

Eastern Internal Audit Services



North Norfolk District Council

Progress Report on Internal Audit Activity

Period Covered: 5 March 2019 to 24 April 2019

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
 - Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from those audits; and
 - Performance to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 27 March 2018 the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since the last Committee meeting in March 2019 there have no changes made to the internal audit plan.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** and progress to date is in line with expectations.
- 3.2 In summary 168 days of programmed work has been completed, equating to 100% of the revised Internal Audit Plan for 2018/19.

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report Internal Audit Services have issued five final reports:

Audit	Assurance	P1	P2	P3
Accounts Payable	Reasonable	0	2	3
Key Controls	Substantial	0	0	0
Environmental Health	Reasonable	0	2	4
Corporate Governance GDPR	Reasonable	0	0	2
HR and Payroll	Reasonable	0	3	5

The Executive Summary of these reports are attached at **Appendix 2**, full copies of these reports can be requested by Members.

4.5 As can be seen in the table above as a result of these audits 21 recommendations have been raised and agreed by management. In addition, two Operational Effectiveness Matters points have been proposed to management for consideration.

4.7 It is pleasing to note that all audits concluded in a positive opinion being awarded, indicating a strong and stable control environment to date, with no issues that would need to be considered at year end and included in the Annual Governance Statement.

5. PERFORMANCE MEASURES

5.1 The Internal Audit Services contract includes a suite of key performance measures against which the contractor will be reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.

5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by the contractor and agreed with the Internal Audit Manager to ensure that appropriate action is taken.

- 5.3 The 2018/19 Internal Audit plan has now been completed and a report on the performance measures provided to the Internal Audit Manager, performance is currently at green status with targets having been satisfactorily met.
- 5.4 In addition to these quarterly reports from the Contractors Audit Director, ongoing weekly updates are provided to ensure that delivery of the audit plan for the current financial year is on track.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
TOTAL		0	0	0							
Quarter 2											
Elections and Electoral Registration	NN1903	12	12	12	Final report issued 7 November 2018	Substantial	0	0	0	0	December 2018
Pier Pavilion	NN1904	10	10	10	Final report issued 21 November 2018	Reasonable	0	0	3	1	December 2018
Homelessness & Housing Options	NN1905	10	10	10	Final report issued 31 October 2018	Reasonable	0	1	3	0	December 2018
TOTAL		32	32	32							
Quarter 3											
Digital Transformation - benefits realisation	NN1902	6	6	6	Final report issued 9 January 2019	Substantial	0	0	0	3	March 2019
Accounts Payable	NN1906	12	12	12	Final report issued 5 March 2019	Reasonable	0	2	3	0	June 2019
Council Tax and NNDR	NN1907	15	15	15	Final report issued 17 January 2019	Substantial	0	0	1	0	March 2019
Local Council Tax Support & Housing Benefits	NN1908	15	15	15	Final report issued 7 February 2019	Substantial	0	0	0	0	March 2019
TOTAL		48	48	48							
Quarter 4											
Corporate Governance	NN1910	6	8	8	Final report issued 24 April 2019	Substantial	0	0	2	0	June 2019
Key Controls and Assurance	NN1911	10	10	10	Final report issued 6 March 2019	Substantial	0	0	0	0	June 2019
Payroll and Human Resources	NN1912	17	17	17	Final report issued 24 April 2019	Reasonable	0	3	5	2	June 2019
Affordable Housing & Housing Enabling	NN1913	10	0	0	Audit deferred 201920 plan						
Environmental Health	NN1914	18	18	18	Final report issued 11 April 2019	Reasonable	0	2	4	0	June 2019
TOTAL		61	53	53							
IT Audits											
Network Infrastructure & Security	NN1909	15	15	15	Final report issued 28 June 2018	Reasonable	0	1	10	1	September 2018
Business Support Arrangements	NN1901	15	10	10	Final position statement issued 20 November 2018						December 2018
TOTAL		30	25	25							
Follow Up											
Follow Up	NA	10	10	10							
TOTAL		10	10	10							
TOTAL		181	168	168			0	9	31	7	
Percentage of plan completed				100%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of the Accounts Payable Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policy, Procedure and Systems	0	0	1	0
Raising and Authorisation of Purchase Orders	0	1	2	0
New Suppliers and Changes to Suppliers	0	0*	0	0
Credit Card Payments	0	1	0	0
Total	0	2	3	0

No recommendations were raised around receipt of goods, segregation of duties, authorisation of invoices, payment of invoices and reconciliation with the financial ledger.

*Recommendation raised in raising and authorisation of purchase orders linked.

SCOPE

The scope of this review covers; raising and authorisation of purchase orders, receipt of goods, segregation of duties, authorisation of invoices, payment of invoices, new suppliers & changes to suppliers, credit card payments and reconciliation with the financial ledger.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit of Accounts Payable (NN/17/11), issued in March 2017, also concluded in a 'Reasonable' assurance opinion, with two 'important' recommendations having been raised, indicating that whilst the overall assurance level is unchanged since the previous audit, there is movement within the area.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Segregation of duties exists between the raising of purchase orders and approval of invoices for payment with access levels aligned to officers' delegated levels of responsibility. Confirmation is obtained of goods received.
- Access profiles are in place, to ensure only restricted staff have access to the accounts payable module on the E-financial system.
- System controls are in place to prevent payments being receipted against purchase orders where funds are not available.
- System controls are in place to prevent duplicate invoices being registered and paid.
- Invoices are paid promptly and prior to the target payment period of 30 days, ensuring the Better Payment Practice Code (BPPC) is met.
- BACS payment runs are checked for accuracy and approved by an authorised signatory prior to being processed for payment, providing assurance over the accuracy of payments being made.
- Monthly control account reconciliations between the general ledger and the aged creditor report are completed timely and subject to independent review, providing assurance around the completion and accuracy of the accounts.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'important' recommendations have been made.

Raising and Authorisation of Purchase Orders

- The creation of new suppliers and changes to suppliers bank details to be subject to independent verification, to ensure the details on the E-financials system matches independently source documentation, to minimise the risk of payments to incorrect bank accounts, fraud or error to the accounts. This recommendation was previously raised, implemented then reoccurred, as such the risk of potential fraud or error remains in the system.

Credit Card Payments

- VAT receipts for Council credit card expenditure to be requested from all card holders, or explanations obtained and recorded where not provided, to minimise the risk of VAT being incorrectly claimed and accounted for.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Policy, Procedure and Systems

- The accounts payable procedures to be subject to review and update, to address the risk of incorrect or inappropriate practices being followed that are not in accordance with managements wishes.

Raising and Authorisation of Purchase Orders

- DELL purchase orders are to either be raised prior to purchases being made or added to the purchase order exception list. If a decision is not made and action taken, purchases may be made inappropriately, exceed budgets and not properly accounted for.
- Purchase order limits raised through the Estates system interface with the E-financials system to be checked, to ensure they are within the assigned delegated limits, to minimise the risk of high value orders exceeding the signatory delegated limit and potential overspend on approved budgets.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The last Key Controls audit (NN1815) was undertaken in March 2018, this included one needs attention in relation to Accounts Payable. This was confirmed as implemented as part of the general follow up process. The previous audit on Accounts Payable (NN1711) raised two recommendations. One recommendation in relation to the independent verification of supplier change details has been raised in the last two audits of this area NN1609 and NN1711 and has been reported to internal audit as resolved both times.

Other Points to Note

The E-financials purchase order system contains a function that can be linked to individual budgets, to impose an automated restriction on placing purchase orders if it would result in an over spend on the code. This function has not been switched on as this would physically block the raising of a purchase order, rather than the Council's preferred method of providing a warning to staff. The Council are open to implementing this functionality in the future if a new system or upgrade could instigate a warning rather than a block. The Council has accepted the risks associated with this and any overspends are identified through retrospective budget monitoring. This was previously raised as a point to consider during the 2016/17 financial year, as such no further recommendation is raised.

Assurance Review of Key Controls and Assurance

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Total	0	0	0	0

No new recommendations have been made in this report in any areas within the scope of the audit.

SCOPE

The objective of the audit was to review the systems and controls in place within Key Controls to support the Annual Governance Statement, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of no recommendations being raised upon the conclusion of our work.

KEY FINDINGS

Key Controls Testing

There are a number of key controls within the fundamental financial systems that are required to be covered by internal audit each year, in order to support the Annual Governance Statement (AGS) and the Head of Internal Audit's Annual Report and Opinion.

Under the agreed internal audit plan for 2018/19 a number of these material systems have been reported on in detail and those key controls have been addressed in each system reviewed. Recommendations have been raised in these individual audit reports. The areas this applies to are:

- NN1906 Accounts Payable;
- NN1912 Payroll and Human Resources;
- NN1908 Housing Benefit and Local Council Tax Support; and
- NN1907 Council Tax and National Non-Domestic Rates (NNDR).

In addition, the key controls in the material systems that were not covered as part of the agreed internal audit plan for 2018/19 have been reviewed as part of this audit. The areas to which this applies are:

- Accounts Receivable;
- Accountancy Services (general ledger, control accounts, asset management, treasury management and budgetary control); and
- Cash Income and Receipt.

During the internal audit of the above areas within this review, no recommendations have been made.

Assurance Framework

A review of the assurance framework within the Council was also undertaken as part of the internal audit review. This focused on the structure of the assurance statements, responsibility for completion, evidence retained, the mechanism for incorporating information into the Annual Governance Statement (AGS), senior officer and member review of the AGS and subsequent review and monitoring of action plans.

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The AGS included in the 2017/18 Statement of Accounts refers to the fact that Heads of Service completed assurance statements which feed into the assurance framework, highlighting the governance issues that need to be addressed.
- The AGS for 2017/18 was reviewed by the Audit Committee in July 2018.

Outstanding Previous Recommendations

Four recommendations were raised in the previous audit of Key Controls (NN/18/15), of which two related to Accountancy Services, one to Accounts Payable and one to Housing Benefit and Council Tax Support. All of these recommendations have been confirmed as implemented.

During 2018/19 key controls were also tested as part of the full reviews of Housing Benefit and Council Tax Support, Council Tax and NNDR and Accounts Payable. Two recommendations were made in relation to the key controls within the Accounts Payable audit, specifically relating to confirming supplier bank details prior to amendment and to ensuring that purchase orders raised through an interface are subject to the same authorisation process as those raised directly on the finance system. The first of these recommendations has been implemented and the second is due for completion by 30th September 2019. No recommendations relating to key controls were raised in the Council Tax and NNDR or Housing Benefit and Council Tax Support audits.

Other points to note

All staff in the Accountancy team can post journals with a value of less than £100k to the ledger without independent authorisation. The Council is happy to continue to accept the risk associated with this policy.

Assurance Review of the Environmental Health Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Licensing	0	1	0	0
Commercial Team	0	0	1	0
Environmental Protection	0	1	2	0
Public Spaces Protection Orders	0	0	1	0
Total	0	2	4	0

SCOPE

The audit focused on areas where the implementation of the environmental health business process review and IT upgrades are most advanced, these being licensing, commercial and environmental protection.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' and four 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit of Environmental Health (NN/18/07) in October 2017 also concluded in a 'reasonable' opinion, indicating that level of assurance is unchanged.

POSITIVE FINDINGS

We found that the Council has demonstrated the following points of good practice as identified in this review and we will be sharing details of these operational provisions with other member authorities in the Consortium:

- The use of tablets when conducting food hygiene inspections saves officer time in writing up their findings and allows the business to receive a copy of the report and letter more promptly after the visit.

It is acknowledged there are areas where sound controls are in place and operating consistently:

- New and renewal licences are issued promptly on application and only after the correct fee has been received, to ensure that all licences are paid for.
- The Council investigates all reports of licence breaches, to ensure that all licence holders adhere to the conditions of their licence.
- Complaints about food are investigated promptly and followed up as necessary, to ensure that unsatisfactory practices are addressed.
- The Council works closely with local housing associations and other agencies, to ensure that anti-social behaviour in the district is addressed effectively.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'important' recommendations have been made.

Environmental Protection

- A Service Level Agreement between the Council and Victory Housing Trust on the use of Community Protection Notices (CPNs) is created, to define the terms of this arrangement and reduce the risk of inappropriate use of CPNs.

Licensing

- The licence register on the Council's website is updated, to reduce the risk of the Council not fulfilling its legal obligations.

The audit has also highlighted the following areas where four 'needs attention' recommendations have been made.

Public Spaces Protection Orders

- The Council defines a policy on the creation and review of Public Spaces Protection Orders (PSPOs), to ensure that these processes are agreed and consistent.

Commercial Team

- Retrospective checks of banned food business operators are applied to cover the period when these checks could not be made, to ensure that no food businesses in the district are operated by a banned person.

Environmental Protection

- Waste offence investigations are closed promptly on the system once completed, to reduce the risk of ineffective monitoring of ongoing investigations.
- Complete and up to date information is provided by Victory Housing Trust on Community Protection Notices that it has issued on the Council's behalf, to reduce the risk of ineffective monitoring and response to anti-social behaviour.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit report on Environmental Health raised two 'important' and one 'needs attention' recommendations, all of which are still outstanding. These are being monitored through Internal Audit's separate follow up process and updates on progress were also obtained during this audit. One 'important' recommendation relates to updating procedure notes and other internal guidance across the service, which will be completed following completion of the business process review. The other 'important' recommendation relates to more efficient data sharing from Planning and Revenues to Environmental Health. The legal position on this with regards to data protection has been agreed and the work is now with IT to be actioned. The 'needs attention' recommendation relates to agreeing a documented process for

adding and removing users of the Assure system. At present, all requests for new staff to have access are made by their line manager in writing, so there is some level of control over the process. All three of these recommendations have target dates for completion of 31st March 2019.

Other points noted

The Council is currently behind schedule in completing routine food hygiene inspections for 2018/19. At the time of the audit, there are 40 routine inspections and 24 low risk inspections overdue. A plan has been produced to catch up on the overdue inspections, which has been agreed with, and is being monitored by, the Food Standards Agency (FSA).

The Council has experienced difficulties in implementing the Assure system in place of M3, with some expected functionality not working correctly, such as the public facing licensing register on the Council's website (see Recommendation 2). These problems have resulted in delays to the overall transition process, but the Council is working with the system provider in order to resolve these issues.

Assurance Review of the Corporate Governance Arrangements (GDPR)

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Record of Processing Activity	0	0	1	0
Personal Data	0	0	1	0
Total	0	0	2	0

No recommendations arose in relation to the Data Protection Officer role, privacy statements, contracts with third parties, data subject rights, breaches / data protection risks, training, data sharing agreements, marketing and consent, and Data Protection Impact Assessments (DPIAs).

SCOPE

The review assessed compliance with the key GDPR elements of: Data Protection Impact Assessments, Data Subject rights, data classification and asset management, data security and breach management, governance, Data Controllers and Processors, and training for staff and members in preparation for GDPR.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'needs attention' recommendations being raised upon the conclusion of our work.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Corporate Director and Head of Paid Service is the Senior Information Risk Owner (SIRO), and the Principal Lawyer (Eastlaw) is the Data Protection Officer (DPO). These roles have been well communicated, which helps to ensure that staff know where to seek data protection advice, guidance and decision making.
- There is a GDPR action plan in place, designed to include the ICO requirement and to incorporate advice provided by an organisation called Act Now, which helped the Council prepare for GDPR. The majority of actions have been completed, with remaining amber actions progressing as part of business-as-usual rather than a project. Good progress against a well written plan reduces the risk of any GDPR requirements being overlooked.
- The Record of Processing Activity (article 30) initial work is complete, and a tracker shows that all areas of the Council have completed spreadsheets, approved by the Information Audit Officer, and reviewed by Eastlaw. This reduces the risk of information assets not being properly managed, controlled and protected.
- Subject Access Request (SARs) processes have been updated to incorporate GDPR requirements and advertised through the Council's website, including the removal of charges. A performance report shows that all 23 SARS received in 2018/19 were responded to within 20 days, therefore meeting the new GDPR requirement.
- The data breach process has been updated in line with GDPR and communicated, helping to ensure data breaches are promptly investigated and disclosed. A review of the personal data breach log found 21 minor breaches listed, each recording details, risk assessment and measures taken. None were significant enough to need reporting to the Information Commissioner's Office (ICO).

- The risk of loss of information is logged on the Corporate Risk Register, the narrative of which incorporates inappropriate access or use, hacking, fraud, use of mobile technology, and the introduction of GDPR. The risk is currently scored as 12. Actions are set out to address the risk including policy update, raising staff awareness and GDPR training, SIRO reports, GCSX compliance, article 30 work, and IAO training to work towards a target score of eight.
- Evidence was seen of extensive communication of data protection and GDPR matters to staff. 'Introduction to GDPR' e-learning training has been provided, and training records show that all staff except those absent or very recent starters have passed this. Good staff understanding reduces the risk of data protection issues arising.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'needs attention' recommendations have been made.

Record of Processing Activity

- The legal basis for holding all information assets to be reviewed to fit the categories of consent, contract, compliance with a legal obligation, vital interests, public interest, official authority, or legitimate interests, reducing the risk of non-compliance with GDPR.

Personal Data

- The IAA and FOI Officer roles be drawn together and the expectations of these role-holders in respect of promoting data protection be clearly defined, helping to embed a culture of data protection and reducing the risk of issues and incidents arising.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

This area had not been audited previously.

Assurance Review of the Payroll and Human Resources (HR) Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies and procedures	0	0	1	0
Legislative requirements	0	0	0	1
Changes to payroll records	0	0	1	0
Sickness absence	0	1	2	0
Officers' expenses	0	1	1	1
DBS checks	0	1	0	0
Total	0	3	5	2

No recommendations were raised in relation to starters and leavers.

SCOPE

The audit consisted of a regular review of payroll controls and additional testing relating to HR. Payroll controls tested included policies and procedures, legislative requirements, starters and leavers, changes to payroll records, pension contributions, reconciliations and payroll processing. HR testing focused on sickness absence, officers' expenses, DBS checks and staff appraisals.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and five 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised two 'operational effectiveness matters', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
- The previous audit of Payroll and Human Resources (NN/17/06) also concluded in a 'Reasonable' assurance opinion, indicating that there is no change in the level of control. The number of recommendations has increased from the previous one 'important' and three 'needs attention' recommendations, indicating that further improvements could be made to the controls.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Starters, leavers and changes are updated on the payroll in a timely manner and independently reviewed, to ensure that changes to payroll data are accurate.
- Monthly returns are submitted to HMRC to ensure compliance with legislative requirements.
- Various reports, including errors and exceptions and net pay variance, are run and checked as part of the monthly pay run, to ensure that changes to payroll are legitimate and accurate.
- The annual appraisal process is being reviewed and amended, in order to improve completion rates.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where three 'important' recommendations have been made.

Sickness absence

- All sickness absence triggers be recorded on the HR system as soon as they are identified, to reduce the risk of ineffective response to absences.

DBS checks

- Disclosure and Barring Service (DBS) checks be renewed in a timely manner, to reduce the risk of staff working without an up to date DBS check.

Officers' expenses

- Managers to be reminded of the requirement to complete annual driver eligibility checks for their staff, to reduce the risk of employees driving on behalf of the Council without adequate licence or insurance.

The audit has also highlighted the following areas where five 'needs attention' recommendations have been made.

Policies and procedures

- Payroll procedure notes are updated, to reduce the risk that key payroll tasks cannot be completed when key staff are absent.

Changes to payroll records

- Heads of Service to review the establishment report for their service on a quarterly basis, to reduce the risk of incorrect data remaining on the payroll system.

Sickness absence

- Managers to be reminded of the importance of returning paperwork relating to sickness absence to HR promptly, to reduce the risk of ineffective response to absences.
- An induction process for managers to be introduced, including training on absence management and staff appraisals, to reduce the risk of these processes being conducted inconsistently within the Council.

Officers' expenses

- Receipts be provided and retained for all expense claims, to reduce the risk of inappropriate or inaccurate repayment of expenses.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- Consideration be given to delaying monthly payments to the pension fund until closer to the deadline date, in order to improve the Council's cash flow and interest from investments.
- Consideration be given to expanding access to MyView to members and as many staff as possible. This will reduce the number of paper forms received and allow more efficient absence recording and submission of expenses.

Previous audit recommendations

The previous audit of Payroll and Human Resources (NN/17/06) concluded in a 'Reasonable' assurance opinion, having raised one 'important' and three 'needs attention' recommendations. All of these recommendations have since been confirmed as implemented. The important recommendation related to driver eligibility checks, an issue which has arisen again in this audit – see Recommendation 3.

Other points noted

Appraisal completion rates are variable, with some teams having particularly poor response rates. The Council has reviewed the appraisal process and a new process is being implemented from September 2019.