

Definition of Levels of Assurance

Level	Evaluation opinion	Testing opinion
Full assurance	There is a sound system of control designed to achieve the system objective.	The controls are being consistently applied.
Substantial assurance	While there is a basically sound system, there are weaknesses that put some of the system's objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system's objectives at risk.
Limited assurance	Weaknesses in the system of controls are such as to put the system's objectives at risk.	The level of non-compliance puts the system's objectives at risk.
No assurance	Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

**Summary of Audits completed during Quarter 1
April - June 2010**

Appendix 1

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Commercial Property Management	Corporate Support Services	<p>Substantial Assurance The systems for commercial property management are generally operating satisfactorily. The backlog of lease renewals and rent reviews highlighted at the last audit has been cleared and there has been an improvement in the monitoring of outstanding debts.</p>	<p>GVA holds sufficient and accurate data in relation to lease details in order that rental invoices are correctly raised; and the valuers excel spreadsheets include the information required for effective day to day property management. However, the acquisition of the property module of the asset register should be actively pursued so that all property data can be maintained on one system. The new system will also provide improved data security over excel spreadsheets.</p> <p>Outstanding debts are regularly monitored with assistance from finance and the legal section. Where possible, arrangements to pay are set up for arrears, as this is preferable to terminating the lease and having a vacant property to market.</p>
Housing Rent Collection and Arrears	Housing Services	<p>Substantial Assurance The systems for collecting housing rent income and reconciling income for all payments methods contain sound controls with an adequate level of documentation in place.</p>	<p>There are sound procedures in place for the calculation and collection of income. Housing benefits awarded are properly credited to tenant accounts and reconciliations are carried out regularly. Rent arrears are monitored and recovery action processes are in place. Write offs of rent arrears are properly documented and authorised.</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Countrycare	Planning and Economic Development	<p>Substantial Assurance The controls surrounding Countrycare activities are operating effectively. The introduction of a log for petrol taken for use in the powered machinery will enable management to monitor its usage.</p>	<p>The activities carried out by Countrycare contribute towards the achievement of the Councils 'green and unique' aims as set out in the Council Plan 2006-2010 and Community Strategy 2004-2021. The service also supports all five aims of priority 10 of the Essex Local Area Agreement (2008-2011): 'A well managed environment'.</p> <p>The systems and controls in relation to the purchase of goods and services, and the recording of stocks and inventories are carried out in accordance with Financial Regulations and good practice. Recording the usage of petrol by the powered machinery will enable monitoring to be carried out.</p>
Business Plans 2010/2011	Corporate	<p>Substantial Assurance Business plans are produced and submitted in accordance with guidelines. The audit noted that evidence of Portfolio Holder approval is not always retained.</p>	<p>The audit has found that the application of guidelines for business planning is satisfactory. Improvements have been identified where documentation has not been retained.</p>
Fleet Operations Income	Corporate Support Services	<p>Substantial Assurance The systems and controls for collecting and recording MOT and taxi inspection cash income at Langston Road depot are operating effectively.</p>	<p>The only source of cash income at the depot arises from MOTs and taxi inspections, which are charged according to a schedule of fees. All customers, other than the main car dealerships for whom sundry debtor invoices are raised, are required to pay by cash or cheque at the time of the MOT/inspection.</p>

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			<p>The cash and cheques collected for the week beginning Monday 22nd March 2010 was counted and checked to the daily reconciliation sheets and supporting documentation. The MOT income can be independently verified to the VOSA records, and the cab inspections to the licenses issued.</p>
Waste Management	Environment and Street Scene	<p>Limited Assurance Whilst the Waste Management Contracts are generally operated within Contract Standing Orders, some improvement areas were identified to ensure compliance with Financial Regulations, mainly relating to the need to retain all documentation for procurement exercises, and stock reconciliation.</p>	<p>There are generally sound procedures in place for monitoring of the Waste Management contract. However, the audit identified improvement areas to ensure compliance with Financial Regulations and sufficient document retention procedures are put in place.</p> <p>Stock records will be reconciled to the previous stock count.</p> <p>Payments to Sita are monitored however, Officers need to evidence checking procedures.</p>
Network Security	Finance and ICT	<p>Substantial Assurance As a result of the work carried out we can provide management with 'substantial assurance' regarding the system of internal control over corporate active directory and the physical and environmental controls at the two data centres.</p>	<p>A number of control weaknesses have been identified and therefore we have raised twelve Priority 2 and three Priority 3 recommendations to address these issues.</p>
Budgetary Control	Finance and ICT	<p>Substantial Assurance The financial regulation has set out clear policies and procedure notes, which must be</p>	<p>Control weaknesses have been identified and therefore three priority 2 recommendations have been made.</p>

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
		<p>complied with in respect of financial planning and budgetary control. While there is a reasonable adherence to the Council's financial regulation, we have identified a number of areas for development</p>	
Main Accounting System	Finance and ICT	<p>Substantial Assurance While there is a basically sound system, there are weaknesses that put some of the system's objectives at risk.</p>	<p>However, a small number of control weaknesses were identified in the following areas: Policies and Procedures, Journal Entries and Manual Adjustments, Year-end Procedures, and Reporting. Therefore we have raised four Priority 2 recommendations to further improve control in these areas.</p>
Procurement	Finance and ICT	<p>Substantial Assurance</p>	<p>Draft Deloitte report received and under discussion.</p>
ICT Procurement	Finance and ICT	<p>Substantial Assurance As a result of the work carried out we can provide management with 'substantial assurance' regarding the system of internal control over ICT Procurement.</p>	<p>Control weaknesses have been identified and therefore we have raised three Priority 2 recommendations to address these issues.</p>

OUTSTANDING PRIORITY 1 ACTIONS – STATUS AT QUARTER 1 2010/11

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
Estate Management	System and Database Consideration should be given to using a single database to capture all property management data. In this event GVA as the main system used in Estate Management, should be updated to include all relevant information to allow the system to be used to its full capacity for property, lease and rent management.	Principal Valuer and Estate Surveyor	Nov 2008	In progress	Follow up carried out Quarter 3 2009/10 A new asset register is being implemented which, in addition to fulfilling the requirements of International Financial Reporting Standards (IFRS) which are a requirement of local government from 2010/11 onwards, should also provide more management information in relation to assets, including data for monitoring performance. The possibility that this may be further enhanced if the property module is used to replace the existing estates management system should continue to be explored.
External Funding (Planning and Economic Development)*	Identification of External Funding The Planning and Economic Development Directorate should review its approach to the identification and pursuit of external funding opportunities, and increase the awareness of the external funding strategy amongst relevant staff.	Director of Planning and Economic Development	Dec 2008	In progress	To be followed up in 2010/11.

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
External Funding (Planning and Economic Development)*	Documentation and Accounting All new staff on externally funded projects should be issued with a contract of employment within 8 weeks of the start date.	Assistant Director (Human Resources)	Ongoing	In progress	To be followed up in 2010/11.
Building Maintenance Unit	Productivity Job allocations will be reviewed to ensure that an adequate number of jobs are allocated per operative per day. In addition a sample of overtime claim forms for emergency call outs should be verified by the Manager.	Assistant Director (Property)	June 2009	In progress	To be reviewed on completion of Depot reorganisation.
Contract Compliance	Contract documentation All contract documents will be retained in accordance with Contract Standing Order C24.	Direct of Environment and Street Scene	July 2009	In progress	Further advice given following 4 th quarter audit.
Reprographics	Value for Money In recognition of the under-utilisation of staff under the current arrangements, Management should review the role of the Print Section and the functions of the staff.	Director of Corporate Support Services	Dec 2009	In Progress	To be reported to a future meeting
Licensing	Licensing Administration Reconciliations should be carried out in a timely fashion by a Senior Independent Officer.	Assistant Director (Legal)	October 2009	In progress	To be included in 2010/2011 audit plan

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
Pest Control	Contract Monitoring Management should review and monitor performance on a regular basis, in line with the agreed contract terms.	Assistant Director of Environment & Street Scene (Environment and Neighbourhoods)	October 2009	In progress	To be included in 2010/2011 audit plan
Performance Indicators	Timely Submissions Directorates should be reminded to submit data in accordance with deadlines set by the Performance Improvement Unit.	Service Directors	January 2010	In progress	Some late submissions identified and Service Directors reminded again.
Performance Indicators	Data quality Directorates should be reminded that background data produced at the time should be retained to justify the calculation of Performance Indicators.	Service Directors	January 2010	In progress	Two indicators could not be verified, Service Directors reminded again.
Members Gifts and Hospitality	Registration of members' interests Members will be specifically reminded that they need to register all gifts and hospitality of over £25 within 28 days of receipt, and to include full details including the date, value and the nature of the gift/hospitality.	Assistant to the Chief Executive	Ongoing	In progress	Audit planned for 2nd quarter 2010/11.

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
Asset Management	Asset register (a) Assetmanager.net will be reconciled to the existing asset register to ensure it has been running correctly.	Assistant Director (Accountancy)	March 2010	In progress	Review in 1 st quarter 2010/11.

Follow up of Limited Assurance Audits

Appendix 3

Report Title	Directorate	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
Procurement	Finance/All	March 09	14		Completed	Deloitte draft report received and under discussion.
Building Maintenance Stores Stocktake	Works Unit	May 08	3	2	Completed	Although proper procedures were followed for the year end stocktake, the stock records for 2009/10 could not be relied upon. However, management have already put measures in place to ensure that stock is properly controlled and recorded, which should lead to a significant improvement in 2010/11.
Waste Management	Environment/ Street Scene	March 09	5	4	Completed	Whilst the Waste Management Contracts are generally operated within Contract Standing Orders, some improvement areas were identified to ensure compliance with Financial Regulations, mainly relating to the need to retain all documentation for procurement exercises, and stock reconciliation.
Data Security	Finance & ICT	Dec 08	10	6	Completed	Substantial assurance given.
Grants to Vol. Orgs.	Asst. to Chief Executive	June 08	15	13	Qtr 2	Remaining two actions currently being implemented
Commercial Property	Corp. Support	Jan 09	6	5	Qtr 4	One long term aim, acquisition of the property module – completion by March 2011
External Funding	Planning/ Ec. Dev'ment	Oct 08	8			Follow up audit in progress.

IT System logs	Finance & ICT	Sept 08	4		Completed	Transaction logs could be provided for six out of the 13 systems tested. The logs that were provided for the remaining systems were not as detailed and comprehensive as required. Assistant Head of Finance & ICT is currently reviewing the production of the logs.
Building Maintenance (Works Unit)	Housing	March 09	7		Qtr4	Subject to major review by Assistant Head of Housing
Travel and Subsistence	All	May 09	2		Qtr 2 2010/11	Errors from small sample, Directors reminded of need for greater accuracy

**Audit Plan 2010/11
Status Report at 30 June 2010 Appendix 4**

AUDIT PLAN 2010/11

Audit area	Audit type	Days allocated	Completed/	Auditor
FINANCE AND ICT				
Finance				
Bank Reconciliation	system/follow up	15		in house
Sundry Debtors	system/follow up	20		contractor
Creditors	system/follow up	20		contractor
Treasury Management	system/follow up	15		in house
Budgetary Control (capital and revenue)	system/follow up	10		contractor
Risk Management and Insurance	system/follow up	15		in house
Main Accounting and Financial Ledger	system/follow up	15		contractor
Housing Benefits	system/follow up	25		in house
Council Tax	system/follow up	25		contractor
National Non Domestic Rates	system/follow up	15		in house
Cash receipting and Income control	system/follow up	15		in house
Cash receipting IT system	IT	5		contractor
Provision for 'top up' testing	systems	15	Completed	in house
Cash Office spot checks	verification	5		in house
ICT				
Environmental controls/backup procedures		10		in house
Data and Network Security	system/follow up	20		contractor
IT Procurement	reserve			contractor
Disaster recovery/business continuity		10		in house
IT System Logs	follow up	5		in house
TOTAL		260		
PLANNING AND ECONOMIC DEVELOPMENT				
Planning Fees	system	20		in house
Countrycare	system	10	Completed	in house
Building Control	follow up	5		in house
Environmental (use of natural resources)	system	15		in house
TOTAL		50		
ENVIRONMENT AND STREET SCENE				
Waste Management and Recycling	follow up	10		in house
Public Health	system	10		in house
Licensing Enforcement	system	15		in house
Car Parking	system	20		in house
Grounds maintenance	system	20	In Progress	in house
North Weald airfield	establishment	15		in house
Leisure contract	contract	15		in house

TOTAL		105		
OFFICE OF THE CHIEF EXECUTIVE				
Electoral services – data quality		15		in house
TOTAL		15		
Audit area	Audit type	Days allocated	Completed/ Provisional Timescale	Auditor
HOUSING				
Housing Rent Collection and Arrears	system/follow up	25		in house
House Sales and Leaseholder Services	system	20	Completed	in house
Depot	system/follow up	15		in house
Norway House	establishment	15	In Progress	in house
Bed and breakfast contract	contract	5	In Progress	in house
Homelessness prevention unit	VFM	10	In Progress	in house
Stores - Depot stock take	stocktake	5	Completed	in house
Housing Repairs Working Group	management review	5		in house
Decorating allowance	system	5	Completed	in house
TOTAL		105		
PARTNERSHIPS AND VOLUNTARY SECTOR				
Local Area Agreements	system	15		in house
TOTAL		15		
CORPORATE SUPPORT SERVICES				
Human Resources				
Payroll	System/follow up	25		in house
Recruitment and Selection	Follow up	5		in house
Management of Sickness absence	Follow up	5	In Progress	in house
Overtime and Committee Allowances	verification	10	In Progress	in house
Car Mileage claims	verification	10	In Progress	in house
Lease Car Scheme	system	15		in house
Health and Safety Policy	system	5		in house
Estates/Facilities Management/Other				
Commercial Property portfolio	system/follow up	20		in house
Licensing	system	15		in house
Asset Management system	system	15		in house
Non-HRA Repairs	verification	5		in house
Fleet Operations income	system	5	Completed	in house
Reprographics	Follow up	5		in house
Legal				
TOTAL		140		

MISCELLANEOUS				
Key and Local Performance Indicators	verification	15	In Progress	in house
Business Plans	verification	10	Completed	in house
CONTRACTS				
Contract Compliance	System/follow up	15		in house
CORPORATE				
Corporate Procurement	system/follow up	10		contractor
Gifts and Hospitality (Officers)	system/follow up	10		in house
Gifts and Hospitality (Members)	system/follow up	10	In Progress	in house
Data Protection Act	system	5		in house
Freedom of Information Act	system	5		in house
Follow up of Priority 1 Audit recommendations	follow up	7		in house
CORPORATE MEETINGS				
Governance Statement	management review	5	Completed	in house
Use of Resources work plan	management review	5	Completed	in house
Review of financial regulations and internal controls	management review	3	In Progress	in house
FRAUD AND CORRUPTION				
National Fraud Initiative (NFI) - 2008		15	In Progress	in house
TOTAL DAYS ALLOCATED		805		
Contingency/Spot checks/Minor investigations		30		in house
Corporate/Service Advice		65		in house
TOTAL		900		