24	34	23	40	19	32	19	39
Reasonable/Moderate	24	49	34	47	21	36	26	43	19	39
Limited	7	14	13	18	5	9	9	15	6	12
No	0	0	1	1	9	15	6	10	5	10
Subtotal	49		72		58		60		49	
No Opinion Given	4		4		2		4		5	
<b>Total</b>	<b>53*</b>		<b>76</b>		<b>60</b>		<b>64</b>		<b>54</b>	

\* Contains 11 audits from 2015/16 Plan, completed in 2016/17;



The percentage of completed audits reported in this year's annual plan (68%) is less than in the 2015/16 annual report (76%). This is primarily because (1) the report has been prepared earlier in the financial year to meet external reporting requirements; (2) the impact of the corporate restructure across the organisation has required projects to be rescheduled as services are reconfigured; and (3) as a consequence of a reduction in audit capacity resulting from the restructure.

The percentage of 'Significant' and 'Reasonable' assurance rated audits have increased slightly compared to 2015/16 while the percentage of 'Limited' assurance audits has decreased slightly. It is pleasing to note that there are no audits to date with a 'No' assurance rating. This indicates that the level of assurance arising from the control environment has remained fairly steady across the Council in recent years, although any comparison should be treated with caution as the differing nature of the risks and associated reviews that are covered each year means that the analysis does not truly compare like with like. A detailed analysis of assurances for each audit from the Internal Audit Plan is provided at Appendix 3.

### Priority of Recommendations

Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as Critical, High, Medium or Low priority. The number of recommendations made during 2016/17 to address critical, high and medium priority issues identified during audit work is shown in the following table:

<b>Categorisation of Risk</b>	<b>Definition</b>	<b>Number</b>
Critical	Major issues that we consider could have a significant impact upon not only the system, function or process objectives, but also the achievement of the Council's objectives	0
High	Major issues that we consider need to be brought to the attention of senior management.	14
Medium	Important issues which should be addressed by management in their areas of responsibility.	181
<b>Total</b>		<b>195</b>

A total of 195 agreed audit recommendations were made, of which 7% were rated high priority. This compares with 291 made in 2015/16 of which 13% were high priority. These figures as at 31 May 2017 do not include the recommendations from audits still in progress, including nine draft reports which currently feature an additional 5 high priority and 27 medium priority recommendations. Definitions of the report ratings for each audit can be found at Appendix 5.

### Performance of Internal Audit

Key Performance Indicators for Internal Audit have been established and targets for these were set as part of the annual planning process. Performance against the targets set for the year are shown in Appendix 2.

In total, 91% of audits were completed or in progress at 31 March 2017 (compared to 90% at the equivalent stage in 2015/16). On average audit reports were issued within 13 days of completing fieldwork, against our target of 15 days.

High levels of satisfaction with audit services have been reflected in the management feedback obtained from questionnaires, which have been returned after audits have been completed. These showed that 44% of managers felt that audits were excellent or exceeded expectations while 66% felt that audits met expectations.

Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor. Results from internal audit's quality assurance and improvement programme will be reported to both Hackney Management Team and the Audit Committee.

The quality assurance self-assessment concluded that overall the internal audit service conforms to the criteria as set out in the Public Sector Internal Audit Standards (PSIAS), a single area of exception was identified concerning member involvement in the appraisal of the chief audit executive; however, this is thought to be a common area of non-conformity amongst many local government authorities. Internal Audit has remained independent of the activities audited and auditors have been able to make impartial and effective professional judgements and recommendations.

PSIAS requires that the Quality Assurance programme includes an external review of the Internal Audit Service every five years. The London Boroughs have joined together and are conducting peer reviews to satisfy this requirement. Each review is carried out by a suitably qualified senior officer. During April 2016 The London Borough of Hillingdon conducted a review and the summary draft report concluded that Hackney "Generally Conforms" to the standards. An action plan of improvements is in place and these are being implemented, as was reported to Committee previously. We have sent our comments on the report back to Hillingdon and we are still awaiting the Final Report.

# Key Themes Identified

Internal auditors have continued to work closely with officers during 2016/17 and have been engaged in open and challenging discussions about issues raised in Internal Audit reports. These discussions have shown good engagement from management and this has helped to ensure the outputs from Internal Audit work assist management in addressing any issues identified and add value to the organisation.

## Overall Assurance

From the internal audit work completed, overall, the Authority has remained in line with the significant improved levels of assurance to the control environment that have been achieved since 2011/12. Control of key financial systems, governance and risk (for risks identified in the published risk registers) has been generally sound, with all key financial systems that were reviewed during the year being evaluated as 'reasonable' assurance or better. In addition, significant progress has been made during 2016/17 to implement a number of high priority recommendations arising from ICT audits that were identified from previous year's audits, and work toward agreeing and implementing the much smaller number of outstanding recommendations is continuing at a satisfactory rate.

Some of the key themes identified during our audit work in 2016/17 are set out below.

## Key Financial Systems

In accordance with the agreed plan for the audit of the Council's principal financial systems, reviews have been undertaken within various key areas over the year. The findings of these audits have been analysed, together with the findings of audits for similar key areas undertaken in previous years. The detailed analysis is provided at Appendix 4.

The audit of key financial systems assists the Council's external auditors with their planning and interim work and provides the necessary confidence that key financial controls in the fundamental systems are operating satisfactorily and support a robust internal control environment. The table below summarises the assurances for these systems during 2016/17 and the preceding four years: -

Assurances for Key Financial Systems	2016/17		2015/16		2014/15		2013/14		2012/13	
	No. of projects	%	No of projects	%	No of projects	%	No of projects	%	No of projects	%
Significant Assurance	2	20	5	72	4	67	5	63	5	50
Reasonable Assurance	6	80	1	14	2	33	3	37	4	40
Limited Assurance	0	0	1	14	0	0	0	0	1	10
No Assurance	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>		<b>7</b>		<b>6</b>		<b>8</b>		<b>10</b>	

Appendix 4 details that for 2016/17 processes and controls for Accounts Receivable (Rent Collection – billing and collection) and Creditors (Scanning and Data Capture) were rated as 'significant'

assurance. Accounts Receivable (HLT debt), NNDR (Charitable Relief and Empty Rating), Banking, Business Rates, Housing Benefit and Procurement were given 'Reasonable' assurance.

## Risk Management

We have continued to work with the Council's risk management processes during 2016/17. In preparing the Internal Audit Annual Plan the Council's risk registers were closely consulted to ensure that the annual plan covered key risk areas. Each area of activity was evaluated against the relevant risk register assessment to identify the impact and likelihood of concerns that management have identified, including any existing or anticipated material changes to systems, legislation, resources, etc., and also the last audit assurance rating, when the system was last audited and its financial value. In drawing up the terms of reference for the individual audits during 2016/17, the auditors referred to the directorate's risk registers to ensure that key risks were identified and considered.

## Schools/Children Centres

Nineteen schools and children centres were audited during the year. Of these 16% were given 'significant' assurance, 68% were given 'reasonable' assurance, 16% were given 'limited' assurance and none were given 'no' assurance. The direction of travel has stayed the same for seven schools, improved for five schools and decreased at five schools. At one school, a previous assurance rating was not available so there is no comparison. There were a total of five high priority and 106 medium priority recommendations made in relation to schools audits.

The table on page 10 provides an analysis of the high and medium priority issues emerging from the school audits performed during 2016/17.



# Management's Response to Internal Audit Recommendations

## Implementation of agreed audit recommendations

In order to track senior managers' attitude towards improving the control environment, progress with implementing recommendations agreed as a result of internal audit work has been tracked. For all high priority recommendations due for implementation by 31 March 2017 (including any from previous years' audits which had not been fully implemented before 1 April 2016), results are presented in the following table and show the position at the end of March 2017: -

Directorate	Implemented (including no longer relevant)	Partially implemented	Not implemented or no response	Total
Children, Adults and Community Health	6	0	0	6
Neighbourhoods and Housing	1	0	1	2
Finance and Corporate Resources	48	0	1	49
Chief Executive's	4	1	0	5
Schools	31	4	1	36
<b>Total number (%)</b>	<b>90 (92%)</b>	<b>5 (5%)</b>	<b>3 (3%)</b>	<b>98 (100%)</b>

The Council's target for 2016/17 was 90% of high priority recommendations to be implemented in accordance with the agreed timescale. The implementation rate currently stands at 92% fully implemented and 5% partially implemented. This compares with 80% implementation in 2015/16, 77% in 2014/15, 69% in 2013/14 and 74% in 2012/13.

In addition, 533 medium priority recommendations were followed up. Of these, 86% were assessed as implemented, which compares with 84% in 2015/16, 82% in 2014/15, 66% in 2013/14 and 75% in 2012/13. Details are shown below: -

Directorate	Implemented (including no longer relevant)	Partially implemented	Not implemented or no response	Total
Children, Adults and Community Health	24	0	3	27
Neighbourhoods and Housing	25	1	0	26
Finance and Corporate Resources	98	7	0	105
Chief Executive's	24	1	1	26
Schools	289	10	50	349
<b>Total number (%)</b>	<b>460 (86%)</b>	<b>19 (4%)</b>	<b>54 (10%)</b>	<b>533 (100%)</b>

# Directorate Analysis

The number of audits completed for each directorate and the overall report ratings are summarised in the table below (please refer to Appendix 5 for definitions of the assurance ratings).

Directorate	Significant	Reasonable	Limited	No	Total	2016/17 Overall Assurance	2015/16 Overall Assurance
All /Cross Cutting	1	0	1	0	2	Reasonable	Reasonable
Children, Adults & Community Health	0	3	1	0	4	Reasonable	Reasonable (combination of CYPS and HCS)
Neighbourhoods & Housing	8	3	0	0	11	Significant	N/A
Chief Executives	0	0	0	0	0	N/A	Reasonable (combination of Chief Executive's & Legal/HR)
Finance & Resources including ICT audits	6	5	2	0	13	Reasonable	Reasonable
Schools	3	13	3	0	19	Reasonable	Reasonable
<b>Total</b>	<b>18</b>	<b>24</b>	<b>7</b>	<b>0</b>	<b>49</b>	<b>Reasonable</b>	<b>Reasonable</b>

N.B. These statistics/assurances should be read with caution as the same areas are not audited every year and in some areas numbers are low.

## Schools

Audits were completed at 19 schools and children centres this year. These identified 5 high priority and 106 medium priority issues which are analysed in the following table:

<b>Risk Area</b>	<b>Number of high priority issues</b>	<b>% of high priority issues</b>	<b>Number of medium priority issues</b>	<b>% of medium priority issues</b>
<b>Governance Issues</b> (includes approved procedures, register of interests, Terms of Reference and whistleblowing arrangements)	3	60%	25	24%
<b>Administration of income/debt</b> (including petty cash arrangements)	0	0	33	31%
<b>Purchasing arrangements</b> (including supplier arrangements, selection, use of purchase orders and contractor arrangements)	2	40%	35	33%
<b>Safeguarding of assets</b> (including asset registers and insurance arrangements)	0	0	11	10%
<b>Payroll issues</b>	0	0	2	2%
<b>Total</b>	<b>5</b>	<b>100%</b>	<b>106</b>	<b>100%</b>

## Appendix 2: Internal Audit performance in 2016/17

Objectives, Key Performance Indicators (KPIs) and Targets for 2016/17			
Objectives	KPIs	Targets	Actuals
<b>Cost &amp; Efficiency</b> To ensure the service provides Value for Money	1) Percentage of planned audits completed  2) Average number of days between end of fieldwork to issue of draft report	1) 90% by year end  2) Less than 15 working days	1) 91.1% are complete or in progress at the end of March 2017  2) 13 days
<b>Quality</b> To ensure recommendations made by the service are agreed and implemented	1) Percentage of 'High Priority' recommendations made which are agreed  2) Percentage of agreed 'High Priority' recommendations which are implemented	1) 100%  2) 90%	1) 100%  2) 92% Fully implemented; 5% partially implemented

Objectives, Key Performance indicators (KPIs) and targets for 2016/17			
Objectives	KPIs	Targets	Actuals

<p><b>Client Satisfaction:</b></p> <p>To ensure that clients are satisfied with the service and consider it to be good quality</p>	<p>1) Results of Post Audit Questionnaires</p> <p>2) Results of other Questionnaires</p> <p>3) No. of Complaints / Compliments</p>	<p>1) 90% to score Satisfactory or above</p> <p>2) Satisfactory results</p> <p>3) No target – actual numbers will be reported</p>	<p>1) Achieved (66% met expectations, 44% were excellent or exceeded expectations)</p> <p>2) Not carried out this year</p> <p>3) Complaints – 0 Compliments - 0</p>
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# Appendix 3: Detailed analysis of Internal Audit reviews 2016/17

Internal Audit Annual Plan 2016/17 Progress to 31 May 2017 (including 2015/16 audits not previously reported)					
Code	Internal Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
<b>2015/16 Audits not previously reported</b>					
HCS08	Highways Maintenance Contracts	0	2	Significant	Complete
FR04	Banking Contract and Charges	0	3	Reasonable	Complete
FR10	NNDR	0	2	Reasonable	Complete
FR12	Council Tax				Draft Report
FR16	Property Services Procurement Procedures	0	4	Reasonable	Complete
FR17	Grey Fleet	1	1	Limited	Complete
ICT03	Landesk Authorisation	0	0	Significant	Complete
ICT07	Resourcelink	2	3	Limited	Complete
HH08	3 x TMO's	0	9	Reasonable	2 Complete
HH09	Neighbourhood Offices	1	2	Reasonable	Complete
HH14	Leaseholder Charges	0	3	Reasonable	Complete
HLT02	Fees For Children Centres				Draft Report
LHRRS03	Payroll (starters & leavers)				C/f to 2017/18
LHRRS02	Health and Safety procedures				In Progress
HS01	Leaseholders Buyback				C/f to 2017/18
FR14	Marketing of Commercial Property	0	1	Significant	complete
<b>All (Cross Cutting)</b>					
1617LBH01	Annual Governance Statement	0	0	Significant	Complete
1617LBH02	Purchasing/Procurement Cards - Follow Up	2	2	Limited	Complete
1617LBH03	Transparency Code				Scoping/TOR
1617LBH04	Management of Capital Contracts				Scoping/TOR
<b>Chief Executives</b>					
1617CE01	DBS Checks				Scoping/TOR
1617CE02	Payroll – additional payments				Fieldwork In Progress
1617CE03	Electoral Services				Scoping/TOR
Additional	Grant applications/ procedures	N/A	N/A	N/A	Complete
Additional	ITrent implementation	N/A	N/A	N/A	Ongoing
<b>GROUP DIRECTOR CHILDREN, ADULTS AND COMMUNITY HEALTH</b>					
<b>Adult Services/Public Health</b>					
1617CACH01	Appointeeships - Client Payment System	0	5	Reasonable	Complete
1617CACH02	Day Care Services (Grant Funded)				Scoping/TOR
1617CACH03	Deprivation Of Liberty Safeguards	0	3	Reasonable	Complete
1617CACH04	ASC Contracts Follow up				Fieldwork in progress
1617CACH05	Care Assessments				C/f to 17/18
Additional	Pause project – petty cash arrangements	N/A	N/A	N/A	Complete
<b>Children &amp; Families Services</b>					
1617CACH07	Overstayers (OFIT)	0	5	Reasonable	Complete
1617CACH08	Leaving Care				Scoping/TOR

Internal Audit Annual Plan 2016/17 Progress to May 2017 (including 2015/16 audits not previously reported)					
Code	Internal Audit	High Priority Rec's	Medium Priority Rec's	Audit Assurance	Status
<b>Education and Schools</b>					
1617CACH09	Overview of school findings and benchmarking			N/A	Draft report
1617CACH10	SEN				Scoping/TOR
1617CACH11	HLT IT Purchasing	2	2	Limited	Complete
<b>SCHOOLS</b>					
1617SCH01	Baden Powell Primary School	0	16	Limited	Complete
1617SCH02	Benthal Primary School	0	6	Reasonable	Complete
1617SCH03	Berger Primary School	0	1	Significant	Complete
1617SCH04	Betty Layward	1	8	Limited	Complete
1617SCH05	De Beauvoir Primary School	0	8	Reasonable	Complete
1617SCH06	Gainsborough Community Primary School				Postponed
Additional	Ickburgh School	1	9	Limited	Complete
1617SCH07	Harrington Hill Primary School				Draft report
1617SCH08	Holmleigh Primary School				Postponed
1617SCH09	Parkwood Primary School	0	6	Reasonable	Complete
1617SCH10	Princess May				Draft report
1617SCH11	Saint Scholastica RC Primary	1	3	Reasonable	Complete
1617SCH12	Southwold School			Cancelled	Cancelled – completed with Orchard Primary School in 2015/16
1617SCH13	Springfield Community School				Draft Report
1617SCH14	St John Of Jerusalem	0	8	Reasonable	Complete
1617SCH15	St Dominic's Catholic Primary	0	5	Reasonable	Complete
1617SCH16	St Mary C of E Primary	0	2	Significant	Complete
1617SCH17	St Paul with St Michaels primary	0	6	Reasonable	Complete
1617SCH18	Thomas Fairchild Community School	0	7	Reasonable	Complete
1617SCH19	William Patten Primary School	0	6	Reasonable	Complete
1617SCH20	Woodberry Down Primary	0	2	Reasonable	Complete
<b>CHILDREN CENTRES</b>					
1617SCH21	Wentworth CC	1	6	Reasonable	Complete
1617SCH22	Woodberry Down CC	0	1	Significant	Complete
<b>SPECIAL SCHOOL/PRU</b>					
1617SCH23	The Garden with Horizon	0	4	Reasonable	Complete
1617SCH24	New Regent College Upper/Lower PRU	1	2	Reasonable	Complete
<b>GROUP DIRECTOR - FINANCE AND CORPORATE RESOURCES</b>					
<b>Financial Management</b>					
1617FCR01	Pension Investments				Scoping/TOR
1617FCR02	Creditors/ Central Payments Team	0	1	Significant	Complete
1617FCR03	Asset Management				Scoping/TOR
1617FCR04	Accounts Receivable	0	8	Reasonable	Complete
<b>Strategic Property</b>					
1617FCR05	LBH Building Maintenance				Scoping/TOR
1617FCR07	Vehicle Sales and Disposals	0	0	Significant	Complete
<b>Procurement</b>					
1617FCR06	Tendering Procedures				Fieldwork In Progress

Internal Audit Annual Plan 2016/17					
Progress to 31 May 2017 (including 2015/16 audits not previously reported)					
Code	Internal Audit	High Priority Rec's	Medium Priority Rec's	Audit Assurance	Status
<b>Customer Services</b>					
1617FCR08	Council Tax Reduction Scheme				Fieldwork In Progress
1617FCR09	Revenues and Benefits – NNDR-Consolidation				Scoping/TOR
1617FCR10	Revenues and Benefits - Housing Benefit	1	4	Reasonable	Complete
1617FCR11	Council Tax – Consolidation				Scoping/TOR
1617FCR12	Housing Needs (Choice Based lettings)				Scoping/TOR
1617FCR13	Temporary accommodation (B&B)				Scoping/TOR
1617FCR14	Deposit Guarantee scheme/Cash Incentive Scheme				Fieldwork in Progress
<b>Director ICT</b>					
1617ICT01	Universal Housing				Draft report
1617ICT02	Mosaic (previously Framework I) Post Implementation Review	0	0	Significant	Complete
1617ICT03	Housing Needs Payment System - Post Implementation Review				Fieldwork In Progress
1617ICT04	CRM				C/f to 2017/18
1617ICT05	One Account - Post Implementation Review				Scoping/TOR
1617ICT06	IT Recruitment and retention				Fieldwork In Progress
1617ICT07	IT Governance	0	1	Significant	Draft report
<b>GROUP DIRECTOR NEIGHBOURHOODS AND HOUSING</b>					
<b>Regeneration</b>					
1617NH01	Regeneration - Contract letting and Monitoring	0	3	Significant	Complete
<b>Housing</b>					
1617NH02	Ground work estate Maintenance (Stores)			Cancelled	Cancelled
1617NH03	Resident Participation Team (Renting of Halls income)				Draft Report
1617NH04	Rent Collection	0	1	Significant	Complete
1617NH05	TMO (rolling Programme)				Postponed to 2017/18
1617NH06	Right to Buy	0	2	Significant	Complete
1617NH07	Complaints				Scoping/TOR
1617NH08	Voids	0	2	Significant	Complete
1617NH09	Contract Monitoring/Contingency				Postponed
<b>Public Realm</b>					
1617NH10	Parking Appeals				Fieldwork in progress
1617NH11	Waste Management – Recycling				Draft report
1617NH12	Highways Assets			Cancelled	Legislation change withdrawn, audit no longer relevant
1617NH13	Car Parking Income (Pay and Display)	0	2	Significant	Complete
1617NH14	Street Lighting Contract	0	2	Significant	Complete
Additional	Parking ISO Procedures	0	2	Significant	Complete



## Appendix 4: Key Financial Systems – Analysis of Audit Findings

System		Internal Audit Findings				
		2016/17	2015/16	2014/15	2013/14	2012/13
Main Accounting System/General Ledger		N/a	Significant	N/a	High	High
Capital Asset Accounting/Capital Programme		N/a	Significant	Significant	N/a	N/a
Treasury Management		N/a	N/a	N/a	N/a	High
Cash Receipting/Banking		Reasonable	Significant	N/a	Corp. - High	H & CS - Limited
Procurement		Reasonable	Limited ASC Contracting	N/a	N/a	High
NNDR	Billing	N/a	N/a	Significant	N/a	N/a
	Liability	N/a	N/a	N/a	High	N/a
	Liability – Charitable Relief	Reasonable	N/a	N/a	Moderate	High
	Liability – Empty Rating	Reasonable	N/a	N/a	Moderate	High
	Collection	N/a	N/a	Significant	N/a	N/a
	Recovery Enforcement &	N/a	N/a	Significant	N/a	N/a
	Valuation	N/a	N/a	N/a	High	N/a
	Pool Claim	N/a	N/a	N/a	N/a	N/a
Housing Benefit	Benefit Application	N/a	N/a	Reasonable	N/a	N/a
	HB Counter Fraud	Reasonable	N/a	N/a	N/a	N/a
	Overpayments	N/a	N/a	N/a	N/a	N/a
	Reclaim of Grants	N/a	N/a	N/a	N/a	High
	Benefits Administration	N/a	Significant – Change of Circumstances	N/a	N/a	Large Payments/ DWP Notifications - High
	Reconciliations	N/a	N/a	Significant	N/a	N/a
	CTRS	N/a	N/a	N/a	High	N/a

System		Internal Audit Findings				
		2016/17	2015/16	2014/15	2013/14	2012/13
Budgetary Control		N/a	N/a	N/a	Housing-High	CYPS – High CEO - High
Accounts Payable	Central Systems	Significant	Significant	Significant	Moderate	N/a
	Directorate Systems	N/a	N/a	N/a	N/a	HS – High CEO - High
Payroll	Overall (key controls)	N/a	N/a	N/a	N/a	N/a
	Starters	N/a	N/a	N/a	Moderate	N/a
	Leavers	N/a	N/a	N/a	Moderate	N/a
	Variations to Pay	N/a	N/a	N/a	N/a	N/a
	Computer System	N/a	N/a	N/a	N/a	N/a
	Processing Payments	N/a	N/a	N/a	N/a	N/a
	Deductions	N/a	N/a	N/a	N/a	N/a
	Payroll Tax Management	N/a	N/a	N/a	N/a	N/a
Accounts Receivable	Billing	Significant (Rent collection – billing & collection)	N/a	Reasonable	Moderate	HS – High Legal, HR & RS - High
	Collection	Reasonable (HLT debt)	Reasonable	Reasonable	Moderate	N/a
Council Tax	Tax Setting	N/a	N/a	N/a	N/a	N/a
	Billing	N/a	N/a	Reasonable	High	N/a
	Valuation	N/a	N/a	N/a	N/a	N/a
	Liability	N/a	N/a	N/a	N/a	Moderate
	Collection	N/a	N/a	N/a	High	Moderate
	Discounts and Exemptions	N/a	N/a	N/a	N/a	N/a
	Recovery	N/a	N/a	Significant	N/a	Moderate
	Reconciliations	N/a	N/a	Significant	N/a	N/a

# Appendix 5 – Definitions of Assurance Levels

The **Overall Assurance** given in respect of an audit is categorised as follows:

Level of assurance	Description	Link to risk priorities
<b>Significant</b>	Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.	There are two or less medium-rated issues or only low rated or no findings to report.
<b>Reasonable</b>	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than critical or they would be unlikely to occur.	There is no more than one high priority finding and/or a low number of medium rated findings. However, where there are many medium rated findings, consideration will be given as to whether the effect is to reduce the assurance to Limited.
<b>Limited</b>	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of the Council's objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.	There are up to three high-rated findings. However, if there are three high priority findings and many medium rated findings, consideration will be given as to whether in aggregate the effect is to reduce the opinion to No assurance.
<b>No</b>	There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of the Council's objectives.	There are a significant number of high rated findings (i.e. four or more).

