MOLE VALLEY DISTRICT COUNCIL

Internal Audit Progress Report

Audit Committee presented to

08 March 2018

RSM

CONTENTS

1 INTRODUCTION

The internal audit plan for 2017/18 was approved by the Audit Committee in June 2017. This report provides a summary update on progress against that plan and summarises the results of our work to date.

2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

We have finalised the following reports since the last meeting of the Audit Committee:

Assignments	Opinion issued	Actions agreed		
		H	M	L
2017/18 internal audit reports				
Casual Payments and Member Expenses (4.17/18)	**Partial Assurance**	0	5	1
Background to review: Management requested a review of payroll input devolved outside Human Resources in respect of Casual Payments and Member Expenses. Expenditure in these areas totalled £178K in the first 6 months of 2017/18.				
Data Quality (7.17/18)	**Reasonable Assurance**	0	1	4
Background to review: The objective of the audit was to ensure the Council provides reliable performance management reporting. Twenty one indicators are reported to the Executive as part of the Business and Budget reports. In addition, a set of sixteen indicators have been agreed to be reported to the Statutory Responsibilities Network (SRN).				
Complaints (8.17/18)	**Substantial Assurance**	0	0	1
Background to review: In 2016/2017 Mole Valley Council had a total of 26 stage 1 complaints and 8 stage 2 complaints. Compared to the previous year (15/16) there was a 28% decline across stage 1 and 56% decline across stage 2. 15% of stage 1 complaints were upheld, and 12% of stage 2 complaints were upheld. Of those formal complaints that were received in 2016/2017, the council had a 97% acknowledgement rate within the 3 days target and 91% response rate within 10 working days. Overall in 2016/17 4 complaints were escalated through to the Ombudsman and there was only one case where the Ombudsman found in favour of the complainant.				
Main Accounting (9.17/18)	**Substantial Assurance**	0	0	1
Background to review: The objective of the review was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion and evidence on which external audit can rely in forming their opinion.				
Disabled Facilities Grant (10.17/18)	**N/a - Advisory**	2	4	3
Background to review: Disabled facilities grants (DFGs) are grants provided by local authorities to help meet the cost of adapting a property for the needs of a disabled person. The maximum grant payable under a DFG is £30,000 and is means tested. Mole Valley's budgeted pot for Grant allocation in 2017/18 is £665K.				
Corporate Governance (11.17/18)	**Substantial Assurance**	0	1	2
Background to review: The Accounts and Audit Regulations 2011 require the Council to prepare and publish annually a statement on the adequacy of its internal control and governance framework. This is known as the Annual Governance Statement (AGS). The Council's annual statement of Corporate Governance specifically considers the extent to which the authority complies with the principles and elements of good governance set out in the Good Governance Framework authored by CIPFA / SOLACE. This review examined evidence that the organisation continues to have sound corporate governance arrangements and reviews its assessments at least annually.				

Assignments	Opinion issued	Actions agreed		
		H	M	L
Risk Management (12.17/18)	**Substantial Assurance**	**0**	**1**	**1**

Background to review:
This audit sought to provide assurance to management and Members that the risk management policy has been complied with during 2017/18.

The Executive Summaries and Key Findings of the assignments are appended to this progress report.

3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2017/18	Status
Contract Management	July 2017	Fieldwork in progress
Asset Investment Strategy	September 2017	Initially deferred by management until after November 2017 to allow Council to further consider its strategy in this area. Now suggested for March 2018
IT Audit	November 2017	Deferred to 2018/19 as independent consultants have completed a review instead.
Payroll	December 2017	Start date 23 February 2018
Management of Joint Ventures	March 2018	Brought forward as the Asset investment review was deferred. Fieldwork completed, undergoing quality review
Follow Up	Throughout the year	Ongoing
Community Grants	Addition to plan	As reported previously to Audit Committee, to replace property maintenance. Scope issued and audit work in progress.

4 OTHER MATTERS

4.1 Changes to the audit plan

As noted above there have been a number of minor changes to the timing of reviews to take account of operational pressures on management time at the Council. The only change to the content of the plan is a request to defer the planned review of IT as the Council has recently received a review from some independent consultant.

FOR FURTHER INFORMATION CONTACT

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APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Reports previously seen by the Audit Committee and included for information purposes only:

Assignment	Opinion issued	Actions agreed		
		H	M	L
Planning & Development (1.17/18)	Reasonable Assurance	0	2	0
Financial Management (2.17/18)	Substantial Assurance	0	0	0
Local Plan (3.17/18)	Substantial Assurance	0	0	0
Revenues (5.17/18)	Reasonable Assurance	0	2	1
Benefits (6.17/18)	Substantial Assurance	0	1	0

APPENDIX B: INTERNAL AUDIT ASSIGNMENTS COMPLETED SINCE LAST MEETING

Assignment: Casual Payments and Member Expenses (4.17/18)	Opinion:	Partial

The key findings from this review are as follows:

The Council's payroll system is iTrent. Human Resources are responsible for administering the system including input relating to pay. The Council's external payroll provider MHR is also responsible for some areas of payroll input. Early in 2017 part of the input of ad hoc payments for certain services was devolved to the services. Fast Track input screens were set up, specific to these services, for the input of casual staff hours, overtime and Member expenses. Managers were given limited input access to iTrent for Fast Track. The benefits of this are that the additional input by Human Resources on the basis of what the services request is no longer required and the managers in each service are able to provide a reasonable check on input which Human Resources are unable to provide.

This review has identified weaknesses in the design of the systems in use in some of these services, as set out below. There is a lack of audit trail and separation of duties. Audit was unable in some instances to verify some of the payments made on iTrent.

In relation to both Parking and Dorking Halls, we have raised a **Medium** action for Human Resources to provide guidance to the services on providing an audit trail and separation of duties for their inputIn addition, the managers are unable to see what they have previously input by Fast Track each month, creating risks of incorrect payment. We have raised a **Medium** action for Human Resources to explore whether the functionality to view previous input can be given to the Fast Track managers.

Parking

There is no standard method for Civil Enforcement Officers (CEOs) to claim overtime. The Parking Manager checks claims for reasonableness and against the Si-Dem system, which is an automated log of activity recorded on each CEO's handheld device. However there is no record of this and no audit trail. Overtime hours are input as a total figure for the month, making it difficult to establish which days' overtime are included in this. In our testing, we were unable to verify iTrent payments from the Si-Dem reports with which we were provided.We have raised a **Medium** action to create a form to provide an audit trail in this respect..

In addition, CEOs are entitled to a flat £10 fee if they are required to deal with telephone enquiries in the absence of a supervisor or manager. There is no clear audit trail for these payments. We have raised a **Medium** action for the development of a formal audit trail to request and approve these.

Dorking Halls

Casual staff and staff overtime are paid on the basis of the times recorded in the Eposnow system which staff log into and out of for each shift. From July 2017, a new Customer Experience Manager introduced an improved audit trail. We tested a sample of casual staff payments and found differences between the Eposnow log and iTrent for two members of staff paid before July 2017. We have raised a **Medium** action relating to the duplicate entries on the Eposnow system and a **Low** action to establish a policy on pay and overtime for staff.

Community Transport

Community Transport casual drivers complete a weekly timesheet for the hours they have worked. This is checked by the Community Transport Manager to the Flexirate system, which logs the movements of the community buses. We tested the timesheets of a sample of four drivers for one month covering the period before the current manager was in post. We found the timesheets signed by the employee and agreed the timesheet hours to the hours paid on iTrent.

Telecare

Telecare casual and overtime pay are claimed through iTrent by the employee and entered per day. The CSS Telecare Supervisor checks these against the rota, which is updated as changes are made to staff working, before approving the hours on iTrent. She records this in the rota. We confirmed for a sample of 9 shifts that these were paid correctly on iTrent, apart from one hour less than the rota being claimed by the employee in one case which the CSS Telecare Supervisor has taken up with the employee to establish a reason for this.

Member Expenses

Member expenses are paid on the basis of a claim form with any relevant supporting documentation. Attendance at meetings are checked by Democratic Services against meeting minutes and input is recorded. We sampled all travel claims in the year to the date of audit and found mileages and one train fare claim had been checked and paid correctly in iTrent.

Action	Date	Responsible Officer
The Transactional HR & Systems Development Manager will draw up guidance for departments who are responsible for input of overtime or casual hours directly into iTrent, to ensure separation of duties and an audit trail is maintained which shows clearly what was claimed, what checks to source data systems were carried out, input for each day of overtime or pay is done separately and it is possible to trace from payments on iTrent to the dates worked and input.	21 February 2018	Sue Scott - Transactional HR and Systems Development Manager
The Parking Manager will ask Civil Enforcement Officers to submit overtime claims in a standard form. He will develop a low resource method of recording what has been checked and input to iTrent. He will request from Human Resources whether the facility to see previous input of overtime can be provided to him. (Medium)	30 November 2017	Steve Doyle - Parking Services Manager
Transactional HR & Systems Development Manager will investigate whether the functionality for managers to view their Fast Track input in iTrent can be provided. (Medium)	21 February 2018	Sue Scott - Transactional HR and Systems Development Manager
The Parking Manager will ask Civil Enforcement Officers to submit claims for the ad hoc £10 payment in a standard form. He will develop a low resource method of recording what has been checked and input to iTrent. (Medium)	30 November 2017	Steve Doyle - Parking Services Manager

The Dorking Halls General Manager will raise the issue of a duplicated entry for the same day with the provider of the Eposnow software. (Medium)	31 December 2017	Keith Garrow - Dorking Halls Manager
The Dorking Halls General Manager will decide a policy on pay and overtime for staff regarding whether pay is according to the exact time of logging on and off the Eposnow system or according to shift times. A record of decisions in the daily timesheet will be introduced for decisions by the Duty Manager where there is a reason to differ from the normal practice. (Low)	31 December 2017	Keith Garrow - Dorking Halls Manager

Assignment: Data Quality (7.17/18)	**Opinion**:	Reasonable

The key findings from this review are as follows:

Major planning applications

All major planning applications have the target of being processed within the statutory determination period of 13 weeks. The Council uses the APAS management system to monitor and process all major planning applications, with key dates for the receipt of the application and the completion of process to be clearly stated. The Planning Support Manager creates the Key Performance Indicator based on figures provided by APAS and submits them via ExecView.

As part of our audit testing, we reviewed a sample of ten applications to confirm that key dates on the source documentation corresponded to key dates on APAS. We have raised two 'low' priority management actions with regards to major planning applications:

- In one case, we could not verify that the dates on APAS reconciled to the source documentation. In this case (MO/2016/1968), we confirmed that an extension was added to the original application and this figure was not appropriately reflected on APAS. In addition, we could not verify that any source documentation was in place. By failing to retain source documentation and not inputting the accurate date the application was closed on APAS, there is a risk that figures reported in the Business Management Status report are inaccurate. **(Low)**

- For June 2017, we confirmed that there were six major planning applications processed on APAS but only four major applications reported on ExecView. Following discussion with officers, we confirmed that these applications were processed as 'minor' applications when they should have been 'majors'. Accordingly, by failing to report the actual number of major applications in ExecView that have been processed through APAS, there is a risk that KPI figures presented within the Business Management Status Report are inaccurate. **(Low)**

Instances of homelessness prevented

The Housing team records the instances of homelessness that have been prevented on a monthly basis at the Council. Each homelessness case is documented and monitored on the Atrium Housing management system, which provides an information trail supporting each case. The Housing Options Manager updates the system with closing dates as and when each homelessness case is closed. This total figure is submitted to ExecView as the monthly Key Performance Indicator.

As part of our review, we sampled 15 cases in which homelessness was prevented across three different months (April 2017, July 2017, September 2017) to confirm whether supporting documentation was in place. We have raised one 'low' priority management action with regards to homelessness prevention:

- With regards to homelessness prevention, in four cases we could not confirm that a letter for the prevention of homelessness was sent to the applicant to conclude the case. In addition, in two cases we could not confirm that the manager had verified to confirm that the case should be closed. The Housing Options Manager should perform a review and give final approval in each case in those instances where homelessness is deemed to be prevented. In most cases, a letter for the prevention of homelessness should be sent to the applicant to finalise the homelessness application. **(Low)**

Households in temporary accommodation

We confirmed that the Housing team records the total number of households in temporary accommodation at any one time and submits this on a monthly basis to ExecView as a Key Performance Indicator. Temporary accommodation cases are also documented and monitored via Atrium.

We have raised one 'medium' priority management action with regards to households in temporary accommodation:

- We confirmed via discussion with the Housing Options Manager, that there is currently no audit trail in place to verify that the number of households in temporary accommodation for a sample of months within 2017, as reported to the SRN, is accurate. We confirmed that screenshots or reports of this total figure is not saved at the end of each month to act as an evidence document. Accordingly, we cannot provide assurance over the accuracy of figures reported. **(Medium)**

In addition, we raised one 'low' priority management action in relation to all three KPIs tested:

- We confirmed that no official process notes were in place to act as a guidance document for the processing of the three KPIs. In line with best practice, process notes should be in place to ensure that key tasks, such as the production of key performance indicators, can be undertaken by any member of staff on the Planning or Housing team. Failure to have process notes may place a reliance on one member of staff and compromise succession planning, consistency and resilience going forward. **(Low)**

We have also identified the following examples of sound design and application and compliance of the control framework:

- We confirmed that a Data Quality Policy is in place at the Council and accessible on the Council website. This policy was approved in February 2015 and details key areas in the management of data quality at the Council.

- We performed a review over ExecView, confirming that Senior Managers communicate their monthly performance figures to the Risk Management and Performance Manager and that the Council's KPIs are measured against monthly or annual targets.

- Key Performance Indicators are presented as part of the Business and Budget monitoring reports to Executive, or are reported to the Statutory Responsibilities Network (SRN) and then on to Members, where necessary.

Action	Date	Responsible Officer
In cases where an extension is agreed to the 13-week planning application process, development managers must verify that source documentation agrees to APAS before the final KPI figure is signed off. (Low)	01 April 2018	Brenda Rogers - Planning Support Manager
The Deputy Planning Support Manager will produce the initial report, checking the accuracy of the information recorded in APAS. The Planning Support Manager will perform a review over major/minor applications on a monthly basis prior to submission to ExecView. Numbers between APAS and ExecView should reconcile prior to submission. (Low)	01 April 2018	Brenda Rogers - Planning Support Manager
Management will ensure that process notes are put in place for the production of Key Performance Indicators. Process notes will be stored on an accessible shared drive. (Low)	01 February 2018	Brenda Rogers - Planning Support Manager Kirsty Jones - Housing Options Manager
In those cases where necessary and possible, management will ensure that a letter for the prevention of homelessness is communicated to the applicant to conclude the case. (Low)	01 January 2018	Kirsty Jones - Housing Options Manager
In line with Government's introduction of the new H-Clic data return, which is due to replace the Council's current P1Edataset, an audit trail will be retained and accessible within the H-Clic system. The names of all individuals in temporary accommodation at the time of KPI reporting will be recorded as audit evidence. This is due for rollout in April 2018. (Medium)	01 October 2018	Kirsty Jones - Housing Options Manager

Assignment: Complaints (8.17/18)	**Opinion**:	Substantial
The key findings from this review are as follows: **Area for Improvement** • The complaints officer keeps a detailed log (within an excel spreadsheet) of all complaints that records information including the complainants name, the stage of the complaint, the dispute area, the result and any area for improvements or actions required. The log does not include the name of the person responsible for managing the specific stage 2 complaint. The council will include this information moving forward. **(Low)**		

Well Designed Controls Effectively Applied

- Mole Valley Council has a set complaints policy that is published on the council's website and available for local residents to review. The complaints policy is updated every two years and includes information detailing the different stages of the complaints process and the councils time of acknowledgement and response.

  For stage 1 and 2 complaints this is currently three working days for acknowledgement and 10 working days for a response.

- Details of how to submit a complaint are available for residents on the council's website. This includes a telephone number to make direct contact with the complaints team and an official complaints form. Information is also provided on the customer care program on the website.

- All new staff receive guidance on customer care and the complaints process as part of their induction training. In addition, the council has an ongoing programme of customer care training in place. We examined evidence to confirm that the last training took place in January 2017 and to date the course has been attended by 184 members of staff from 23 service areas.

- The complaints log provides a complete audit trail of the complaint resolution including the date it was received, acknowledged and responded to. For a sample of 10 complaints 9 were acknowledged and responded to in accordance with the council's policy. There was one exception, however, this related to a complaint where the council was seeking internal legal advice. The complainant was contacted within the required time and notified of the delay. A three working day extension was approved and a full response was then sent two working days later.

- Where the Ombudsman had found in favour of the complainant and made action recommendations, these actions were kept on file in the log against the corresponding complaint. We confirmed that the details of this complaint were then outlined in the Annual Complaints Report under a separate section specifically titled Ombudsman.

- Our testing confirmed that reoccurring trends in complaints are tracked and discussed in the bimonthly Statutory Responsibility Network Meeting. Actions are raised to address areas of reoccurring concern for the residents in the council and the head of service/ management team takes an active role in monitoring these areas of dispute in order to ensure that mitigating actions are being taken.

- The council publishes an Annual Complaints Report that is available on the website for local residents to review. The report is reviewed by the Scrutiny Committee annually. We confirmed that the report includes key statistics on both formal and informal complaint numbers, acknowledgement and response times. Details of trends in complaints across different business areas are outlined over the last three years, and where trends are materially significant they are explained. The complaints report includes a section outlining, in detail, any cases that the Ombudsman found in favour of the complainant and where applicable, any compensation that was paid.

Action	Date	Responsible Officer
The Chief Executive assigns a manager to all complaints that are escalated to stage 2. It is recommended that the complaints officer records the name of this manager in the complaints log for ease of reference. (Low)	01/12/2017	Louise Bircher - Customer Care Manager

Assignment: Main Accounting (9.17/18)	**Opinion**:	Substantial

The key findings from this review are as follows:

- We confirmed that there is no procedural guidance in place for the posting of journals. For the purposes of business continuity, we would advise that the Council introduces procedure notes for the posting of journals, which clearly document the authority limit and approval process. Failure to have documented procedural guidance may mean that members of the Accounts Team are uncertain of how to perform key tasks or do not have the formal document to use as a reference point. **(Low)**

Examples of well-designed controls being applied effectively

- We performed a walkthrough with a Senior Accountant to confirm that one-sided or unbalanced journals cannot be posted to the general ledger via Integra.

- Our sample of three key systems feeder reconciliations found that these were satisfactorily evidenced during the course of the year, prepared by one member of the Accounts Team and reviewed by the Accounts Manager. This evidenced a segregation of duties.

- Our testing of ten journals confirmed that a satisfactory management trail exists to support journals posted within the ledger. All journals of a value greater than £25,000 must be reviewed by a separate officer before being posted to the general ledger. All journals balanced to nil and all journals with a total transaction value of over £25,000 were reviewed or a separate senior accountant.

- We confirmed that the single suspense account is regularly monitored and cleared. We confirmed that there is a nil balance or a balance of immaterial value at the end of each period for 2017/18 from period 1 (April) to period 9 (December). There was a nil balance at the end of 2016/17.

- We reviewed the month end closure checklist for a sample of three months (October, November and December 2017) confirming that they were complete and documented appropriately. We reviewed key tasks within the month end closure checklist, including the consolidation report, period end update and control report.

- We reviewed the year-end processes report for 2016/17, confirming that it was appropriately documented and complete with signatures and dates of responsible owners. Following our review, we confirmed that the full list of year-end closure tasks was completed in a timely manner on 13 April 2017.

- Documentation was reviewed to confirm that opening year balances for 2017/18 corresponded to closing balances as per the 2016/17 final accounts. We reviewed both reports and performed a walkthrough of the Integra system alongside the Chief Accountant, confirming opening values for a sample of ten accounts were accurate as per 2016/17 closing balances. Email evidence sent by the Systems Accountant to all members of the Accounts Team to confirm the accuracy of figures was reviewed.

- Access to the ledger is prescribed according to predefined access profiles set by the system administrator. We confirmed via walkthrough on the Integra system with the Systems Accountant that password-based restrictions are in place.

- For a sample of ten members of staff employed at the Council in 2017/18 who have access to Integra, we confirmed that in each case their access level was appropriate for their role.

- We tested a sample of five monthly bank reconciliations to cover the period July - November 2017. We found that reconciliations were completed appropriately, in a timely manner and were subject to adequate preparation and review on the Accounts Team.

Action	Date	Responsible Officer
Management will introduce procedural guidance over the posting of journals and will make specific reference to journal authority limits and the approval process. In line with best practice and for the purposes of business continuity, we would advise that the Council introduces procedure notes for the posting of journals which clearly documents authority limits within the Integra system. For example, only those journals of total value greater than £25,000 are to be subject to secondary review / approval. (Low)	01 March 2018	Simon Kay - Chief Accountant

Assignment: Disabled Facilities Grant (10.17/18)	**Opinion**:	Advisory

The key findings from this review are as follows:

We have raised two **'high'**, three **'medium'** and four **'low'** priority actions in relation to this audit. The actions relate to:

In discussion with a representative of IHS it was agreed that controls will be improved further by ensuring that only nominated senior officers within IHS can forward approved contractor's invoices onto MVDC for payment, thereby ensuring that sufficient internal check and authorisation to proceed has occurred within IHS. MVDC will only approve payment once certification by a nominated authorised officer from IHS gas occurred. **(Low)**

The 2017/18 budget for DFG grant is reflected on the Council's Accounting ledger and totals £665K. Budget monitoring as at period 9 (Dec) indicates a spend to date of £491K. Commitments are not currently recorded on the accounting ledger although these are monitored on a separately recorded payments analysis spreadsheet maintained by the Compliance Team Leader, which at the time of the audit recorded commitments of £494K. (This high level of commitment reflects work in the pipeline, most of which will not be realised in the current Financial Year.) In order to ensure that the accounting ledger is fully informed commitments will in future be reflected and captured. **(Medium)**

Mole Valley's contracted relationship with IHS expired in 2014 and in this respect assurance that value for money is being obtained has not been market tested for some considerable time. We understand that this service will be offered for contracted tender once more in of 2018/19 **(High)**

IHS provide the technical drawings for proposed works and oversee all the works done on properties using one or more of their listed and vetted contractors. IHS currently maintain two proposed routes for appointing a contractor to undertake specified works. A significant number of low cost jobs (<£10K) are covered by a schedule of rates

framework contract with a list of agreed suppliers. This arrangement was recently market tested by IHS and the framework was adopted in 2017. These suppliers are appointed in strict rotation and we verified evidence of this.

Alternatively, larger jobs are awarded through a full tendering process and invitations to tender are made to three suppliers from their approved list. From January 2018 IHS will be using an electronic tendering process (Tender wizard) and it is anticipated that this approach will reduce cost, increase efficiency, improve transparency and reduce risk associated with the tendering process. We note that suppliers on this approved list (for large contracts) have not been fully exposed to market testing and vetting for some considerable time and in this respect assurances that value for money is being received are weakened. We satisfactorily confirmed that four of the five works from our grant sample were undertaken by approved contractors from the IHS schedule. These were either appointed through a tendering process or on a rotation basis in accordance with the scheduled of rates works listing of contractors maintained. **(High)**

In respect of one of our sample (in receipt of a full £30K grant award) the client opted not to use one of the recommended contractors vetted by IHS but instead decided to undertake the work himself. (The grant was in respect of his disabled son). We understand that this client is a builder. However, there was no challenge or evidence on file to indicate that his qualifications to undertake the work were scrutinised. (Notwithstanding this, we note that to date £25K of this particular grant has been paid for work completed to an adequate standard). Going forward we have agreed approved controls for such occurrences. **(Medium)**

On a point of observation we note that for larger jobs such as extensions additional 'Building Control' visits will occur to sign off the works against Building Regulations. There is merit going forward in ensuring that evidence of such sign off by the Building control team is also obtained prior to making payment to the contractor. **(Low)**

There is scope to improve MVDC management monitoring information of payments made against grant awarded. In particular, by recording the name of the contractor paid and the type of job undertaken aggregated future analysis will identify average values for 'types' of job and will identify those contractors most often used. This analysis could in future be used to monitor and challenge value for money assumptions and provide further assurance going forward **(Low)**

We note that target times for job completions are neither recorded in IHS or MVDC systems. The absence of time targets for works weakens the governance and quality assurances. We would expect minor works to be completed within 3 months of grant award and major works to be completed within 6 months. **(Medium)**

Performance monitoring is currently fragmented and occurs by way of regular meetings with the IHS team to identify jobs in progress and highlighting controls checks required and gaps going forward. In addition, monitoring of expenditure, budgets and transaction numbers occurs via the grant award management spreadsheets maintained within the DFG Team. There is however scope to consolidate performance monitoring and reporting and in this respect, we have agreed actions with officers going forward. **(Medium)**

Notwithstanding the above, we have noted the following examples of well designed and applied controls:

We satisfactorily confirmed that information regarding DFG is publicly available on the Council's website and includes

o   The legislative background to the grant;
o   The application process;
o   Eligibility criteria and the means tested financial assessment involved;
o   Expected timescales for progression;
o   Key links to supporting partners that administer the process

We selected five grant cases totalling £77K. In respect of our sample we confirmed that

o   All applications were supported by an O/T report;
o   Means tested data was correctly input to the Ferret system to provide a consistent grant calculation;
o   The grant allocation was authorised by MVDC and a letter of grant award was sent to the applicant;
o   All subsequent grant payments against this award (to the contractor) followed on from site visits by IHS to confirm the quality of work against the specification drawn up at the outset.

The IHS administration fee was correctly applied

Action	Date	Responsible Officer
In discussion with a representative of IHS it was agreed that controls will be improved further by ensuring that only nominated senior officers within IHS can forward approved contractors invoices onto MVDC for payment, thereby ensuring that sufficient internal check and authorisation to proceed has occurred within IHS. MVDC will only approve payment once certification by a nominated authorised officer from IHS has occurred. (Low)	1st April 2018	A Rendle Independent Homes Solutions/ S Butcher-Collier
DFG Committed expenditure will be recorded within the Council's accounting ledger. Continued close monitoring of the high levels of commitments and payments anticipated before the year end are required to ensure that the annual budget is not exceeded. (Medium)	31 March 2018	S Butcher-Collier - Environmental Health Team Leader
Mole Valley's contracted relationship with its DFG service provider will be offered for contracted tender once more in Q1 of 2018/19. (High)	31 March 2019	D Hine - Strategic Partnership Manager (Environmental Health)
In order to demonstrate value for money the full listing of IHS approved suppliers must be market tested and vetted on a regular basis (at least once every 3 years). These arrangements must be commensurate with MVDC's own contract standing orders. (High)	30 June 2018	A Rendle - Independent Homes Solutions
Where the client opts not to use one of the recommended contractors vetted by IHS but instead decides to undertake the work themselves a further level of vetting will take place to challenge the qualifications of the client to successfully complete the work. (Medium)	1st April 2018	A Rendle - Independent Homes Solutions
There is scope to improve MVDC management monitoring information of payments made against grant awarded. In particular, officers will record the name of the contractor paid and the type of job undertaken so that aggregated future analysis will identify average values for 'types' of job and will record those contractors most often used. This analysis will in future be used to monitor and challenge value for money assumptions and provide additional assurance going forward. (Low)	1st April 2018	S Butcher-Collier - Environmental Health Team Leader
Going forward Mole Valley Officers together with IHS will monitor work turnaround times to ensure clients are receiving quality service from contractors. (Medium)	30 June 2018	A Rendle - Independent Homes

		Solutions / S Butcher-Collier
On large jobs subject to Building Control Regulations additional assurance will be sought to ensure Building Control Approval has been given to the works undertaken. (Low)	31 March 2018	A Rendle - Independent Homes Solutions
On a quarterly basis, indicators will report on the following: o Average job costs / Types of Job Numbers of grant applications o Grant application turnaround times o Work completion times from date of Grant award o Use of contractors o Expenditure/Commitments/ Budget (Medium)	1st April 2018	S Butcher-Collier - Environmental Health Team Leader

Assignment: Corporate Governance (11.17/18)	**Opinion**:	Substantial
The key findings from this review are as follows: We have raised one **'medium'** and two **'low'** priority management actions. Details relating to the **'low'** priority management actions can be found at section 2 below. The **'medium'** action relates to the absence of aggregated reporting on compliance to the Corporate Performance Development Review (PDR) process for the period covered by the 2016/17 AGS. The absence of evidence of compliance to the PDR system weakens those assurances within the AGS that refers to the development of leadership and individuals within the organisation (Principle E). Notwithstanding the above we noted the following examples of well designed and applied controls: The Council's Corporate Strategy is the public statement of the action that it will take to maintain and improve the economic, social and environmental prosperity of the borough. The strategy is underpinned by a vision and key principles (sustainability, cost effectiveness and openness), with overall objectives set for five years (2015-20). The Corporate Strategy shapes the work of Mole Valley District Council and sets out its corporate priorities in three areas: o   The Environment o   Prosperity o   Community Wellbeing A portfolio of projects and performance indicators (PI's) have been developed to manage, monitor and report progress being made on delivering the priorities set out in the Corporate Strategy. We satisfactorily verified that performance reports containing these outcomes are made to the Council's Executive. Within reports made to the Executive we confirmed that narrative provides contextual analysis of performance and specific commentary on slippage or poor performance and where appropriate planned remedial action. In addition, we satisfactorily verified the monitoring and reporting of operational PI's to the Statutory Responsibilities Network (SRN). We verified that annual departmental business plans are prepared to a set template and represent a consolidated and comprehensive piece of documentation that fully considers the remit, objectives, and challenges faced.

The annual statement of corporate governance is approved and signed by the Chief Executive and the Leader of the Council. It is set out in accordance with the CIPFA / SOLACE framework and key elements of corporate governance have been listed and considered. In particular, narrative and reference to supporting evidence makes specific comment on the following assurances:

o   objective setting / strategic vision
o   budget monitoring / quality of service / VFM
o   councillor / officer roles and responsibilities/ / schemes of delegation
o   risk management and scrutiny processes
o   HR communication / codes of conduct / standards.

Furthermore, a self-assessment against the CIPFA /SOLACE principles has provided a gap analysis and action plan for development going forward. Satisfactory monitoring of progress against this plan was last reported to the SRN in November 2017.

Overall the changes between the 2007 and 2016 CIPFA guidance are subtle but there is a slightly increased emphasis on sustainability, transparency and demonstrating that effective decision making and intervention are adding value. In response to these changes a refreshed 'MVDC Framework' of corporate Governance has been prepared by officers. This drafted framework is clearly structured in such a way as to consider how as an organisation those governance processes and controls that currently exist address the requirements of the 7 principles of good governance as defined in the 2016 guidance.

In addition to this specific piece of governance work we have also undertaken two other reviews during 2017/18 that provide evidence of good corporate governance. These related to complaints monitoring and data quality (within reported PI's).

Action	Date	Responsible Officer
Following on from each Annual Council Meeting when members are appointed to AIWG and the Planning Development Control Committee members will be reminded that any possible conflicts of interest which may arise must be publicly declared. (Low)	01 April 2018	N Gray - Deputy Chief Executive
Work will be undertaken to review the 'Sustainable MVDC' web page to provide update and revision to ensure that current work streams in this area are accurately reflected on the Council's website. (Low)	01 April 2018	J Lambe - Recycling and Sustainability Manager
Reporting of compliance and completion of the 2017/18 PDR process across all staff within the organisation will occur in 2018/19. (Medium)	30 Sept 2018	K Ivackovic - Strategic HR and OD Manager

Assignment: Risk Management (12.17/18)	**Opinion**:	Substantial

We have raised one **'medium'** and one **'low'** priority management actions.

- The Risk Management Policy states that 'It is imperative that, as part of the process of setting up partnerships, that relevant risks are identified, shared and a risk management plan agreed.' There is currently no joint risk register in respect of planned Joint Environmental Health Services. This register is particularly merited at the outset of providing joint services with neighbouring authorities to ensure that emerging risks are documented to evidence effective management and mitigation going forward **(Medium)**

- In respect of project risk, each project should have its own risk register containing information on all of the identified threats and opportunities facing the project. The MVDC Project Management Toolkit includes a Risk Register template. We sampled 2 projects and could not confirm the use of a live and up to date project risk register to provide evidence of on-going risk management.

  The absence of updated and documented risk management processes weakens governance assurances that projects will be delivered at the required time, budget and quality. **(Low)**

Notwithstanding the above we noted the following examples of well-designed and applied controls:

- Key risks are considered by senior officers and members are informed of any changes to the strategic risk profile through portfolio briefings and on an annual basis at the Audit Committee.

- The Risk Management Policy is reviewed and approved by the Executive Committee. The policy sets out the processes, responsibilities and reporting structures for managing risk. The Policy was agreed by the Executive on 31 March 2015. Recommendations made in the Annual Risk Management report to Audit Committee in March 2017 have been incorporated into the Policy. The policy is scheduled for review on a four yearly basis.

- Strategic risks are clearly reported and recorded in accordance with the requirements of the Risk Management Policy. Mitigating controls are described in detail and the level of consideration described would indicate that risk management is adequately evidenced. We satisfactorily confirmed that Service Units are reviewing and updating their risk registers on a quarterly basis. Risk management is routinely discussed by the Strategic Responsibilities Network made up of senior officers on a six weekly basis.

- There are 22 service areas currently reporting through to five Corporate Heads of Service. At the time of audit there are 154 risks recorded across the Service Registers. All registers are clearly formatted to comply with the requirements set out in the Risk Management Policy. Our examination of a sample of ten risks found good evidence that the considerations recorded in respect of impact, likelihood and mitigating control were detailed and up to date.

- There is a prescribed risk assurance framework and we satisfactorily verified that an up to date detailed assessment and gap analysis has been undertaken, to evaluate the adequacy of controls, in respect of key strategic risks, in compliance with Policy. This framework adds tangible value to governance and risk management arrangements within the organisation.

- Risk consideration is clearly factored into the 2017/18 Business Service Planning Book and is recorded primarily in each service's annual assessment of the challenges and opportunities ahead.

Action	Date	Responsible Officer
Work is scheduled for officers to produce a risk register in respect of the 'Joint' Environmental Health Service. This register is particularly required at the outset of the process of providing joint services with neighbouring authorities to ensure that emerging risk are documented to evidence effective management and mitigation going forward. (Medium)	June 2018	D Hine - Strategic Partnership Manager (Environmental Health)
Work is on-going by the Risk Management and Performance Team to canvass and support live projects and relevant lead officers to ensure that active project risk registers are maintained in accordance with the MVDC risk management policy. In this respect all lead officers will be contacted and their registers reviewed on a six monthly basis going forward. (Low)	Sep 2018	C Goulden - Senior Policy and Performance Officer