

**Introduction**

As part of the 2017/18 Assurance Risk and Audit Plan, a review has been undertaken of the controls and procedures in place in respect of Financial Services (including Property Services in the areas of council priorities and corporate risks) at Allerdale Borough Council (ABC). The aim of this review is to provide management with assurance that controls, governance and risk management activities are robust and operating as intended, that mitigating actions are in place to manage the key corporate risks for this area as recorded by the risk owner and provide recommendations for improvements to add value, if appropriate.

Transaction testing provided assurances over the financial management of Financial Services functions, including treasury, income recording, payroll and reconciliations.

Assurance Risk and Audit would like to thank all staff involved during the course of the review for their help and assistance.

The objective and scope for the Financial Services audit review was defined in the audit brief issued to all relevant staff on 9 November 2017.

**Walkthrough testing and results which relate to Financial Services**

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
Council priorities	Efficient and effective operations are in place to manage the delivery of Council Business Plan objectives.	Achievement of business objectives. Data integrity; Efficient and effective process; safeguard assets; Compliance.	Substantial	<p>The review established that effective mitigation and management controls were in place for the effective delivery of Financial Services objectives within the corporate business plan.</p> <p>Allerdale Borough Council have a 4 year Council Plan and an annual Business Plan to set out the activities that will be undertaken to deliver against the Council Plan objectives as a measure to continue providing value for money for expenditure.</p> <p>A business plan objective requiring six monthly car park inspections for the maintenance of Allerdales pay and display car parks is in place. A record exists for the monitoring of inspections and works carried out, however the information could be</p>

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				<p>improved. The inspection spreadsheet for maintenance of car parking provision was not consistently or accurately completed and no key was present to explain what the wording used (OK, Fair and Good) covered. Six monthly visits were not evidenced, with dates showing inspections taking place at nine months, ten months and five years apart on Maryport Promenade Car Park. <b>Refer to recommendation 1.</b></p> <p>Property Services did not retain records of customer complaints/reports. No central store or procedures for the retention of this information had been established. <b>Refer to recommendation 2.</b></p> <p>Continuous cost saving work had been completed to ensure better provision of public toilet facilities through upgrading and transferring assets.</p>
Corporate Risks	Mitigating actions are in place to manage corporate risks	Data integrity; Efficient and effective process; safeguard assets; Compliance.	Substantial	<p>SMT monitor the live corporate risk register which is readily available to all including the public.</p> <p>High (red) risks are monitored by SMT, the Senior Policy and Improvement Officer also highlights these via a quarterly performance report.</p> <p>The four corporate risks tested relating to financial services evidenced that effective mitigation and management controls were in place for the effective management and mitigation of these risks.</p>

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Structure, role and responsibilities	Adequate structure in place for effective service delivery and clearly defined roles and responsibilities.	Objectives; Data integrity; Efficient and effective process; Compliance.	Substantial	<p>A re-structure took place in 2016 which focused on improving generic working and service resilience. A Deputy 151 Officer's post was established as part of the restructure.</p> <p>A questionnaire circulated to 10 members of finance staff showed that 8 staff felt their roles were clearly defined and expectations managed.</p> <p>Business continuity plans and documents were available and are regularly updated, and communicated with the department at both management and team meetings.</p>
Policy, procedures and legislation	Data is appropriately handled, segregation of duties exists and financial regulations are up to date and in place.	Efficient and effective process; Safeguard assets; Compliance; Counter fraud.	Substantial	<p>The review established that Financial Services had appropriate knowledge on policy, procedures and legislation. A number of issues were however noted in connection with the storage of documents and data security.</p> <p>Documents containing personal information including debtor's instalments and transaction reports were not being stored in lockable cabinets. Computers were left unlocked on a number of occasions when officers were not at their desks. <b>Refer to recommendation 3.</b></p> <p>A review of the open credit facility bank signatories identified four signatories that were out of date, two employees having left the Authority in 2014. This issue was addressed at the time of the review. <b>Refer to recommendation 4.</b></p> <p>Financial Regulations are agreed at Council</p>

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				<p>and available on the intranet document store, however 8 out of the 11 random Allerdale employees asked didn't know what the financial regulations were, two had read them and one had seen communication regarding them. The Financial Regulations state that Senior Officers are responsible for ensuring that all staff under their direction are aware of and understand the content of the Authority's Financial Regulations and of related guidelines and procedures and that they comply with them. <b>Refer to recommendation 5.</b></p> <p>The sample of overtime transactions selected identified errors made had allowed an employee to be overpaid. One sample showed the wrong hourly rate had been used on a number of occasions, dates, times and totals had not been checked allowing inaccurate duplicate claims to be made. There was no single source of guidance available to confirm whose responsibility it was to monitor and check this information within the overtime process. The responsibility of senior officers in connection with the authorisation of payments to employees and for ensuring valid entitlement to payment and compliance with council policy and terms of employment in calculating the amount to be paid is however clearly described within the Financial Regulations. <b>Refer to recommendation 6.</b></p>
Urgent same day payments	Process in place to effectively manage emergency payments	Data integrity; Efficient and effective process; Safeguard	Substantial	Testing and discussions confirmed that finance staff were pro-active when it came to managing an identified same day payment

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	and avoid duplicate payments.	assets; Compliance.		<p>risk.</p> <p>No written procedures were in place for same day payments. The team had good knowledge when it came to their own role(s) in the process, however were not familiar of others role(s) in the process. <b>Refer to recommendation 7.</b></p> <p>Same day payment testing showed that one item included in the sample tested had been paid incorrectly and then corrected, there were no notes present on the system to explain this, however due to the extensive knowledge and experience of the TSO (KM) the transaction in question was easily identified and explained. <b>Refer to area for improvement 1.</b></p> <p>A trial to process urgent same day payments paperless was suggested, in line with the corporate drive for smarter ways of working and to reduce the risk of misplacement of documents. However this offered no additional assurances over the completeness and accuracy of processing same day payments when compared to the current (paper based) process.</p>
Budget Control	Effective budgetary controls in place	Data integrity; Efficient and effective process; safeguard assets; Compliance.	Comprehensive	<p>Testing and discussions confirmed that Budget timetable and reporting were managed effectively. Forecasting outputs were examined and challenged at SMT regularly. A Star Chamber approach is adopted which improves accountability and responsibility for budget management. Financial workshops for third tier managers</p>

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				<p>are held quarterly.</p> <p>The level of work finance had put into improving accountability, ownership and understanding in relation to budget management for budget holders and members should be noted, which is reflected in the comprehensive assurance opinion achieved.</p>
GDPR	Work is underway for GDPR compliance	Data integrity; Efficient and effective process; safeguard assets; Compliance.	Substantial	<p>Finance are working pro-actively and have nominated GDPR representatives within the team.</p> <p>The initial data register has been completed and Finance are on target based on Allerdale Borough Councils GDPR Compliance Assessment and where the information and records officer would expect them to be.</p> <p>The staff survey evidenced that 50% of finance staff were aware of GDPR requirements and impacts on their roles, 50% did not. E-Learning training is mandatory to all staff and will be completed by the end of April.</p>
Performance management	Appropriate PIs are in place to manage the service.	Data integrity; efficient and effective process; safeguard assets; Compliance.	Comprehensive	<p>The organisations KPI data is stored on a shared excel spreadsheet, which is updated and sent to SMT on a monthly basis.</p> <p>Effective processes were in place to monitor statutory and non-statutory deadlines and KPI performance, including regular monitoring and performance reports.</p> <p>Testing showed that corporate KPI KFS01 (% supplier invoices paid within 30 days) did not achieve the 98% target during the first six months of the year. However the target was</p>

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				<p>exceeded in August and October and % improving from Q1 to Q2. Performance for quarter 3 was 99%. The key reason for the underperformance during the first six months was due to staff outside of the finance function not receipting orders when goods had been delivered, this was also raised at SMT Cascade meeting to cascade to teams as an awareness measure.</p> <p>Emails are sent both via the system and finance staff to remind departments to receipt their orders and Finance are proactive in looking at ways they can improve this by increasing knowledge and awareness.</p> <p>The Financial services survey evidenced that 70% knew what their teams KPI's were but 30% did not, however these are accessible for everyone to view on the shared area and are discussed at team meetings and 1-2-1's.</p>

**Financial Services Area for improvement**

	Area for Improvement	Associated risks
1	Notes should be added to the finance system to clarify the reason for any amendments / corrections.	Efficient and effective processes, data quality, Risk Management.

## Financial Services Recommendations

	Recommendation	Associated risks	Priority	Responsibility, due date & response
1	The inspection spreadsheet in relation to car park maintenance should be consistently completed and a key added to explain what the wording (OK, Fair and Good) covers. A reasonable inspection period should be agreed, adhered to and recorded to maintain an accurate record of actions and outcomes taken by management.	Loss of data; Efficient and effective processes, data quality, customer satisfaction, objectives	Low	Property Services Supervisor.(check job title)  30 April 2018
2	A process should be agreed by property services to store customer complaints/reports in line with the corporate retention policy, using the corporate complaints system myAllerdale.	Loss of data; Efficient and effective processes, data quality, customer satisfaction. Objectives.	Medium	Property Services Supervisor.(check job title)  30 April 2018
3	All documents containing personal information should be stored in secure lockable cabinets in line with the corporate retention policy and GDPR.	Efficient and effective processes, data quality, Objectives, Risk Management, legal requirement, cost to council	High	Financial Services Manager 30 <sup>th</sup> September 2018
4	Open Credit bank signatories should be updated and reviewed at an agreed period.	Efficient and effective processes, data quality, Objectives, Risk Management.	Medium	This was addressed at the time of the review.
5	A reminder should be sent to all Senior Officers highlighting Senior Officers' responsibility to ensure that all staff under their direction are aware of and understand the existence and relevant content of the Authority's	Efficient and effective processes, data quality, Objectives, Risk Management.	Medium	Financial Services Manager 30 <sup>th</sup> September 2018

	Recommendation	Associated risks	Priority	Responsibility, due date & response
	Financial Regulations and related guidelines and procedures.			
6	To assist in the completion of the overtime form guidance note should be added to the form	Efficient and effective processes, data quality, Objectives, Risk Management.	Medium	Assistant Accountant (payroll) 30 <sup>th</sup> September 2018
7	Procedures and guidance for same day payments should be clearly defined and documented, including who does what and what qualifies as an urgent payment.	Efficient and effective processes, Objectives, Risk Management.	High	Financial Services Manager 30 <sup>th</sup> September 2018

**Walkthrough testing and results which have arisen during the financial Services Review, which relate to Human Resources**

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
Policy, procedures and legislation	Data is appropriately handled, segregation of duties exists and financial regulations are up to date and in place.	Efficient and effective process; Safeguard assets; Compliance; Counter fraud.	Substantial	<p>Sample starter, leaver and mover selected identified ineffective administration of the Human Resource (HR) process allowed the sample forms to be incomplete, the sample mover showed that the previous and current contracts were missing, there were no P45 forms on file for 3 samples tested. HR reviewed and amended the form this has contributed to key steps in the process being missed.</p> <p>HR and payroll work from separate sage systems, which are not integrated, this causes the need for information to be processed by each service separately and puts reliance on key information being communicated and shared manually, this is not an efficient or effective way of working for the organisation. Duplicate employee checks were not</p>

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
				<p>completed and accuracy checks were not being completed at the time of testing, due to resource issues. <b>Refer to recommendation 8 and area for improvement 2.</b></p> <p>Discussions confirmed that 90% of leaver's questionnaires are not returned and no exit interviews were undertaken. <b>Refer to recommendation 9.</b></p> <p>The old flexible working policy was still available to view on the document store. <b>Refer to area for improvement 3.</b></p> <p>Testing found that an individual has a home working contract which is no longer appropriate as he attends the office more frequently than he works from home. This has caused mileage claims to be paid from home to the office on a regular basis. Mileage rates paid did not comply with the Travel and Subsistence rates. <b>Refer to recommendation 10.</b></p>

**Areas for improvement which have arisen during the financial Services Review, which relate to Human Resources**

	Area for Improvement	Associated risks
2	Sample starter, leaver and mover forms should be reviewed to ensure they include all necessary information including duplicate employee checks. The process should be communicated to ensure all departments involved understand their responsibilities. All associated documentation should be collected and scanned into a secure location.	Efficient and effective processes, data quality, Objectives, Risk Management.
3	All old policies should be deleted from the Document Store.	Efficient and effective processes, data quality

### Recommendations which have arisen during the financial Services Review, which relate to Human Resources

	Recommendation	Associated risks	Priority	Responsibility, due date & response
8	A joint integrated HR and payroll systems should be looked at being procured to improve performance information, avoid duplicated work, reliance on key information being communicated and shared manually and to provide an efficient and effective way of working for the organisation.	Efficient and effective processes, data quality, Objectives, Risk Management.	Medium	HR Manager
9	If the current leavers process (questionnaires) is not effective alternative options should be considered, these should be monitored and performance managed.	Efficient and effective processes, data quality, Objectives, people	Medium	HR Manager 31 May 2018
10	To support the flexible working values at Allerdale, the home working Policy should be reviewed along with all home working contracts to ensure all home workers are paid expenses consistently and fairly in line with a corporate policy and criteria.	Efficient and effective processes, Objectives, Risk Management.	High	HR Manager All HR polices are to be reviewed. This will be incorporated within this larger piece of work. However work to rectify the risks identified within the review will be managed immediately. 1 April 2019

### Walkthrough testing and results which have arisen during the financial Services Review, which relate to Procurement and Project Office

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
Corporate Risks	Mitigating actions are in place to manage corporate risks	Data integrity; Efficient and effective process; safeguard	Substantial	The review identified ineffective training and support for project managers based in services was in place. It was acknowledged

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
		assets; Compliance.		that project managers based outside the Programme Office did not know what was expected from them or of the relevant processes to be followed throughout a project. This exposed further weaknesses regarding Finance rarely being consulted at the start of a procurement project and very little costings for projects being available despite the fact these should be agreed at the outset and monitored throughout <b>Refer to recommendations 11, 12 and 13.</b>

**Recommendations which have arisen during the financial Services Review, which relate to Procurement and Project Office**

	Recommendation	Associated risks	Priority	Responsibility, due date & response
11	In depth practical training and support should be provided for project managers including guidance on responsibilities and expectations.	Efficient and effective processes, data quality, customer satisfaction, Objectives, Risk Management.	Medium	Commissioning Manager  31 May 2018
12	Financial Services should be consulted at the planning stages of all projects.	Efficient and effective processes, data quality, customer satisfaction, Objectives, Risk Management, cost to council	Low	Commissioning Manager  Implemented with immediate effect, continuous improvements.
13	Full costings for projects should be agreed at the outset of a project, recorded and monitored throughout.	Efficient and effective processes, data quality, customer satisfaction, Objectives, Risk Management, cost to council	Medium	Commissioning Manager  30 September 2018  This will require the support of the board and management, not to approve projects without costings

	Recommendation	Associated risks	Priority	Responsibility, due date & response
				being provided.

## Customer Operations Audit Review 2017/18

### Introduction

As part of the 2017/18 Assurance Risk and Audit Plan, a review has been undertaken of the controls and procedures in place in respect of Customer Operations including Housing Benefit Payments, Council Tax, NNDR and Customer Services at Allerdale Borough Council (ABC). The aim of this review is to provide management with assurance that controls, governance and risk management activities are robust and operating as intended, that mitigating actions are in place to manage the key corporate risks for this area as recorded by the risk owner and provide recommendations for improvements to add value, if appropriate.

Information and evidence was gathered using a number of techniques including testing, observations and questionnaires.

Assurance Risk and Audit would like to thank all staff involved during the course of the review for their help and assistance.

The objective and scope for the Customer Operations audit review was defined in the audit brief issued to all relevant staff on 21 February 2018.

### Walkthrough testing and results

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
Council priorities	Efficient and effective operations are in place to manage the delivery of Council Business Plan objectives.	Achievement of business objectives. Data integrity; Efficient and effective process; safeguard assets; Compliance.	Substantial	The review established that effective mitigation and management controls were in place for the effective delivery of Customer Operations objectives within the corporate business plan.  There were some good business partnering work being completed. Customer Operations support benefit claimants and customers dealing with money problems by providing debt advice to improve financial capability. The team provide advice and support

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
				<p>internally where possible and sign post customers for further formal advice to the Citizens Advice Bureau (CAB).</p> <p>In regards to the council priority ‘to carry out a business process review of Development Services and implement a new Land and Property system to improve efficiency and reduce costs’, an implementation date was in place for June 2018.</p> <p>The Licensing Department were included in the scope of the project however it hadn’t been flagged that Customer Services had a role in the process and also required system access, this meant licences required by Customer Services weren’t included in the budget. This issue was identified and it was confirmed that having looked at the number of users within each section and the number of licences procured, there were sufficient licences for those in Customer Services who actively work on taxi licenses and read only access was being explored for the additional customer services staff.</p>
Corporate Risks	Efficient and effective operations are in place to manage the delivery of Corporate Risks.	Achievement of business objectives. Data integrity; Efficient and effective process; safeguard assets; Compliance.	Substantial	<p>SMT monitor the live corporate risk register which is readily available to all including the public as part of the quarterly performance report.</p> <p>High (red) risks are monitored by SMT, the Policy Manager (Corporate, Performance and Information) also highlights these via a quarterly performance report.</p>

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
				<p>Allerdale Borough Council have a four year Council Plan and an annual Business Plan to set out the activities that will be undertaken to deliver against the Council Plan objectives as a measure to continue providing value for money for expenditure.</p> <p>The review identified that corporate Risks 17. 'Information managed by the council was not protected' and corporate risk 21 'Failure to manage welfare reform' required updating. The ICT Manager was not aware of risk 17. This risk would not have been monitored by SMT due to the score being under the corporate score of 9. <b>Refer to Recommendation 1.</b></p> <p>Assurances around corporate risk 54 were tested on 18-19 March when there was unsuccessful attempts to hack into the council email system. The robust security measures in place worked successfully and all staff were notified and provided with advice in a timely manner.</p>
Customer Services	Council services are accessible to all customers, are working in line with the Customer Access Strategy, systems and procedures are in place to ensure prompt, accurate and	Data integrity; Efficient and effective process; safeguard assets; Compliance.	Substantial	There is an extensive choice of communication, information and payment methods available to meet customers' needs and demands including a 24 hour payment line, paypoints at a number of outlets within the borough, a payments machine in Allerdale House, the 'Tell Us Once scheme and area offices in all the major towns within Allerdale.

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
	<p>complete recording of payments taken and appropriate performance indicators and GDPR requirements are in Place to manage the function.</p>			<p>The old news link for 'more choice to pay' from 2014 was still available on Allerdale's website when searching for council payment methods and the customer services survey evidenced that although 60% stated they knew where the current paypoints where, 40% didn't and comments evidenced that out of the 60% that did, the majority only knew council office paypoints and not all external paypoints, therefore could not advise a customer to their nearest available outlet. <b>Refer to recommendation 2.</b></p> <p>Customer services is forward thinking and is actively trying to encourage and assist customers in to using Allerdale's extensive and developing on-line services.</p> <p>There is a current Customer Access Strategy accessible online, there is an associated Key Performance Indicator (KPI) in place to monitor speed of calls answered and the Head of Service has detailed performance reports which are shared with the service regularly, however the customer services survey showed 80% of staff said they did not know what the Customer Access Strategy was with only 1 out of 16 answering yes, three knew but had not read it. <b>Refer to area for improvement 1.</b></p> <p>Visits to customers outside council property should be handled in line with the Customer Access Strategy. A new mobile working</p>

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
				<p>system has been implemented to support this service. As expected with a new system, there have been a few teething issues experienced in regards to inspection requests from Academy not coming through to the mobile system and photos not linking to the new system, so Comino is still having to be used to upload pictures. These issues were being addressed at the time of the review. No logs were kept to evidence if inspections had been arranged verbally or were un-notified. <b>Refer to area for improvement 2.</b></p> <p>New builds eligibility visits can be processed via the new system, however they are still currently being entered into the manual spreadsheet and manual files being created. There were no known dates to when training would be provided in order for the new system to be utilised for new build visits. <b>Refer to recommendation 3.</b></p> <p>Allerdale House reception/Customer Services has recently been re-designed to a high specification, this includes a child's area, comfortable seating areas and private meeting rooms if required. A customer satisfaction survey is completed quarterly and KPI information for the customer satisfaction survey shows that customers are generally satisfied with the service provided.</p> <p>Information was available online regarding the new corporate complaints process, however the Complaints Handling Procedure available</p>

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				<p>online, was for the old procedure and no longer relevant. There was no official Complaints Handling Procedure for the new process, however there was a procedure for 3rd tier managers and Heads of Service and training had been provided to both. <b>Refer to area for improvement 3.</b></p> <p>Testing showed a number of teething issues with the new complaints system and procedure, including the myAllerdale system not allowing emails to be sent via the system and users having to respond via their own outlook then upload them to the system (the ability to send an email exists but the customer cannot reply). There was also confusion around what would classify as a service request or a corporate complaint. Testing identified a complaint had been raised as a service request in error, this is due to the lack of guidance available to the team administering the system, for classifying a complaint or service request. <b>Refer to recommendations 4 and 5.</b></p> <p>Good initiative was shown within the management team as internal measures had been put in place to improve customer services and professionalism for example no use of personal phones for front desk staff was permitted, this provided assurances over misuse and sharing of data and management of reputational damage and professionalism.</p> <p>The customer services survey showed that</p>

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				<p>40% of staff felt they had been adequately trained to use all systems / tools needed for their role, however 60% did not, the majority of the comments related to myAllerdale. <b>Refer back to recommendation 4.</b></p> <p>An observation of the cheques process highlighted some ineffective areas. Post should be delivered by 9am however on this occasion the post didn't arrive until 10am, leaving document management unable to start their daily tasks and the time delay having a knock on effect for Customer Services starting their processing of the cheques. This was not a one off occurrence and on a couple of occasions post had not been delivered until 11am. The contract between ourselves and Royal Mail could be located. Three deliveries were taken during cheque opening, there were no barriers to separate external deliveries from the cheque opening area and storage trays. <b>Refer to recommendations 6 and 7.</b></p> <p>Assurance was provided over the dual control post opening processes including, opening and recording of cheques. Used stamps were retained for air ambulance.</p> <p>Allerdale addressed and departmental post is totalled and recorded on sheets of paper and kept in file for post comparison data. <b>Refer to area for improvement 4.</b></p> <p>During observation it was mentioned that an automatically locking door had been</p>

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				<p>suggested and would be beneficial as it can slip your mind to lock the door at the end of the day and previously a member of the public had walked in during a delivery, when the door had been left open. Post and cheque handling procedures were requested from the BSA, these were eventually supplied by the Senior Customer Accounts Officer however they were from 2007 and not relevant to the current process or structure. <b>Refer to area for improvement 5 and recommendation 8.</b></p> <p>Front line staff processed cheques in between serving customers, this made the process time consuming and inefficient, due to the resource structure this also meant that some cheques were not processed until the following day (this could have knock on complications i.e. reminders could go out for none payments). <b>Refer back to recommendation 8.</b></p> <p>It was confirmed in discussions with staff that complaints from customers regarding incorrect posting of payments are recorded and investigated to establish the cause, this was not observed or tested as part of the review.</p> <p>The possibility of no longer accepting cheques was agreed but not adopted in 2014 when the council went cashless. This was discussed with the Customer Services Manager and Customer Operations Manager, some figures had been collated in the past which showed only a small number of customers still pay by cheques, however the information was not</p>

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				<p>current and the effects on departments had not been considered. The total number of cheques processed for 17/18 was 15,320.  <b>Refer to recommendation 9.</b></p>
<p>Housing Benefit Payments</p>	<p>Adequate controls are in place for secure and effective service delivery. Roles and responsibilities are clearly defined. Payments are made in an accurate and timely manner.</p>	<p>Objectives; Data integrity; Efficient and effective process; Compliance.</p>	<p>Comprehensive</p>	<p>Assurance was gained from the observation on 13 March 2018 of the weekly Housing Benefit pay-run process, controls and key controls were in place.</p> <p>The competent and experienced System Support Officer (SSO) has a robust process in place and this was followed to ensure the correct controls and procedures were in place. The SSO updates the process on a regular basis to ensure that other team members have a reference should they be performing the tasks.</p> <p>Cheques are currently taken to Document Management to record and post, this was due to old ways of working when there used to be a high volume of cheques and the need for remittance slips, remittance slips are no longer required and only a small volume of cheques are issued (two during the observation) therefore there is no longer a requirement for Document Management to record and post the cheques on finances behalf, this was identified and implemented at the time of the review. <b>Refer to Recommendation 10.</b></p> <p>Observation and testing undertaken of failed BACS payments concluded that measures were in place to ensure issues were resolved</p>

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				<p>quickly and efficiently and returned payments are processed effectively in all relevant finance systems.</p> <p>Testing and walkthrough observations with finance staff confirmed that there were good controls in place to ensure that payment balances in Academy correspond accurately to those in the General Ledger (GL). Bank reconciliation to reconcile the bank account to the GL and additional reconciliations of Council Tax and NNDR are completed on a monthly basis this was confirmed by the Technical Officer and noted on the Monthly certification form 17/18 which is checked by the Financial Services Manager, this was not re-performed for this review due to it being considered low risk, comprehensive assurance has been provided in previous reviews and substantive evidence was provided by the Assistant Accountant to show the reconciliation had been done accurately.</p>
Council Tax	Data is appropriately handled, segregation of duties exists and financial regulations are up to date and in place.	Efficient and effective process; Safeguard assets; Compliance; Counter fraud.	Comprehensive	<p>Testing and discussions with key members of staff demonstrated a good system of controls to ensure all dwellings receive accurate council tax bills each financial year. Testing confirmed quality control resulting from sample testing at the beginning of the year.</p> <p>Competent and experienced staff carry out prompt action and reconciliation to Valuation Office schedule to confirm accuracy and correct billing.</p>

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				<p>Observation and testing demonstrated accurate processing for new occupants, changes and deletions of household circumstances.</p> <p>Observation and testing demonstrated that overpaid council tax is refunded promptly after all steps in the process are taken to ensure refunds are appropriate. Sample testing confirmed that income and refund balances in Academy are accurately recorded in the GL. Payments testing confirmed correct payment posting.</p>
NDR	Process in place to effectively manage emergency payments and avoid duplicate payments.	Data integrity; Efficient and effective process; Safeguard assets; Compliance.	Comprehensive	<p>A combination of system, human controls and testing showed good controls are in place to ensure business premises receive a correct and accurate NDR bill for each financial year.</p> <p>Observation and sample testing demonstrated key controls are robust to ensure the correct rateable value is applied at the earliest opportunity. Prompt action is taken and a reconciliation to the Valuation Office schedule confirms accuracy and completeness of the database.</p> <p>Sample testing of exemption relief (Liability), confirmed that accounts are updated promptly and changes of circumstances acted upon at the earliest opportunity to ensure accurate billing. Integrity checks are made at account start up. The suspense account is regularly reviewed and transactions transferred,</p>

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
				<p>however a transaction of £550 from May 2015 remains unresolved.</p> <p>Testing confirmed payments were allocated to the correct accounts in Academy and accurate and timely reconciliation of Academy and Total GL balances.</p> <p>A test of an NNDR refund demonstrated that some key controls including segregation of duties for processing and authorising refunds and the annotation of report nr6130 weren't consistently followed. <b>Refer to Recommendation 11 and area for improvement 6.</b></p>
GDPR	The project to deliver GDPR compliance is managed and monitored.	Data integrity; Efficient and effective process; safeguard assets; Compliance.	Substantial	<p>The initial data asset register has been completed and Customer Operations are on target based on Allerdale Borough Councils GDPR Compliance Assessment and they are where the Information Governance and Data Protection Officer would expect them to be.</p> <p>Customer Operations staff were sent a short questionnaire asking if they were aware of GDPR and the Corporate Retention Policy. Answers evidenced that knowledge was mixed however none asked were aware of the Corporate Retention Policy. New E-learning training is to be mandatory for all staff to complete prior to 1st May, this will ensure staff are aware and know how to comply with GDPR. At the time of reviewing the report 100% of customer Operations staff had completed this training. <b>Refer to Recommendation 12.</b></p>

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
Performance management	Service performance is managed and monitored.	Data integrity; efficient and effective process; safeguard assets; Compliance.	Substantial	<p>The organisations KPI data is stored on a shared excel spreadsheet, which is updated and sent to SMT on a monthly basis.</p> <p>Effective processes were in place to monitor statutory and non-statutory deadlines and KPI performance, including regular monitoring and performance reports within Customer Services.</p> <p>KPI information is available to all via the shared area and Customer Operations managers communicate KPI information to staff at 1-2-1's, team meetings, and in some cases statistics displayed on team whiteboards and performance reports shared, however the staff asked did not know how or where to find these on the shared area. <b>Refer to Area for Improvement 7.</b></p>

### Areas for improvement

	Area for Improvement	Associated risks
1	Although there were a number of channels for staff to access and make themselves aware of the Customer Access Strategy, including on-line information, the customer services survey showed 80% of staff said they did not know what the Customer Access Strategy was. To transfer some of the responsibility and ownership to the employees, this should be discussed with staff during 1-2-1's and appraisals.	Efficient and effective processes, data quality, Objectives, Risk Management.
2	The communication method for arrangement of inspections should be noted on the system i.e. informed via letter, verbally or un-notified where appropriate, for a clear audit trail and data quality.	Efficient and effective processes, data quality, Objectives, customer satisfaction.
3	The Complaints Handling Procedure available online, for the old procedure	Efficient and effective processes,

	therefore no longer relevant, should be removed, to avoid confusion and incorrect information sharing.	data quality, Objectives, Risk Management, customer satisfaction.
4	Allerdale addressed and departmental post data comparison information is recorded on sheets of paper and kept in a manual file, this should be recorded and stored paperless in line with the corporate drive for smarter ways of working.	Efficient and effective processes, data quality, objectives.
5	Managers should be assured that all staff have a satisfactory level of security awareness and knowledge.	Efficient and effective processes, data quality, Risk Management.
6	The nr6130 NNDR refunds authorisation report should be signed and dated to show who has authorised the refunds payrun.	Efficient and effective processes, data quality, Risk Management. Efficient and effective processes, data quality, objectives.
7	Where to find the organisations KPI information should be communicated with staff either at 1-2-1's, team meetings or via email.	Efficient and effective processes, data quality, objectives.

## Recommendations

	Recommendation	Associated risks	Priority	Responsibility, due date & response
1	The full corporate Risk Register should be reviewed at an agreed period to ensure that the risks which score below 9 are also monitored, relevant and up to date with the appropriate responsible officers and to avoid duplication.	Efficient and effective processes, data quality, Objectives, Risk Management.	Medium	Customer Operations Manager  30 June 2018
2	A list of current payment methods and paypoints available within Allerdale should be available on-line.	Efficient and effective processes, data quality, customer satisfaction, objectives.	Low	Implemented at the time of the review.
3	Training should be arranged and provided in order for the inspections	Efficient and effective processes, data quality,	Medium	Customer Service Manager

	<b>Recommendation</b>	<b>Associated risks</b>	<b>Priority</b>	<b>Responsibility, due date &amp; response</b>
	software to be fully utilised for new builds once the software is fully implemented.	objectives.		31 January 2019
4	Procedures and guidance for corporate complaints should be clearly defined, including what qualifies as a complaint or a service request and what is expected of the department the issue(s) are escalated to, following the completion of the procedures formal training should be rolled out to the PA's and service managers/officers involved in updating myAllerdale.	Loss of data; Efficient and effective processes, data quality, customer satisfaction. Objectives, Risk Management.	Medium	Head of Customer and Commissioning, OD & Transformation  23 December 2018
5	Issues raised in regards to myAllerdale functionality i.e. emails not able to be sent to customers via the system, not knowing how to delete documents once uploaded etc. should be addressed and rectified.	Efficient and effective processes, data quality, customer satisfaction, Objectives, Risk Management.	Medium	Implemented at the time of the review.
6	The contract between ourselves and Royal Mail should be reviewed to ensure value for money is obtained.	Efficient and effective processes, data quality, customer satisfaction, Objectives, Risk Management, cost to council.	Medium	Customer Accounts Manager  30 September 2018
7	Security measures regarding external deliveries and other staff during the cheque opening process should be reviewed.	Efficient and effective processes, Objectives, Risk Management, cost to the council.	Medium	Customer Accounts Manager  23 December 2018
8	The system in place for processing cheques should be improved to ensure a secure efficient and documented process is developed.	Efficient and effective processes, data quality, Objectives, Risk Management, cost to council	Medium	Customer Operations Manager  23 December 2018

	<b>Recommendation</b>	<b>Associated risks</b>	<b>Priority</b>	<b>Responsibility, due date &amp; response</b>
9	Accepting cheques as a payment method should be reconsidered in line with channel shift and delivering an efficient and effective council.	Efficient and effective processes, data quality, Objectives, Risk Management, cost to council	Medium	Commissioning, OD & Transformation  31 January 2019
10	Due to remittance slips no longer being used and only a small volume of cheques issued there is no longer a requirement for Document Management to record and post the cheques on finances behalf.	Efficient and effective processes.	Low	Implemented at the time of the review.
11	Segregation of duties in regards to processing and authorising NNDR refunds should be in place and followed.	Efficient and effective processes, data quality, Objectives, Risk Management, Efficient and effective processes.	Medium	Customer Accounts Manager  30 June 2018
12	Managers should make staff aware of the Corporate Retention Policy and ensure personal information is being obtained correctly, in line with the applied GDPR date (25.05.2018).	Efficient and effective processes, data quality, Objectives, Risk Management.	Medium	Customer Operations Manager  01 June 2018

<b>Guide to the audit assurance opinions</b>	
Comprehensive	There is a sound system of controls designed to meet objectives, manage risks and controls are consistently applied in all the areas reviewed.
Substantial	There is a good system of controls and risks are managed. However, there are opportunities for improvement in the design or consistency of application that will assist in the achievement of objectives identified as being at risk in the areas reviewed.
Limited	Key controls exist to help achieve objectives and manage principle risks. However, there are opportunities for improvement in the overall control environment which would enhance the design and application of controls, thereby assisting the achievement of objectives identified as being at risk in the areas reviewed.
Minimal	The absence of basic key controls or the inconsistent application of key controls is so severe that the audit area is open to abuse or error. Risks to objectives are not being managed.

<b>Agreed action levels</b>	
High	There is a control vulnerability that could result in failure to achieve corporate objectives, reputational damage, lead to material loss, exposure to serious fraud or failure to meet legal or statutory requirements. This includes material non-compliance with the Constitution, Financial Regulations or Council policies and procedures. Managers should address high priority recommendations urgently to rectify the situation.
Medium	The system or procedure lacks adequate control that could result in failure to achieve operational objectives, non-material loss, or non-compliance with departmental operational or financial procedures. This would also include minor non-compliance with Financial Regulations. Although not fundamental to system integrity these risks should be addressed promptly as the next priority.
Low	To implement this would be good practice to improve or enhance the system and the achievement of objectives. Several low risks in combination may give rise to concern.

In line with the Public Sector Internal Auditing Standards (PSIAS), Assurance, Risk and Audit will monitor all current and future agreed actions. Actions will be recorded in the actions log on Sharepoint including all progress updates whether made by assigned

officers directly or by Assurance, Risk and Audit on their behalf. Managers with Network system access have the opportunity to monitor these actions. Implementation dates are agreed before the Final report is issued, amendments to these dates must be agreed with Assurance, Risk and Audit. Agreed actions are monitored by the Senior Management Team and Audit Committee. In the instance that an engagement has not been conducted in line with the PSiAs, the areas of non-conformance will be reported as part of the final report.