

Committee:	Audit Committee
Meeting Date:	14 November 2013
Lead Councillor/s:	Councillor Michael Bond
Local Councillor/s:	All Councillors
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Audit Services - Progress Report 2013/14

Brief Summary of report

1. The Audit Committee has a role to maintain oversight and to monitor the effectiveness of internal controls and risk management processes as well as the internal audit activities.
2. The report provides the Committee with a summary of the activities carried out by Audit Services for the year to date. This includes audit work (planned and unplanned) and information pertaining to Audit Services operations and effectiveness that will be of interest to the Committee.

Action Recommended

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| <ol style="list-style-type: none"> 3. The Committee is asked to consider this progress report and supplementary information. |
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Reason for recommendation

4. This action is within the terms of reference of the Committee. The Committee is required to approve and monitor delivery of the internal audit activity of the Council.

Alternative options

5. The Committee may request further information before agreeing the action recommended.

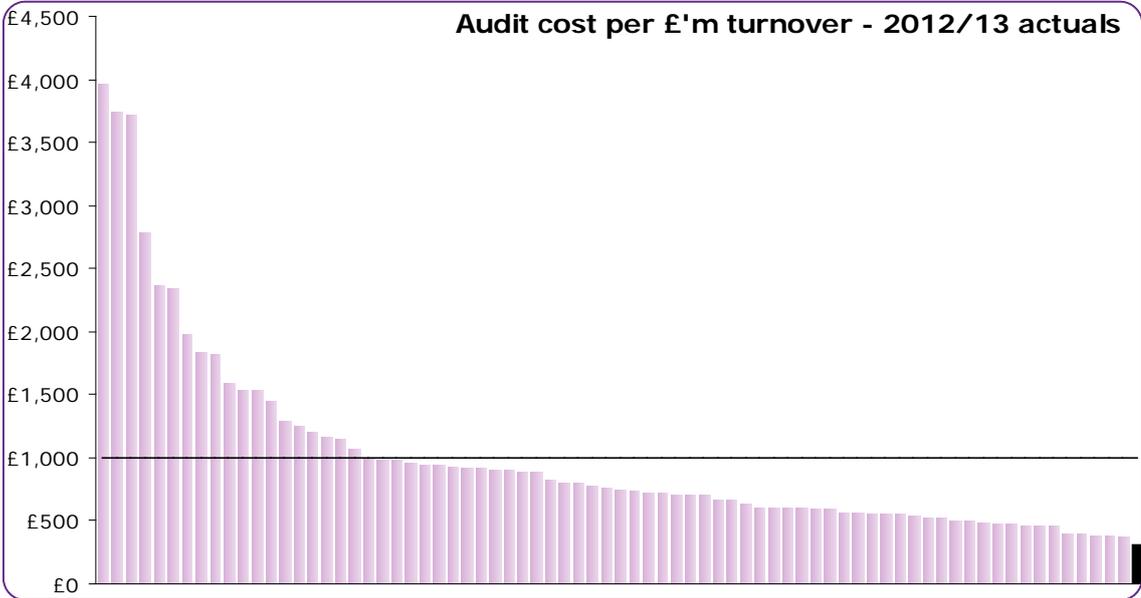
Who will be affected by this decision?

6. All stakeholders.

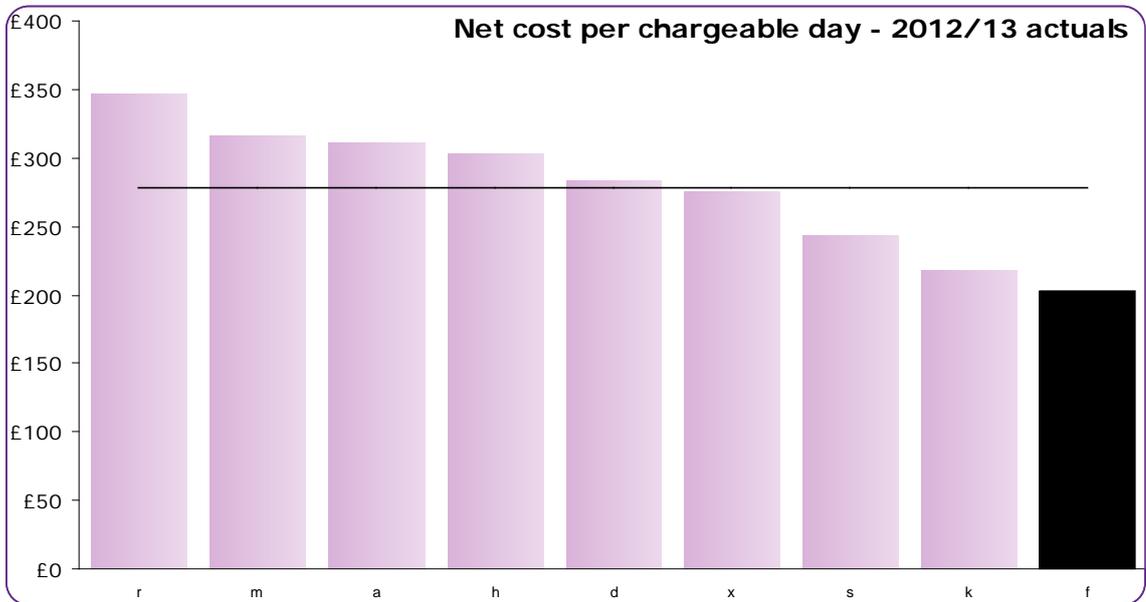
Main body of report

Benchmarking / Issues Pertaining to Audit Services

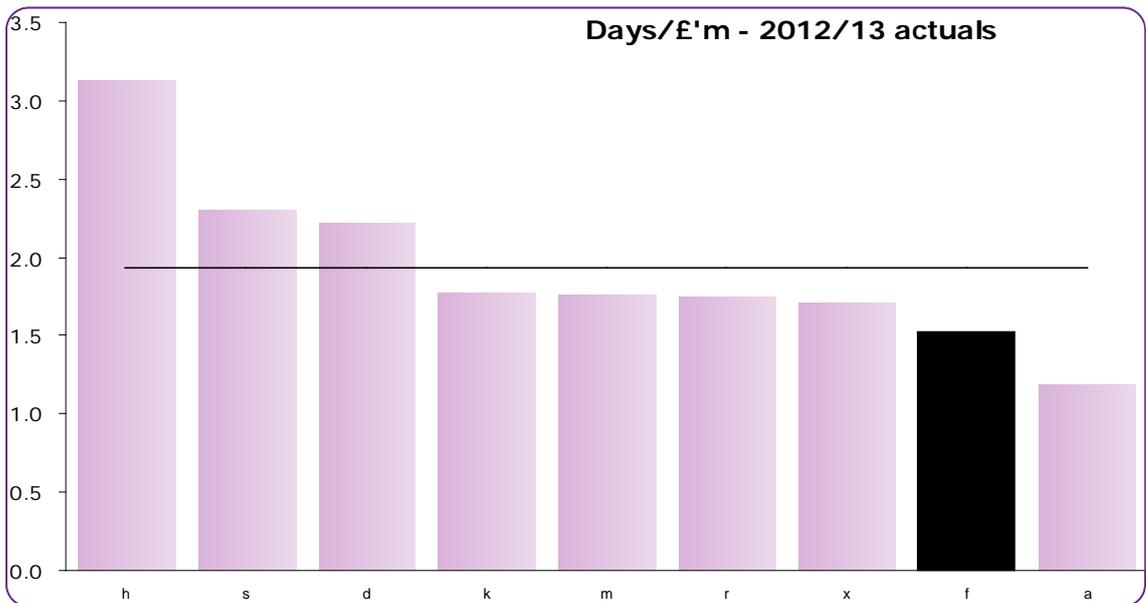
- 7. Audit Services participate in the CIPFA/IPF Benchmarking Club, which provides comparative data with other local authorities across the country. The following graphs and information demonstrate where Suffolk is placed in relation to other local authorities for 2012/13 (Suffolk is shown by the black bar on the graphs).
- 8. The first graph shows, for all participants, the cost of the internal audit function against the overall turnover of the Council. Suffolk (£310 per £m turnover) is clearly below the average (£1,004 per £m turnover for all local authorities; £540 for county councils) and has the lowest cost per £million turnover of all participants.



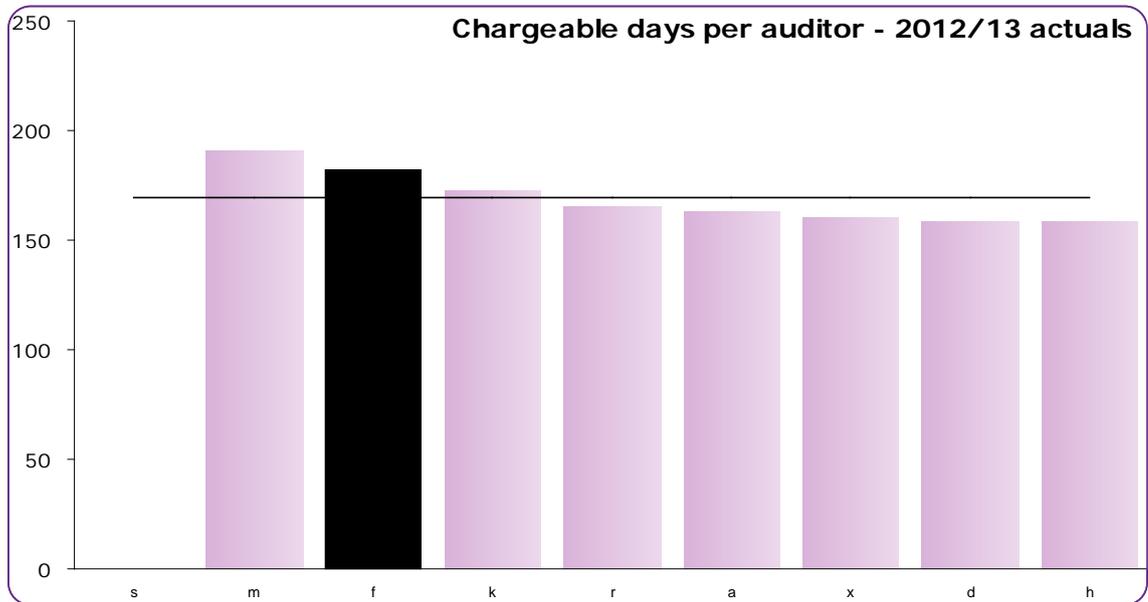
- 9. The second graph shows the cost of each audit day for county councils. This is calculated by dividing the cost of the internal audit function by the number of productive days (i.e. excluding absence, training, management etc). Again, Suffolk (£203) is well below average (£278) and has the lowest net cost per chargeable day of all participating county councils.



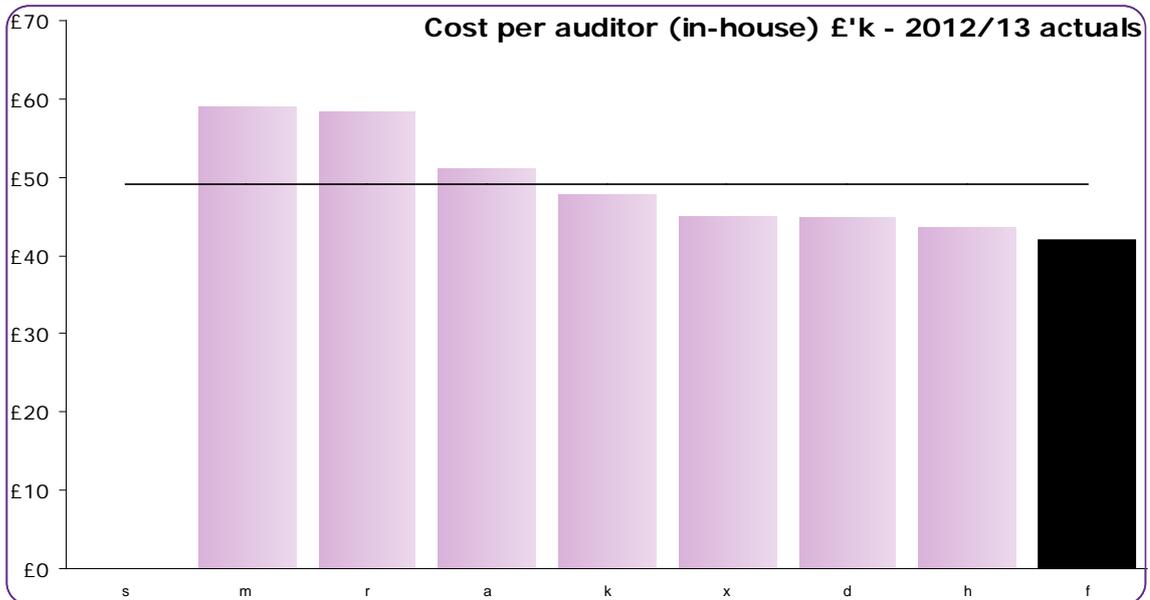
10. The third graph demonstrates the number of in-house audit days per £m turnover of the Council. Again, Suffolk is below the comparator average (1.5 days per £m turnover compared to an average of 1.9 days). It should also be noted that the authority with a lower number of days per £m turnover has bought-in a greater number of additional days from outside suppliers than Suffolk.



11. The average chargeable number of days for a Suffolk County Council internal auditor is 182. The average for all participating county councils is 169. Chargeable days are defined as those spent on direct audit work. Non chargeable days include training, audit development work, staff management and general administration, as well as days lost through sickness.



12. The comparator report also shows that, for 2012/13, the in-house cost per auditor in Suffolk was approximately £7k less than the average.



13. The results show that the size of internal audit functions for county councils varies. Suffolk remains one of the smallest internal audit functions and the net budget is currently, on average, approximately £45k smaller than an internal audit function of similar size. The current structure shows a resource level of 9.4 fte (including 1.0 fte secondment). Currently 1.6 fte posts are vacant and an additional 0.7 fte is shortly to depart on maternity leave. Of the 7.8 fte posts currently available, one fte of resource is dedicated to the delivery of the internal audit contract for Suffolk Police, which generates income above the cost of providing it.
14. Over the last six years, there has been a constant reduction in overall internal audit resources. This has resulted in the need to balance the available resources against more efficient working and focusing of the audit plan as a result of the changes to the Council's risk appetite.

However, increasing demands on internal audit, such as the increase in the need to investigate allegations of irregularities and provide assurance over transition arrangements, continue to place pressure on being able to undertake enough planned audit work in order for the Interim Head of Audit Services to be able to provide an opinion on the control environment at the year end.

15. Whilst these statistics show that Audit Services compare very favourably with other local authorities in terms of cost, the risk profile of the Council is now beginning to change, predominately due to different ways of working with less resource. This means governance and internal control are at risk during this period of change and it is important that there is a robust and flexible internal audit service to highlight when risks are increasing and to make recommendations that are appropriate to the new environment. The techniques, skills and experience required from Audit Services are beginning to flex with this changing risk profile. As such, careful consideration needs to be given to any future structure and resource to be able to respond to the changing profile. The number of CCAB (Consultative Committee of Accountancy Bodies) qualified staff remains below the average percentage; the percentage of part qualified staff and non-qualified staff is above average. Whilst included in benchmarking, this is not perceived to be an issue as a variety of other qualifications (e.g. management diplomas) and experience offsets the need for pure accounting qualifications at the requisite level.
16. Clearly, the internal audit service needs to be adequately resourced and skilled to be able to provide the Committee with a meaningful audit opinion on the overall control environment of the Council.

Partnership / Collaborative Working / Grants

17. The Audit Partnership Board (represented by Heads of Audit for Suffolk local authorities) meets at regular intervals to discuss the way forward for internal audit for all Suffolk local authorities.
18. There are opportunities for shared services with the districts / boroughs, if there is an appetite from these potential partners, although the benefits to the County Council remain small.
19. Audit Services administer the Suffolk Audit Interactive Extranet (eSWAP). Within this is a 'Centre of Excellence' site where each authority has responsibility for a category where they add information such as legislation, audit test papers, policies and procedures, and risk matrices, thus keeping all Suffolk auditors informed on current practice and requirements, and ultimately assisting in audit work. The categories are fraud (which the Council's internal audit team have responsibility for), computer audit, contract audit, data management, performance management, governance, and risk management.
20. On 15 November 2013, the County Council will be hosting a training day for all county, borough and district internal auditors. The agenda covers a variety of subjects including risks and controls, negotiating skills, fraud, and money laundering.
21. There is a continuing close relationship with the external auditors and the Suffolk Health internal auditors (CEAC – Central England Audit and

Consultancy) amongst others, to assist the Board in moving the process in the right direction. In addition, CEAC auditors have been contracted to undertake ICT audit-related work this year to compensate for the lost resources through vacancies and maternity leave previously referred to.

22. The Head of Audit Services is the First Level Controller (approved auditor) for various European Development funds. As a result, third sector organisations and other public bodies are utilising this status to ensure that their grant funding is approved. This saves them sourcing and appointing their own First Level Controllers, and provides additional income for the Council.

Audit Work

23. The Audit Committee agreed the Internal Audit Plan for 2013/14 on 21 March 2013.
24. Inevitably, there have had to be variations to the audit plan due to audit resources being required on unplanned, higher risk areas and due to staff absence / vacancies. These variations have been agreed with the Head of Strategic Finance and careful consideration has been given to the overall coverage and its effect on the assurance framework of the Council.
25. Auditees are given a written summary of findings prior to a discussion at the end of the audit, which gives more opportunity for consideration of the matters arising, and their comments on the recommendations made are included in the final report.
26. Where an audit identifies that there is scope to improve internal control, the following can assist in the implementation of improvements:
 - a) the advice given in audit reports;
 - b) the advice and information given within financial and procurement regulations; and
 - c) the advice and information given within procedural documents.
27. Each audit results in an opinion of 'high standard', 'effective', 'ineffective', or 'poor'. Explanations of the meaning of these opinions are as follows:-

High Standard	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives.
Effective	Whilst there is basically a sound system of control, there are some weaknesses, which put some of the system objectives at risk.
Ineffective	There are weaknesses in key areas in the systems of control, which put the system objectives at risk.
Poor	Control is generally weak leaving the system open to significant error or abuse.

28. Where more serious concerns over the effectiveness of internal controls within the systems being reviewed are identified (and consequently an 'ineffective' or 'poor' opinion is provided at the time), a follow-up audit is undertaken at an appropriate time, allowing adequate time for the implementation of the recommendations but also taking into account the risk presented to the Council whilst the actions required remain open. In the reported period, Audit Services have followed up actions across a diverse range of Service areas. **In some cases, recommended actions remain unimplemented. Whilst Audit Services are tracking implementation of outstanding actions, it is management's responsibility to ensure the relevant controls are in place and the Audit Committee should note the areas concerned.**
29. In some instances an audit opinion will not be given; this may be, for example, because auditors are supporting a service in developing systems, or providing advice and guidance pre-implementation, or commenting strategically across the Council where an opinion is not as relevant as the observations and findings of the work undertaken. In addition, internal audit work has also been undertaken on various European grants (income earning) and irregularity investigations.
30. The following paragraphs summarise some of the audit work completed. These demonstrate the range of projects i.e. not just financial audits, undertaken by Audit Services which enable the Interim Head of Audit Services to give an opinion on the overall adequacy and effectiveness of the Council's internal control environment at the year end, in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual opinion is also used as a key source in drafting the annual governance statement.
31. The Committee are reminded that audit work has also been undertaken for other bodies. This is not reported here.

Anti-fraud and Corruption

32. Whilst there is still a consistent number of reported irregularities featuring simple thefts, Audit Services has had to increase its resource allocation to investigative work where systems / processes and regulations are not functioning as originally proposed resulting in loss to the Council of money or resources. This has included working closely with the Police on two ongoing investigations. Accordingly, such work has meant having to direct audit resources away from planned audit work.
33. Since 2008, the Audit Commission has conducted the National Fraud Initiative (NFI) under statutory powers given to it under the Serious Crime Act 2007. All mandatory participants, including the Council, must provide data for matching with other local government organisations. Failure to provide data without reasonable reason is a criminal offence under section 32B of the Audit Commission Act 1998. Audit Services has investigated, and continues to investigate, outcomes from the latest data extraction. This includes matches in payroll, pensions, creditors, payments to private residential care homes, blue badges, concessionary travel passes and insurance claimants. The findings from this work also provide a good indication of whether the systems in these areas are operating effectively.

34. A separate report on Anti-fraud and Corruption Arrangements will be presented to this Committee in January 2014. This will explain the arrangements in place within the Council to develop a culture where fraud and corruption is not acceptable and provides further details of proactive work undertaken by Audit Services to detect fraud and corruption.

Financial Governance

35. Financial control is a key element of the Council's overall control environment and as such it is recognised that the core financial systems must be considered in the risk based audit plan. The core financial systems were identified and agreed with the S151 Officer and the external auditor (Ernst & Young).
36. The 2012/13 Statement of Accounts, presented to, and approved by, the Audit Committee in September resulted in an unqualified opinion from the external auditor. This included the Annual Governance Statement, the preparation of which was led by Audit Services.
37. For 2013/14, the core financial systems continue to be audited annually, and this work is carried out in partnership with the internal auditors from Mid Suffolk District Council. For 2014/15, all agreed core financial systems will need to be audited by Audit Services due to the cessation of the Customer Services Direct (CSD) contract in June 2014. This could mean a greater allocation of resource to this area in 2014/15, particularly if there are changes to systems and personnel.

Capital Accounting

Audit Opinion = Effective

38. Audit work was undertaken to support the work of the external auditor on the audit of the financial statements. Testing of the controls and processes in place identified vehicle additions, purchased via revenue expenditure, that had not been included in the fixed asset register. With regard to the 2012/13 accounts, this is not material. Remedial action has been put in place as a result to ensure such items are correctly picked up and recorded in the future.
39. The audit also recommended documenting into the relevant Capital Accounting Procedure Note, the approach taken to determine the estimated useful life for assets where applicable (i.e. land and buildings; vehicles, plant and equipment) due to inconsistent application previously.

Journal Transactions

Audit Opinion = Effective

40. Internal Audit completed a review of journal transfers raised over the value of £16.5 million and can provide assurance that all tested were legitimate and had an underlying business rationale.
41. The audit work identified the need to tighten controls within the system of authorisation as it is currently possible for an individual with 'journal access' to raise a journal which could automatically be posted (i.e. without a segregation of duties in the authorisation process). Individual members of the CSD Finance Systems Team also have the ability to raise and post

a journal themselves. Whilst this is a risk which remains (due to Oracle restrictions), the Control Team Manager has requested all members of the team to ensure that they operate on a 'separation of duties' basis.

Pension Fund Investment Management

Audit Opinion = High Standard

42. There have been minimal changes in the systems and controls relating to Pensions Investments in the last year. An evaluation of the key controls and governance arrangements confirmed processes and systems were being operated to a high standard.
43. It should be noted that the cash holdings are currently in the region of £35 million which exceeds the £10 million guidance limit. This has been agreed by the Pensions Committee (February 2013) and is on the advice of external advisors, Hymans Robertson.

Use of Consultants & Compliance with HMRC Guidance

Audit Opinion = Ineffective

44. Following an HMRC request, Audit Services undertake regular audits on payments being made to individuals to ensure the Council is compliant with guidance regarding the employment status of workers.
45. Initial audit work has found different practices operating on what is classified as 'consultancy' and 'professional fees'. Various approaches in procuring consultants are in place and there were consultants who either did not have a contract in place or one which was not fit for purpose.
46. The Head of Strategic Finance has written to all Assistant Directors to ensure the HMRC guidance is complied with. In addition, Finance Leads are working with their respective directorates to ensure HMRC guidance is adhered to. Further work will be carried out in this area later in 2013/14.

Purchasing Card Expenditure

Audit Opinion = Ineffective

47. From testing carried out on purchasing card expenditure during March and April 2013, it appears that appropriate purchasing and procurement rules and other operational procedures are not always being followed clearly. A communication has now been sent to all card holders with the findings from the audit and reminding them about the policies. A further review is due later this year. For 2012/13, total spend through the use of purchasing cards accounted for less than £0.5million of total expenditure for the Council.

Fuel Cards

Audit Opinion = Effective

48. An analysis of spend via fuel cards indicates that, whilst there is some non compliance and evidence of budget managers not undertaking reconciliations, the potential loss to the Council does not warrant this effort with regards to variations in price for different fuel types. There remains a residual risk, however, that if controls are not followed, inappropriate purchases of fuel could occur.

Corporate Governance Arrangements

Partnership Arrangements

Audit Opinion = Effective

49. The Council has a range of partnership arrangements, including strategic arrangements with other public sector organisations, shared service arrangements, commercial relationships with private sector partners and a range of service delivery arrangements with community groups or social enterprises. Therefore, it is important to ensure the adequacy of governance over such arrangements as accountability for performance and stewardship of the public funds involved remains with the Authority.
50. A review of partnership arrangements within the Council identified that the Financial Procedures within the Constitution required amendment to reflect changes in processes in operation. This has been done.
51. Evidence to confirm effective systems in place was provided to Audit Services for a sample of partnerships.

Gifts and Hospitality and Declarations of Interests

Audit Opinion = High Standard

52. Whilst there have been changes to the Members' Code of Conduct recently, Audit Services are satisfied that there are robust controls in place to receive and record councillor and officer gifts and hospitality and interests. There were a couple of minor findings regarding declaring interests within 28 days and the certification of declarations of gifts and hospitality.

Contract Management

Grant Expenditure

Audit Opinion = Ineffective

53. The Council uses grant funding to organisations as a methodology for developing and delivering services which do not fall within mainstream procurement. As part of the wider review of contract management processes, Audit Services has examined the management of grants once awarded. The review identified that, despite a growing awareness that grant funding requires improved management, controls are inconsistent. Considerable work is underway both specific to grants and to the wider arena of contract management. As a result of the matter being raised at Contract Management Board, Directorate grant allocations are to be incorporated into the Council Suffolk Sourcing system. This will provide a corporate overview of the organisation's grant allocation and facilitate better overall management and monitoring.

Procurement

Compliance with Procurement Regulations

Audit Opinion = Effective

54. A review of compliance with the Procurement Regulations identified a few issues of non compliance when procuring goods and services including

retrospective purchase orders, spend exceeding procurement levels for goods and services, and awareness of the Suffolk Sourcing System for contract management. A communication to Assistant Directors for dissemination to all relevant staff within directorates who procure goods and services drawing attention to the issues identified was provided by Audit Services.

Business Continuity for Defaulting Providers

Audit Opinion = Effective

55. A piece of work was undertaken to examine whether directorates have adequate continuity arrangements in place, including the evaluation of provider resilience. Although it was found that effective business continuity plans are in place, these are in the process of being updated and provider resilience reassessed. In addition, action is being taken to address recommendations following an assessment by Zurich Municipal on supply chain resilience. This report concluded that “the work that has been done to date to explore the supply chain resilience shows a high level of awareness and business continuity management maturity, especially given the limited resources available”.
56. To assist within contract monitoring, the Procurement and Contract Management Service has commenced financial monitoring of suppliers via Creditsafe to assess supplier financial stability.

ICT and Information Governance

Appraisal of Mobile and Flexible Working

Audit Opinion = Effective

57. There is a Use of ICT Portable Devices Policy in place, covering management and user responsibilities, remote and mobile working arrangements, access control, anti-virus protection and user awareness. It applies to the use of ICT portable devices for which the Council is accountable and responsible, and applicable to councillors, employees and staff seconded to, or working for, Customer Service Direct (CSD).
58. Aside from laptops, other devices are approved for use within the Council (e.g. personal tablets; blackberry devices). These must be configured in a secure manner; this enables the ability to remotely wipe data in the event of loss. Testing of a sample of Blackberry devices issued found that these were appropriately authorised; however users are not required to sign for acceptance of their responsibilities when issued with a device.
59. In respect of remote access, CSD has two Virtual Private Network (VPN) servers. Data is encrypted using the client on the users’ laptop and decrypted by the CSD servers in the data centre. Users are required to input a Personal Identification Number (PIN) and a number generated by a physical token, thereby providing two-factor authentication. Unless approved and configured, users are not currently permitted to connect personally-owned devices to Council systems and networks, except for limited use of email. Only laptops with the VPN client and updated security software installed can use VPN. Access is limited to a range of

Internet Protocol (IP) addresses. Laptop hard drives are encrypted to protect the confidentiality of information saved.

Information Commissioner's Office (ICO) Action Report following visits to Local Authorities

Audit Opinion = Effective

60. The ICO issued a Good Practice Audit Outcomes Analysis report to Local Authorities following work in the public sector during January 2011 to December 2012. As the Council was not part of this exercise, an audit was undertaken to ensure the good practice and actions arising from the ICO report were evident within the organisation. Coverage included data protection, records management, personal data, freedom of information and training. Overall, the Council was found to be compliant. Areas for improvement included information risks to be recorded and discussed at senior level, a review of privacy and fair processing notice website pages on the Council's website, the need to review and update policies and procedures relating to information and incident security, records management and data protection, and to ensure that there is management commitment for an embedded clear desk culture.

Transparency Agenda - Compliance with Code of Recommended Practice

Audit Opinion = Effective

61. An audit of the Council's compliance to the Code of Recommended Practice for Local Authorities on Data Transparency ('The Code') identified that the Council is being open and transparent about the way it spends public money.
62. There was an identified need to establish continuity arrangements for the extraction of raw data and the publishing of spend data.
63. It was found that the Council is not registered on data.gov.uk, as recommended by the Code, albeit not a statutory requirement. This is essentially a 'portal' to centralise datasets and make those published by Local Government 'searchable' to interested parties.

Human Resources

Absence Management

Audit Opinion = Ineffective

64. It is important to manage absence in order to address issues which may affect the health of the employee and their ability to work. Failure to do so could lead to further periods of sickness and the absence management objectives set by the Council may not be achieved. A corporate audit on managing absence highlighted differences in the level of compliance both within directorates and across the organisation. In particular, a low percentage of Return to Work (RTW) interviews were found to be recorded and retained, employees were not being referred to Occupational Health in accordance with Policy, and not all line managers were aware of the absence trigger points and the appropriate action that should be taken if a trigger is breached. In response to the audit findings, the Head of Strategic HR issued a communication to all managers highlighting the importance and need to adhere to the Policy. In addition, HR Business

Partners have been tasked with raising the profile of the impact and accountability of RTW interviews at all Directorate Management Team meetings, and training sessions have been provided to managers.

Children and Young People's Services (CYP)

Decision Making Process in CYP

Audit Opinion = Ineffective

65. An important part of governance within a directorate is the management decision making process. Officers have delegated responsibilities and adequate procedures should be in place to ensure that these responsibilities are operating effectively.
66. At the request of the Director of CYP, an audit review was undertaken to evaluate the financial / management decision making processes within CYP, to ensure an appropriate level of control is maintained.
67. It was found that payments to both staff and suppliers require system improvements to ensure that best value for money is being obtained. In addition, where investigations into areas of concern relating to staff are instigated it should be ensured that there is a clear and consistent approach which follows HR guidelines.
68. The Director of CYP has improved systems to address the areas of weakness identified.

Data Quality in CYP Follow-up

Audit Opinion = Ineffective

69. Consistent, high quality, timely and comprehensive information is vital for good decision making, improved service outcomes and robust accountability. Systems in CYP are, in cases, reliant on extensive data correction, manipulation and cleansing processes to get the required information. There is also a requirement for an individual to have overall responsibility for data quality as determined in the corporate data quality policy.
70. A management decision has been made that Carefirst6 will be retained and a rolling programme of cleansing and improvements is in planning stages. Accountability and responsibility for data quality will not be resolved until the programme is underway when ownership and thereafter, overall governance, will be defined.
71. An action was raised in the original audit regarding the reliability of systems used to record health visiting data which is collated by Children's Health Services within CYP. There are problems with compatibility of Children's Health Service systems and Local Authority systems and data sharing issues which have not yet been resolved. Because of this, manual data is being collated, but this is being done in a logical manner and challenged through quality assurance processes.
72. COGNOS is the key strategic system for the collation and production of performance and management data. The Council has recently invested in further work to develop and improve links between COGNOS and Carefirst6. This work should continue in order to improve the breadth and quality of management reporting.

Commissioning in Children's Centres Follow-up

Audit Opinion = Ineffective

73. The initial audit assessed local commissioning of counselling services within Children's Centres in line with the Council's expectations, from both a procurement and safeguarding perspective. The review identified that there was a general lack of understanding of what was required to properly contract with counselling service providers, thus posing risks to the Council. The Council may also have missed opportunities to get better value services for its clients.
74. The follow up audit concentrated on available advice and guidance, and the lack of central management information on local contracting.
75. Children's Centre Managers have recently received training around the quotation process and now have the tools available for contracting with suppliers. There remains a need to instil a collective understanding and confidence on how to identify where procurement processes must be put in place. The establishment of a central contracts list is still needed which, used appropriately, will identify when suppliers are reaching competitive quotation limits to ensure that correct quotation processes are implemented.
76. On a positive note, this review has served to produce a better awareness of the pitfalls associated with the procurement process. The Assistant Director, CYP (Integrated Service Delivery) has highlighted the move to a model where Integrated Service Managers hold the Children's Centre commissioning budgets to maintain tight control over this area and ensure things are joined up properly.

Schools' Procurement Practice

Audit Opinion = Ineffective

77. The objective of this review was to gather assurance that schools are in compliance with procurement regulations, to identify good practice and ensure that value for money is being considered and obtained in their procurement activities. Whilst there is evidence that schools are gathering more advice and guidance from the Procurement Service, there remain instances where advice is not taken. Adequacy of audit trails for decision making and transparency are inconsistent and the majority of schools are not maintaining a record of contracts. It is important that the relationship between schools and CYP, and the understanding about who has responsibility for procurement, is absolutely clear. There is scope for providing improved advice and guidance to assist schools to achieve better procurement practice.

Imprest Account Management in CYP

Audit Opinion = Effective

78. The Audit was undertaken due to concerns with the operation of imprests within CYP and some historic irregularities. Overall, improvements in controls were identified from an examination of a sample of imprest

accounts. There remains some non compliance with financial procedures and there is a need for greater vigilance by those with an oversight role.

Schools

79. Planned audits of educational establishments (Stowupland, Benjamin Britten, Thurston Community College, Suffolk One and Britannia Primary and Nursery School) concluded robust controls were in place over governance and financial operation.
80. One school of concern is Pakefield High School. Audit testing identified that basic controls expected in fundamental financial processes, in particular income and banking and procurement processes, had either not been put in place or had not been operated consistently. Following the audit, action has been taken by the School to rectify these issues. A follow-up audit is scheduled shortly.

Area Office - Lowestoft - Financial Procedures and Controls

Audit Opinion = Effective

81. An evaluation of the financial processes and support activities at Clapham House showed compliance with financial control standards in the majority. There was a requirement to rectify an issue relating to a customer's account and for an up to date inventory to be in place, which is important, in light of forthcoming planned moves.

Economy, Skills and Environment

Energy from Waste Project - Review of Implementation Phase

Audit Opinion = High Standard

82. DEFRA (Department for Environment, Food and Rural Affairs) undertook a management review of the Energy from Waste contract in October 2013 which was designed to help maximise the value from the PFI contract and to identify areas for improvement in management of this complex and high value contract. The Review was similar in principle to a Gateway Review in that it involved face to face interviews with key staff specifically exploring the effectiveness of actual or proposed contract management arrangements.
83. Prior to the DEFRA review, Audit Services examined the mechanisms in place to manage not just the existing phase of the Waste PFI contract, but also the future operational phase which is planned to commence in December 2014. The audit review covered the evaluation of the understanding of the contract; contract management; governance; knowledge management; management processes and systems; short-term savings; long-term contract management; relationship management and readiness for operational phase of the contract.
84. Further audit involvement will be required as this contract progresses to ensure that planned developments are implemented with adequate system controls.

Public Protection, Social Inclusion & Diversity (PPSID)

Fire Supplies and Technical Support (Follow-up)

Audit Opinion = Effective

85. A follow up audit on Fire Supplies and Technical Support showed improvements to the processes in place. It was also noted that improvements have been made at the premises regarding the recording of all stock received.

Overtime Paid to Full-Time Firefighters

Audit Opinion = Effective

86. Whilst overtime calculations tested were accurate, there is a need for overtime guidance to be reviewed and updated, as appropriate, on a regular basis. There are inconsistencies and duplications across the stations with regard to the records held and it has been agreed that there will be an evaluation of the use of the HR self-service for the processing and authorisation of overtime claims. Additionally, guidance will be sent out on how to deal with the close down of time accrued, as again there were inconsistencies with the way stations have been dealing with it.

Payments made to On-Call Firefighters

Audit Opinion = Effective

87. Whilst there is no reason to doubt administrative hours worked and claimed for, a comparison exercise highlighted inconsistencies for the time claimed by Watch Commanders at different locations. Furthermore, Watch Commanders were able to authorise their own claims, thus providing an inadequate level of control over their claiming of payments. It was agreed that a review would be carried out to ensure a consistent approach with the appropriate certification controls.

Corporate

Building Security

Audit Opinion = Effective

88. Controls exist to ensure the security of buildings and assets. These physical security measures are commensurate with the perceived level of risk to the organisation. A number of observations and recommendations were made to tighten controls further.

Other Work

89. Audit Services are currently reviewing the governance arrangements within Public Health.
90. A member of Audit Services is involved in ascertaining the assurance systems required within the delivery of the Suffolk Broadband programme.
91. Audit Services has been involved in providing control advice in a number of divesting / divested areas. For example, a member of Audit Services is

representative on the Care UK Governance Board to ensure contract arrangements are being adhered to.

92. The Interim Head of Audit is a member of the FBOR (Future Back Office Requirement) Programme Board. In addition, he has led on various healthcheck reviews required at different intervals in the life of the project, the most recent being in July 2013. This covered legality, procurement, finance / value for money and the customer perspective / fitness for purpose. Moving forwards, Audit Services is also carrying out due diligence work relating to the transfer of IT assets from CSD back to the County Council.
93. A member of Audit Services is currently supporting the Council's Business Development Team in undertaking a quality review of the Councils "Good Practice guide for Commissioning, Contract Management, Grant Funding and Procurement". The guide provides an internal and external reference point for understanding the practices that are employed within this area. The quality review seeks to identify improvements so continuing work can be undertaken to strengthen commissioning relationships and good practice within the Council

Sources Of Further Information

- a) Accounts and Audit Regulations 2011
- b) Public Sector Internal Audit Standards (PSIAS)
- c) Audit Committee – 21 March 2013 – Audit Services – Internal Audit Plan 2013/14
[Audit Committee - 21 March 2013 - Audit Services - Internal Audit Plan 2013/14](#)

