ASSURANCE CLASSIFICATIONS

Substantial assurance	Substantial assurance that the system of internal control is designed to meet the organisation's objectives, and a robust framework of controls are consistently applied in all the areas reviewed with only minor lapses identified.
Satisfactory assurance	Satisfactory assurance that there is a generally sound system of control designed to meet the organisation's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk;
Limited assurance	Limited assurance as weaknesses in the design of controls, absence of key controls, or the inconsistent application of controls put the achievement of the organisation's objectives at risk in the areas reviewed;
No assurance	No assurance as weaknesses in control, or consistent non-compliance with key controls, could result [or have resulted] in failure to achieve the organisation's objectives in the areas reviewed, including breakdown in the application of controls.

Summary of Audits completed during Quarter 3
October - December 2009

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Payroll	Corporate Support Services	**Satisfactory Assurance** Generally this audit has shown some improvements in processing since the previous audit in January 2009. However management still need to be reminded of the requirement to complete fully the monthly certificate of service returns, as these provide an additional check of any amendments to pay data.	The audit identified that there are effective controls in operation, which ensure that the payroll system holds a complete and accurate record of staff employed by the Authority and that basic salary payments are correctly calculated. However there are still some minor issues with the timely completion of Monthly Certificate of Service returns and letters of appointment. Recommendations from previous audits have been followed up and have all been implemented.
Human Resources / Payroll Integration (ICT)	Corporate Support Services	**Satisfactory Assurance** Although a number of the recommendations have been implemented, there were still three outstanding with issues that needed to be addressed. However a number of these have been actioned during the audit, although data quality in particular requires further improvement in some areas.	The previous audit in 2008, identified a number of recommendations, two of which had been implemented and the remaining three were still outstanding, albeit two were actioned during the audit. Both were concerning data quality errors which had been identified during the previous audit, these errors were minor and are in the process of being rectified. The full integration process has been put on hold temporarily and at present possible replacement systems are being researched before a final decision is made on how best to proceed with the current KCS system.

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
Performance Indicators	Corporate	**Satisfactory Assurance** This audit provides satisfactory assurance based on the sample reviewed. However data quality improvements have been identified in order that full assurance can be given on this area of the Council's performance framework.	The audit identified that summary control forms were submitted for all indicators in the sample reviewed. However, there were a small number of examples where supporting documentation was not always provided to the Performance Management Unit. This finding has been raised in previous audits. Calculations were generally correct and forms were completed correctly and no errors were found. The audit identified two examples where documentation was not retained at the time of the calculation. Therefore minor variances were identified. Management have agreed to retain documentation in future.
Inventory Control	Finance and ICT	**Satisfactory Assurance** There have been improvements since the last audit, however Officers need reminding of the correct procedures and portable/desirable equipment (eg laptops) need to be monitored annually by ICT.	The audit reviewed a sample of office inventories for all directorates, the corporate record of ICT equipment disposals and the corporate record of ICT equipment (QSM). The audit concluded that improvements have been made since the previous audit. The majority of office inventories are updated annually and completed in accordance with Financial Regulations. However, details of disposals are not always included in Office Inventories. The use of laptops will be monitored by ICT on a regular basis to ensure laptops are being used appropriately. The agreed actions from the previous audit are in progress, disposal of equipment is recorded

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
			separately by ICT and the corporate ICT inventory (QSM) will be updated with accurate information regarding the location of items.
Cash Receipting and Income Control	Finance and ICT	**Satisfactory Assurance** The audit did not identify any errors in the sample reviewed which demonstrates that there are good controls in place for the collection of the Council's income. Improvement areas have been identified regarding security, postal income and written procedures.	The value of transactions through the cash receipting system (Perception) between April and November 2009 was approximately £217M. This includes £2.8M telephone income. Internet income for the same period was £2.1M and approximately £1.4M (Housing Rents income) was received via Allpay. There are sound procedures in place for the collection of the Authority's income. Cash income is properly accounted for and banked in full. There is an appropriate separation of duties for income collection and independent reconciliations are completed. However, post dated cheques are being accepted up to six months in advance. Management has stated that post dated cheques are accepted in exceptional circumstances as part of the arrears recovery process. There are no formal guidelines in place regarding best practice for accepting post dated cheques. Security arrangements regarding Epping cash office could be improved as there is a significant number of Officers with access permissions to the cash office. The Assistant Director of Finance (Revenues) has asked Corporate Support Services for advice on this matter. At the end of the audit, access permissions were under review. Two of three agreed actions from the previous

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
			audit have not been implemented. This relates to security and written procedures. The audit noted that an agreed action from a previous audit completed in 2007/08 has been implemented. The Council's safes have been reviewed and the combinations have been reset.
Members Gifts and Hospitalities	Assistant to the Chief Executive	**Satisfactory Assurance** The procedures whereby members can register any gifts and hospitality received are operating satisfactorily, although regular reminders need to be issued to ensure that new receipts are promptly notified to the Monitoring Officer.	The audit found that Members appear to be complying with the Code of Conduct in relation to gifts and hospitality. However, as best practice, full details including the date, estimated value and details of the gift/hospitality should be included on the notification of personal interests form. Although acceptance of these gifts and hospitality is not a breach of the Code, failure to register a gift/hospitality, or to declare an interest can be a breach of the Code. Members should be mindful of the public perception of accepting gifts and hospitality, particularly in the light of the recent local media coverage in relation to Officers gifts and hospitality. Members should be regularly reminded of the requirement to register the full details of any gifts/hospitality received within 28 days of the date of receipt.
Non HRA Repairs and Maintenance	Corporate Support Services	**Satisfactory Assurance** Improvement areas have been identified to ensure that value for money is demonstrated. The systems for placing Marketplace orders	The audit found that 3 of 6 agreed actions have been implemented, whilst 3 are in progress or are yet to be implemented. The outstanding items refer to the use of a checklist to record

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
		and budget monitoring has improved since the last audit.	inspections, a database of property information should be produced to ensure that all Non HRA properties are recorded, and the receipting of a number of Marketplace orders raised from April 2008. Management will review these outstanding audit recommendations during the Quality Assurance process for Facilities Management which is due to commence early 2010. Facilities Management are planning to expand the IS0 9001 Quality Assurance Accreditation to incorporate the whole section (previously Building Maintenance and Electrical and mechanical engineering teams).
Asset Management	Corporate Support Services	**Satisfactory Assurance** The Authority has made improvements to its systems for asset management by the establishment of a corporate asset management coordination group and the implementation of a new asset register. The group now needs to develop asset management processes as described in the KLOE guidance including developing relevant performance measures.	Asset management is a key element of The Use of Resources assessment, which is a significant part of the Comprehensive Area Assessment. The Authority has made a number of improvements in relation to its strategic asset management. 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

Title	Service	Assurance Rating/Audit Opinion	Main Conclusions/Comments
			to replace the existing estates management system should continue to be explored. The Authority has an up to date asset management plan which is reviewed regularly. The establishment of the Asset Management Coordination Group in September 2009 will result in a more corporate approach to asset management which should ensure decision-making is carried out at the right level, is linked to the Councils key aims and priorities, and the Authority is better positioned to monitor performance.

OUTSTANDING PRIORITY 1 ACTIONS – STATUS AT QUARTER 3 2009/10

Reports marked * denote limited assurance audits

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.

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
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 quarter 4 2009/10.
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 quarter 4 2009/10.
Sundry Debtors	**Aged Debts over 180 days** Service Directors, in liaison with Finance and Legal, should give priority to the review of aged debts.	Assistant Director (Accountancy)	Sept 2009	In progress	To be followed up in quarter 4 2009/10.
Housing Contracts	**Retentions** Retention monies, if stipulated in a contract, should be held back.	Senior Architectural Assistant	May 2009	In progress	To be followed up in quarter 4 2009/10.
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.

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
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	To be followed up in quarter 4 2009/10.
Contract Compliance	**Tender evaluation schedule** A tender evaluation schedule will be prepared for all future contracts to provide a trail of the decision making process from the tender submission to the award of the contract.	Director of Planning and Economic Development	August 2009	In progress	To be followed up in quarter 4 2009/10.
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 followed up in quarter 4 2009/10.
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

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
HR/Payroll Integration (ICT)	**Data Quality** All identified errors should be rectified as soon as possible and management should ensure that data quality is continuing monitored.	Assistant Director (Human Resources)	January 2010	In progress	
HR/Payroll Integration (ICT)	**Members' Payroll** The system should be updated to show all Councillors etc as such in the category field. Management should ensure that random checks are completed to ensure accurate data quality.	Assistant Director (Human Resources)	January 2010	In progress	
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	
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	

Report Title	Agreed Action	Responsible Officer	Target Date	Status	Completion Date / Comments
Members Gifts and Hospitalities	**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	
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	
Verification of Cash Floats	**Unders and Overs** Management should continually monitor staff performance to ensure that trends are not developing and that errors are kept to a minimum.	Assistant Director of Finance (Revenues) Senior Cashier	January 2010	In progress	

Follow up of Limited Assurance Audits 2008/09   **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		Qtr 4	
Building Maintenance Stores Stocktake	Works Unit	May 08	3	2	Qtr 1	Weakness in stock control, high error rate, outdated system – Subject to major review by Assistant Head of Housing
Parsonage Court (Housing) Stores	Housing	April 08	3	3	Qtr 1	Improved controls in place
Housing Contracts	Housing	March 09	7	7	Qtr 2	Improved controls in place
Waltham Abbey Sports Centre	Environment/ Street Scene	July 08	5	4	Qtr 2	Centre now closed
HR/Payroll Integration	Corp. Support	June 08	6	5	Qtr 4	The integration process has been put on hold for the foreseeable future while research is being carried out into the viability of a new system, therefore this recommendation has not been actioned at this time.
Car Parking	Environment/ Street Scene	July 08	5	5	Qtr 2	Improved controls in place
Waste Management	Environment/ Street Scene	March 09	5		Qtr 4	
Use of Consultants	All	July 08	5		Qtr 3	Compliance with Standing Orders, use of standard

Report Title	Directorate	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
						agreement
Data Security	Finance & ICT	Dec 08	10		Qtr 4	
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		Qtr 4	
Treasury Management	Finance & ICT	Jan 09	16		Qtr 4	
External Funding	Planning/ Ec. Dev'ment	Oct 08	8		-	Follow up delayed due to audit staff vacancy
IT System logs	Finance & ICT	Sept 08	4		Qtr 4	
Building Maintenance (Works Unit)	Housing	March 09	7		Qtr4	Subject to major review by Assistant Head of Housing
Bank Reconciliation	Finance & ICT	Nov 08	9	8	Qtr 2	One action currently being addressed
Business Plans	All	June 08	1	1	Qtr 1	Implemented, substantial assurance April 2009

Report Title	Directorate	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues / Comments
Inventory Control	All	May 08	5	4	Qtr 2	Partially implemented. Officers should be reminded that disposals should be recorded on inventories, including ICT equipment.
Travel and Subsistence	All	May 08	4	2	Qtr 1	Errors from small sample, Directors reminded of need for greater accuracy

Audit area (L denotes past limited assurance audit rating)	Audit type	Days allocated	Completed/ Provisional Timescale	Auditor
FINANCE AND ICT				
Finance				
Bank Reconciliation (L)	system/follow up	15	Completed	SL
Sundry Debtors	system/follow up	20	Qtr 4	Contractor
Creditors (L)	system/follow up	20	Qtr 4	Contractor
Treasury Management (L)	system/follow up	15	Qtr 4	SL
Payroll	system/follow up	25	Completed	DD
Budgetary Control (capital and revenue)	system/follow up	10	Qtr 4	Contractor
Risk Management and Insurance	system/follow up	15	Qtr 4	NH
Main Accounting and Financial Ledger	system/follow up	15	Qtr 4	Contractor
Housing Benefits	system/follow up	25	Draft Report	SL
Council Tax	system/follow up	25	Draft report	Contractor
National Non Domestic Rates	system/follow up	15	Completed	SL
Cash receipting and Income control	system/follow up	15	Completed	NH
Cash receipting IT system	IT	5	Reserve	2010/11
Provision for 'top up' testing	systems	15	Qtr 4	All
Cash Office spot checks	verification	5	Completed	NH
ICT				
Data (L) and Network Security	system/follow up	20	Qtr 4	Contractor
IT Procurement	system	10	Qtr 4	Contractor
Revenues and Benefits IT system	follow up	5	Qtr 4	SL
IT System Logs (L)	follow up	5	Qtr 4	Contractor
TOTAL		**280**		
PLANNING AND ECONOMIC DEVELOPMENT				
Building Control (L)	system	20	Completed	NH
Countrycare	system	7	Qtr 4	NH
External Funding and Housing/Planning Delivery Grant (L)	follow up	6	Qtr 4	SL
Strategic Housing Assessment	system	3	Completed	BB
TOTAL		**36**		
ENVIRONMENT AND STREET SCENE				
Waste Management (L) and Recycling	system/follow up	25	Qtr 4	NH
Public Health	system	15	Reserve	2010/11
Licensing Enforcement	system	12	Completed	Temp
Pest Control	system	10	Completed	DD
Car Parking (L)	follow up	7	Completed	DD
Waltham Abbey Sports Centre (L)	follow up	5	Completed	NH
TOTAL		**74**		
HOUSING				
Housing Rent Collection and Arrears	system/follow up	25	In progress	DD
Private Renewal Grants/DFG/'CARE'	system	25	Completed	SL
House Sales and Leaseholder Services	system	20	Reserve	2010/11
Depot (L)	system/follow up	15	Reserve	2010/11
Housing maintenance contract	contract	10	Completed	BB
Stores - Depot stock take (L)	stocktake	4	Completed	BB
Stores - Parsonage Court stock take (L)	stocktake	2	Completed	DD
Housing Repairs Working Group	management review	5	-	BB
Sheltered Housing establishments	establishment	-	Reserve	2010/11
TOTAL		**106**		
PARTNERSHIPS AND VOLUNTARY SECTOR				
Local Area Agreements	system	15	Reserve	2010/11
Grants to Voluntary Organisations (L)	follow up	7	Completed	Temp
TOTAL		**22**		

Audit area	Audit type	Days allocated	Completed/ Provisional Timescale	Auditor
COMMUNITY SERVICES AND CUSTOMER RELATIONS				
Arts and Sports Development	system	20	Completed	SL
Bookings and Cash collection (L)	system/follow up	7	Completed	SL
Information Desks	system	-	Reserve	2010/11
TOTAL		**27**		
CORPORATE SUPPORT SERVICES				
Human Resources				
Recruitment and Selection	system	15	Qtr 4	SL
Management of Sickness absence	system	10	Completed	DD
Travel and Subsistence claims (L)	follow up	10	Completed	NH
HR/Payroll Integration (L)	follow up	6	Completed	DD
Health and Safety Policy	system	5	Reserve	2010/11
Estates/Facilities Management/Other				
Commercial Property portfolio (L)	system/follow up	20	Qtr 4	SL
Licensing	system	15	Completed	Temp
Asset Management system	system	8	Completed	SL
Facilities Management (Mech. And Elec.) (L)	follow up	5	Qtr 4	BB
Non-HRA Repairs (L)	follow up	5	Completed	NH
Fleet Operations (L)	follow up	5	Completed	BB
Reprographics	vfm/systems	10*	Completed	BB
Legal				
Land Charges	system/vfm	15	Qtr 4	DD
Land Charges Data Quality	verification	10	Qtr 4	DD
* 10 days from contingency to facilitate completion				
TOTAL		**139**		
MISCELLANEOUS				
CPA and BEST VALUE				
Key and Local Performance Indicators	verification	15	Completed	NH
Business Plans (L)	verification	7	Completed	DD
CONTRACTS				
Contract Compliance (L) - commenced 2008/09	system	7	Completed	SL
Contract Compliance 2009/10	system	13	Qtr 4	NH
CORPORATE				
Corporate Procurement (L)	system/follow up	10	Qtr 4	Contractor
Use of Consultants (L)	follow up	8	Qtr 4	Contractor
Gifts and Hospitality (L)	system/follow up	6	Completed	temp
Governance Statement	management review	5	Qtr 4	BB
Use of Resources work plan	management review	5	Ongoing	BB
Review of financial regulations and internal controls	management review	3	Ongoing	BB
Inventory Control (L)	follow up	8	Completed	NH
Email, Internet and Telephone usage (L)	follow up	8	Completed	SL
Use of Regulation of Investigatory Powers Act	system	5	Completed	BB
Follow up of Priority 1 Audit recommendations	follow up	6	Ongoing	BB
FRAUD AND CORRUPTION				
National Fraud Initiative (NFI) - 2008	c/fwd	15	In Progress	NH
TOTAL DAYS ALLOCATED		**805**		
Contingency/Spot checks/Minor investigations		**30**	Ongoing	All
Corporate/Service Advice		**65**	Ongoing	BB
TOTAL		**900**		

	Governance Statement Action Plan 2008/09				
Item	**Recommendation**	**Priority** **1 = High** **2 = Med** **3 = Low**	**Responsibility**	**Comments/Source**	**Actioned by/** **Review Date**
Governance	To promote a culture of good governance amongst all employees of the Authority, particularly in relation to ethical conduct (gifts and hospitality), and support to the Authority's anti-fraud and corruption policy.	1	Service Directors	Use of Resources KLOE Internal Audit Report	Ongoing
Treasury Management	To monitor compliance with the action plan in the Internal Audit Report, by all staff with responsibilities for treasury management activities.	1	Director of Finance and ICT	Internal Audit Report	30 Sept 2009 Audit rescheduled to 4th quarter
Financial Reporting	To deliver the action plan in the External Audit ISA 260 report, regarding the need for improved processes for the closure of accounts for 2008/09.	1	Director of Finance and ICT	External Audit ISA 260 Report	31 March 2009 Actioned
Data Security	To deliver the action plans in the Internal Audit Reports.	2	Assistant Director (ICT)	Internal Audit Reports	30 Sept 2009 Actioned

Governance Statement Action Plan 2008/09

Item	Recommendation	Priority 1 = High 2 = Med 3 = Low	Responsibility	Comments/Source	Actioned by/ Review Date
Compliance with Financial Regulations and Contract Standing Orders	To promote good practice and re-issue guidance notes as appropriate.	2	Chief Internal Auditor	Internal and External Audit Reports	31 March 2010
Estates Management	To monitor Estates Management performance and compliance with the agreed actions in the Internal Audit Report.	2	Director of Corporate Support Services	Internal Audit Report	30 Sept 2009 Audit scheduled for 4th quarter
Building Maintenance	To monitor the implementation of the strategy to re-organise the service.	2	Director of Housing	Cabinet Report and minutes	30 Sept 2009 Re-organisation in progress
Use of Consultants	To monitor compliance with the revised guidance for the engagement of consultants and temporary staff.	2	Service Directors	Council Reports and minutes Internal Audit Report	31 Dec 2009 Audit scheduled for 4th quarter