

ASHFIELD DISTRICT COUNCIL



Council Offices,
Urban Road,
Kirkby in Ashfield
Nottingham
NG17 8DA

Agenda

Audit Committee

Date: **Monday, 30th September, 2019**

Time: **10.00 am**

Venue: **Committee Room, Council Offices, Urban Road,
Kirkby-in-Ashfield**

For any further information please contact:

Lynn Cain

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01623 457317

AUDIT COMMITTEE

Membership

Chairman: Councillor Dave Shaw

Councillors:

John Baird
Christian Chapman
Kevin Rostance

Jim Blagden
Arnie Hankin
David Walters

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SUMMONS

You are hereby requested to attend a meeting of the Audit Committee to be held at the time/place and on the date mentioned above for the purpose of transacting the business set out below.



R. Mitchell
Chief Executive

AGENDA

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1. To receive apologies for absence, if any.
2. **Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests.**
3. To receive and approve as a correct record the minutes of the meeting of the Committee held on 22nd July, 2019. 5 - 12
4. Annual Audit Letter 2018/19. 13 - 28
5. Audit Progress Report. 29 - 40

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AUDIT COMMITTEE

Meeting held in the Committee Room, Council Offices, Urban Road, Kirkby-in-Ashfield,

on Monday, 22nd July, 2019 at 7.00 pm

Present: Councillor Dave Shaw in the Chair;

Councillors John Baird, Christian Chapman,
Arnie Hankin and David Walters.

Apologies for Absence: Councillors Melanie Darrington and
Kevin Rostance.

Officers Present: Bev Bull, Ruth Dennis, Peter Hudson and
Rachel Newton.

In Attendance: Helen Brookes (Mazars), David Hoose (Mazars)
and Mandy Marples (CMAP).

AC.24 Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests

No declarations of interest were made.

AC.25 Minutes

RESOLVED

that the minutes of the meeting of the Committee held on 11th March, 2019, be
received and approved as a correct record.

AC.26 Presentation by the Corporate Finance Manager (and Section 151 Officer) - Statement of Accounts 2018/19

The Council's Corporate Finance Manager (and Section 151 Officer) provided
a presentation to the Committee giving details of the audited statement of
accounts for 2018/2019.

AC.27 Audited Statement of Accounts including Letter of Representation

The Corporate Finance Manager (and Section 151 Officer) presented the
2018/2019 Statement of Accounts and summarised performance subject to
final agreement of the external auditors.

During the presentation the areas in which an underspend had been realised
were highlighted and Members were advised on some of the reasons for this,
amongst those were:-

1. The most significant underspend on transport had been achieved through reduced contract hire costs, fuel, mileage and insurance;
2. Government grants received were in excess of the level budgeted resulting in a notable underspend on anticipated grants, fees and charges expenditure.

Members noted that the general fund summary illustrated a positive out turn for the financial year which will contribute to boosting reserves moving forwards, assisting in limiting the impact of anticipated reducing Government resources.

The Corporate Finance Manager (and Section 151 Officer) drew Members attention to the Housing Revenue Account and the associated underspend, he advised them that a large contributory factor to this had been as a result of lower borrowing amounts than originally planned for housing.

The Committee felt that the Council was in a manageable financial position, however, they acknowledged that constant monitoring and early intervention, if required, must be taken to maintain this.

The Chairman thanked those involved in compiling the Statement of Accounts.

RESOLVED

that the Statement of Accounts for 2018/2019 and the current out turn position, as presented, subject to the final agreement of external auditors be received and noted.

Reason

To comply with Statutory requirements.

AC.28 External Audit ISA260 Report 2018/19

The Corporate Finance Manager (and Section 151 Officer) provided Members with a copy of the Audit Completion Report for the year ending 31 March 2019 and invited the Committee to take a few moments to consider the content of the report.

David Hoose, Mazars Partner, presented the report to Members, he advised that there were no concerns with the accounts as presented and that Mazars were anticipating issuing an unqualified opinion on the Council's financial statements by the end of July 2019, it was acknowledged that the Council's financial papers, as submitted were of a high standard.

Audit Risks

Three significant audit risks had been identified in relation to:-

1. Management Override of Controls;
2. Valuation of PPE, Investment Properties and Assets;

3. Valuation of Net Defined Pension Liability.

The findings of the audit procedure were that no material errors or uncertainties had been identified in the financial statements or other matters to which Members attention should be drawn in respect of points 1 and 2 above.

In respect of point 3, whilst the majority of the work undertaken on the Council's defined benefit pension liability did not identify any issues the following issue should be noted by Members.

All local authorities were affected by an accounting issue that impacts the valuation of pension liabilities. Guaranteed Minimum Pensions and McCloud/Sergeant creates uncertainty around whether the pension liabilities are fairly stated. The Council's actuary (via the Pension Fund) did not make an allowance in its actuarial valuation for either of these cases, early guidance given to councils was that the impact would not be material.

The Council, as with nearly all local authorities in England, prepared the financial statements on this basis. These cases give rise to a constructive obligation, which is required to be recognised under IAS 19, as a result the Council had obtained a revised valuation from the Pension Fund via its actuarial expert incorporating these two issues.

The Council has updated the financial statements in light of these changes, with the final figure yet to be agreed.

Financial Statements

Four issues had been identified during the audit of the 2018/2019 financial statements relating to bank reconciliations, year end loan, related parties and land registry. The strengthening of internal controls will alleviate these issues.

VFM Conclusion and Areas of Risk

In conclusion Mazars had found that the Authority had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Two risks had been identified regarding financial resilience and investment properties.

RESOLVED

that the ISA 260 report, as presented at the meeting by Mazars, be received and noted;

(Following consideration of this item, the Chairman of the Committee duly signed off the Council's audited accounts and the Letter of Representation for 2018/2019)

(Councillor Blagden who had been in attendance left the meeting at 8.00pm)

AC.29 Council's Treasury Management and Borrowing Activities 2018/19

The Chief Accountant presented the report to Members providing information on the activities which the Council carries out to manage both its funding and its cash flow whilst minimising the risks to which the Council is exposed when borrowing and lending monies.

The Committee were advised that the Treasury Management Policy Statement includes a requirement for the production of an Annual Report on the Treasury Management activities undertaken during the year and also incorporated in the Council's Financial Regulations and is considered as good practice in the CIPFA Code of Practice for Treasury Management.

Further that the performance in 2018/19 against the prudential indicators, as previously agreed by Members, in order to ensure that borrowing and lending are controlled within reasonable limits, in line with good practice.

The Chief Accountant went on to advise Members that training would be provided around treasury management in the coming year.

RESOLVED

that the performance as outlined in the report be received and noted.

Reason

To meet the requirements of the Council's Financial Regulations (C.30).

AC.30 Internal Audit Annual Report 2018-2019

Mandy Marples, CMAP Audit Manager, presented the Internal Audit Annual Report for 2018/19. The Chief Audit Executive (Mandy Marples) had reached an overall opinion that there is currently a 'satisfactory system of internal audit' at the Council. Findings had indicated on the whole, controls were satisfactory, management had been supportive in implementing suggested enhancements.

The opinion had been formed by having regard for the following:-

- the level of coverage provided by Internal Audit was considered adequate;
- work had been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the organisation's control environment is operating effectively;
- organisational independence and objectivity had not been subject to any impairment in fact or appearance; the scope of the work undertaken had not been restricted in any way and the support of Senior Management and the Audit Committee had been readily given;

- during 2018/19 the Internal Audit Plan was subject to a number of changes in order to accommodate emerging risks and a complex investigation. As a result of the investigation Management have utilised Pentana, to follow up the weaknesses identified;

The Members were advised that CMAP themselves were subject to external quality assessments. An initial assessment was undertaken in February 2017 with the updated position in September 2017 reflecting a level of general conformance.

Of the substantially completed assignments, 20 had attracted either a Comprehensive or Reasonable assurance rating with 4 given a Limited assurance rating. The pieces of work which had been undertaken on Data Protection and Anti-Fraud could not be assigned an assurance rating due to nature of the review.

Arising from the completed assignments a total of 119 recommendations were made, 77 of which were categorised as low risk, 41 were considered to be a moderate risk with the remaining 1 presented a significant risk. There were no critical risk findings.

RESOLVED

that the 2018/19 Annual Report of Internal Audit and Internal Audit Opinion that supports it, be received and noted.

Reason:

To approve the Annual Report as part of the documentation supporting the Annual Governance Statement.

AC.31 Audit Progress Report

Mandy Marples, CMAP Audit Manager, presented the report summarising the audit progress from 15th February, 2019 until 8th July, 2019 with 8 assignments having been completed during this period.

Members' attention was drawn to the Fleetwave management audit which had achieved only a Limited assurance during the audit process. The fleet management system was in use on a County wide basis with an overall system manager.

The Director of Legal and Governance (and Monitoring Officer) advised the Committee that the CMAP IT audit process work will provide guidance at the purchasing stage of new systems and is included in the DST programme.

The legacy recommendation relating to Ashfield Homes Ltd is awaiting completion, this cannot be achieved until the service review has been undertaken and will remain as an outstanding item until such time as it can be finalised.

RESOLVED

that the audit progress on audit assignments as at 30 June, 2019, as presented to Committee, be received and noted.

Reason:

To ensure Members are kept fully informed of progress against the agreed Audit Plan.

AC.32 Anti-Fraud and Corruption Update 2019

The Director of Legal and Governance (and Monitoring Officer) presented the report providing an overview and update in respect of the Council's approach to anti-fraud and corruption. Advising the Committee that the basic principles of any Local Authority should be the following:-

- stop fraudulent cases from entering Council systems;
- find any fraudulent cases already in the system;
- stop payments from going to people who are not entitled to it;
- punish those people who commit fraud;
- recover any fraudulent overpayments;
- deter people from trying to commit fraud.

The Central Midlands Audit Partnership (CMAP) had carried out a baseline audit of the Council's Anti-fraud and corruption measures in light of changes to the Council's internal audit provision, the housing management function returning to in-house provision, the transfer of the benefit fraud officers to DWP and the introduction of new CIPFA guidance relating to the Code of Corporate Governance.

The Audit was finalised in January 2018 and found that CMAP was able to provide reasonable assurance as most of the areas reviewed were found to be adequately controlled, however, there were some systems requiring improvements. Thirteen recommendations were made and accepted, ten of which have been completed, the three remaining recommendations are in the process of being implemented.

The National Fraud Initiative (NFI) is a sophisticated data matching exercise that matches electronic data within and between participating bodies to prevent and detect fraud. Every two years the NFI provides local authorities with matches against Council information in areas of risk to the taxpayer. During 2018/19 the Council received 2049 matches across all the NFI datasets.

Derby City Council's Counter Fraud Team is in the process of reviewing the NFI "801 Council Tax Single Person Discount" report on behalf of the Council. This report contains data as a result of matching Council Tax single person discount records against the electoral roll records.

Members were advised that to date the amount billed as a result of this exercise realises an actual council tax discount saving of £25,620.81.

The Director of Legal and Governance (and Monitoring Officer) advised the Committee that in order to ensure a robust Anti-Fraud and Corruption framework was maintained a number of actions were required, they include:-

- reviewing policies and processes to ensure they remain fit for purpose and in line with current best practice. It is anticipated that the updated policies will be finalised in readiness for the Audit Committee on 2 December, 2019;
- finalising training in relation to bespoke revenues and benefits training and the roll out of the generic electronic tool;
- implement the recommendations suggested by CMAP to ensure that a clear corporate approach to NFI and data matching is developed with the lead officer monitoring and managing output to ensure that resources are utilised as effectively as possible;
- Derby City Council's Counter Fraud Team has recommended the creation of a referrals system for the Council to refer allegations. This would enable all potential fraud cases to be tracked and recorded.
- the Counter Fraud Team have also recommended developing an online Anti-Fraud portal.

RESOLVED

that the Committee note the overview and update in respect of the Council's approach to anti-fraud and corruption and support the actions detailed within the report.

Reason:

To ensure the Committee charged with overseeing the Council's approach to anti-fraud and corruption is updated and able to challenge and comment upon the Council's efforts to prevent, detect and investigate fraud.

The meeting closed at 8.43 pm

Chairman.

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Annual Audit Letter

Ashfield District Council

Year ending 31 March 2019





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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

1. EXECUTIVE SUMMARY

Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Ashfield District Council for the year ended 31 March 2019. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of responsibility	Summary
Audit of the financial statements	<p>Our auditor's report issued on 31 July 2019 included our opinion that the financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the Council's financial position as at 31 March 2019 and of its expenditure and income for the year then ended; and• have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
Other information published alongside the audited financial statements	<p>Our auditor's report issued on 31 July 2019 included our opinion that:</p> <ul style="list-style-type: none">• The other information in the Statement of Accounts is consistent with the audited financial statements.
Value for Money conclusion	<p>Our auditor's report concluded that we are satisfied that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.</p>
Reporting to the group auditor	<p>In line with group audit instructions issued by the NAO, we reported to the group auditor in line with the requirements applicable to the Council's WGA return.</p>
Statutory reporting	<p>Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.</p>

2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

Unqualified

The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our auditor's report, issued to the Council on 31 July 2019, stated that, in our view, the financial statements give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to the Audit Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the main financial statements for the year ended 31 March 2019. A slightly higher materiality level applies for the group accounts.

Financial statement materiality	Our financial statement materiality is based on 2% of Gross Revenue Expenditure at a Surplus/Deficit on Provision of Services level	£1,714k
Trivial threshold	Our trivial threshold is based on 3% of financial statement materiality.	£51k
Specific materiality	<p>We applied a lower level of materiality to the following areas of the accounts:</p> <ul style="list-style-type: none"> • Officers Remuneration • Termination Payments • Members Allowances • Audit Fee 	<p>£5,000 per individual officer</p> <p>£76k</p> <p>£77k</p> <p>£9k</p>

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2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our response to significant risks

As part of our continuous planning procedures, we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit Committee in our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Identified significant risk	Our response	Our findings and conclusions
<p>Management override of controls</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	<p>We addressed this risk by performing audit work in the following areas:</p> <ul style="list-style-type: none"> • Documenting our understanding of the processes and controls in place to mitigate the risks identified; • Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; • Evaluating the business rationale for any significant transactions outside the course of the business; • Understanding the oversight given by those charged with governance of management processes over fraud; • Making enquiries of management and Internal Audit regarding actual or any suspicions of fraud; and • Considering whether the Council's accounting policies are consistent with industry standards. 	<p>There were no matters arising from our work on management override of controls</p>
<p>Valuation of property, plant and equipment</p> <p>The Council's accounts contain material balances relating to its holding of property, plant and equipment, investment properties and assets held for sale, with the majority of land and building assets required to be carried at valuation. Due to the high degree of estimation uncertainty associated with those held at valuation, we determined there was a significant audit risk in this area.</p>	<p>We addressed this risk through:</p> <ul style="list-style-type: none"> • Reconciling valuations from the valuer's report to those recorded in the Fixed Asset Register; • Testing a sample of assets valued during the year to valuation reports; • Where material, testing the basis for impairment of assets, the value and correct accounting treatment; • Critically assessing the Council's valuer's scope of work and methodology used; and • Considering the impact of any assets not valued during the year. 	<p>There were no significant issues arising from our work and we were satisfied the valuation of property, plant and equipment was materially correct.</p>

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Identified significant risk	Our response	Our findings and conclusions
<p>Defined benefit liability valuation</p> <p>The Council's accounts contain material liabilities relating to the local government pension scheme. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we determined there was a significant risk in this area.</p>	<p>We addressed this risk through:</p> <ul style="list-style-type: none"> • Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by the consulting actuary engaged by the National Audit Office; • Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements. • Critically assessing the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary, Barnett Waddingham; • Liaising with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; and • Performing a walkthrough of payroll transactions at the Council to understand how pension contributions which are deducted and paid to the Pension Fund by the Council. 	<p>Our work provided the assurance sought and we were satisfied the local government pensions liability was not materially misstated. All local authorities have been affected by an accounting issue that impacts the value of pension liabilities. Two on-going legal cases (Guaranteed Minimum Pensions and McCloud/Sergeant) have created uncertainty over whether pension liabilities are fairly stated. The Council's actuary (via the Pension Fund) did not make an allowance in its actuarial valuation for either of these cases and early guidance given to councils was that the impact would not be material. The Council, as with nearly all local authorities in England, prepared the financial statements on this basis. In our view, these cases give rise to at least a constructive obligation, which is required to be recognised under IAS 19. As a result the Council obtained a revised valuation from the Pension Fund via its actuarial expert incorporating these two issues.</p>

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

Description of deficiency	<u>Bank reconciliations</u> Through our bank testing it was identified that the working paper to support the reconciliation of the cash figures could not be immediately reconciled. This resulted in a difference at year-end between bank accounts and ledger on the supporting working paper by £84. The Council has since identified the reconciling item but the exercise should have been completed at the year end.
Potential effects	Working papers which don't reconcile can cause delays.
Recommendation	The Council should ensure that supporting working papers agree to the bank and ledger and that reconciling items are investigated promptly.
Management response	Agreed.

Description of deficiency	<u>Related parties</u> Due to the local elections in May, five former Members failed to return their related party declarations.
Potential effects	Related party declarations could be incomplete.
Recommendation	Whilst there are extenuating circumstances in an election year, the Council should ensure that it has all related party returns in future years.
Management response	Agreed.

Description of deficiency	<u>Land registry</u> During our property, plant and equipment testing, we identified some land that the Council owns but that was not formally registered with the Council.
Potential effects	The Council is open to disputes over unregistered land.
Recommendation	The Council is undertaking an exercise to register all its land with the land registry and should conclude this as soon as possible.
Management response	Agreed.

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3. VALUE FOR MONEY CONCLUSION

Value for Money conclusion

Unqualified

Our approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people'. To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making;
- Sustainable resource deployment; and
- Working with partners and other third parties.

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Completion Report, we reported that we had identified two significant Value for Money risks. The work we completed in relation to the significant audit risks is outlined on the following page, which supported our auditor's report, issued to the Council on 31 July 2019, that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2019.

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3. VALUE FOR MONEY CONCLUSION (CONTINUED)

Significant Value for Money risks

Risk	Work undertaken	Conclusion
<p>The continual pressures on local government finances are well documented and the Council has experienced a significant decrease in government grant funding since 2010/11. In response to the projected future budget deficits caused by these falling central government funding levels and increases in service demands, the Council has established a Transformation Plan focusing on modernising services, innovation and better use of technology. The Council has set a balanced budget for 2018/19, anticipating utilising reserves and achieving transformation savings. The current forecast is a small surplus for the year on the General Fund and a larger surplus on the Housing Revenue Account . The medium term financial plan (MTFP), covering the period from 2019/20 to 2023/24, forecasts a deficit of around £2 million per year, before the delivery of savings. The budget is based on a number of assumptions around inflation, business rates income and pay increases. There is a risk that the Council will not generate sufficient new income streams and deliver projected savings from transformation which are crucial in bridging the budget gap whilst meeting its strategic priorities.</p>	<p>We have critically reviewed whether the Council has considered:</p> <ul style="list-style-type: none"> • funding reductions; • business rate reform; • fair funding; • salary and general inflation; • demand pressures; • restructuring costs; and • sensitivity analysis given the degree of variability in the above factors. <p>We reviewed the delivery of savings in 2018/19 and progress to identify savings for 2019/20 – 2023/24 and evaluated the impact on the Council's revenue reserves.</p>	<p>Having completed our planned procedures, we are satisfied that the Council has adequate arrangements for securing economy, efficiency and effectiveness in its use of resources. It has a robust Medium Term Financial Plan (MTFP) and has clearly presented the financial challenges facing the organisation and the sector. It has laid out plans for the next three years, including potential budget gaps, modelling a potential cumulative gap of up to £4 million by 2021/22 . Specifically, the MTFP details the assumptions which have been made in developing the Plan and these are reasonable. They include:</p> <ul style="list-style-type: none"> • Salary and inflationary increases, including separate assumptions for utility and non utility inflation • Council tax • Business rates and levels of provision for appeals • Levels of Government funding including Revenue Support Grant, Business Rates Retention and New Homes Bonus <p>The MTFP also highlights areas where outcomes are still unknown such as changes in national and local policy and the results of the Fair Funding review</p> <p>The projected level of reserves to 2023/24 remain to be steady with minimal deviation. The Council's aim is to not tap into reserves and use income for funding. The General Fund minimum balance is maintained at its current level and is not called upon for other purposes. The Council has delivered the target level of savings for 2018/19.</p>

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Risk

Work undertaken

Conclusion

The 2018/19 year end position was a £1.148 million surplus against budgets, and the Council was able to increase general fund reserves by £3.637m in year. This further strengthened the Council's already robust position with regard to reserves, taking usable reserves to £52 million overall with general fund reserves of £6 million and earmarked reserves of almost £8 million within this balance. The Council is therefore in a good position but will need to keep the emphasis on its investment decisions and income generation in order to bridge the gap in funding for future years.

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5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Risk	Work undertaken	Conclusion
Investments in commercial property		
<p>The Council has identified the use of its capital and treasury activities as one way of generating new income streams. The Council spent £14.98 million on investment properties in 2017//18 with the expectation that they will generate annual rental income of over £1 million rental income. In 2018/19, the Council has purchased a further investment property for £4.33 million which is expected to generate annual rental income of £0.29 million, with plans for further expenditure of £6 million approved for the year.</p> <p>Whilst the investment decisions are projected to deliver optimised financial returns with both revenue and capital growth, the strategy presents a significant value for money risk in considering whether the Council has exposed itself to risks that it has not anticipated, including:</p> <ul style="list-style-type: none"> • Poor financial forecasting; • Insufficient commercial expertise; and • Poor investment decisions due to insufficient legal and due diligence work. 	<p>We have critically reviewed whether the Council has:</p> <ul style="list-style-type: none"> • Exposed itself to too much financial risk through its borrowing and investment decisions; • Ensured that it has been mindful of changes in the accounting and regulatory environment when undertaking any sensitivity analysis as part of its investment decision making process; • Ensured that an appropriate level of legal and due diligence work has been undertaken prior to making specific investment decisions; • Responded appropriately to the revised Statutory Guidance on Local Government Investments, to ensure that there is appropriate transparency to understand the exposure that the Council has as a result of its borrowing and investment decisions; and • Ensured that Members have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving. 	<p>The Capital Strategy has been presented to Council as a Policy Framework document with links to the Treasury Management Strategy, Medium Term Financial Strategy (MTFS) and the Corporate Asset Management Plan. The Capital Strategy (and specifically the Commercial Investment Strategy element of the Capital Strategy) are key drivers to secure the future financial sustainability of the Council. The Council is committed to further acquisitions of commercial properties in future years and, following two reviews by Internal Audit, it has strengthened its governance processes, specifically:</p> <ul style="list-style-type: none"> • Including the risk around commercial property acquisitions in the corporate risk register • Committing to a performance monitoring dashboard for commercial property investments • Reporting to Members on an annual basis • Developing a training programme for Members on commercial property acquisitions, some of which has already been delivered, with plans to train new Members in the coming months. • Taking a cautious approach at the identification and due diligence stage to property acquisition.

4. OTHER REPORTING RESPONSIBILITIES

Exercise of statutory reporting powers	No matters to report
Completion of group audit reporting requirements	Consistent
Other information published alongside the audited financial statements	Consistent

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

Matters on which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power to:

- Issue a report in the public interest
- Make a referral to the Secretary of State where we believe that a decision has led to, or would lead to, unlawful expenditure, or an action has been, or would be unlawful and likely to cause a loss or deficiency; and
- Make written recommendations to the Council which must be responded to publicly.

We have not exercised any of these statutory reporting powers.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We submitted this information to the NAO in accordance with their deadline.

Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.

5. OUR FEES

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Audit Committee in March 2019.

Having completed our work for the 2018/19 financial year, we can confirm that our final fees are as follows:

Area of work	2018/19 proposed fee	2018/19 final fee
Delivery of audit work under the NAO Code of Audit Practice	£43,148	£43,148
Total	£43,148	£43,148

6. FORWARD LOOK

Audit Developments

Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. We have responded to the National Audit Office's consultation on the content of the Code (<https://www.nao.org.uk/code-audit-practice/about-code/>).

A new Code will be laid in Parliament in time for it to come in to force no later than 1 April 2020.

Financial Resilience

Fair Funding Review

The Council will need to incorporate the outcome of the Spending Review, due in the latter half of 2019, to its Medium Term Financial Plan. The Spending Review will set out the department allocations for 2020/21 and potentially beyond. Regardless of the timing and period covered by the Spending Review, the Council recognises the key issue is the management of general reserves to a level that ensures it remains financially resilient and able to deliver sustainable services. It must, therefore, ensure it clarifies and quantifies how it will bridge the funding gap through planned expenditure reductions and/ or income generation schemes.

Local Authority Financial Resilience Index

CIPFA is moving forward with its financial resilience index, which it believes will be a barometer on which local authorities will be judged. We would expect the Council to have at least considered the index once it is formally released.

Commercialisation

The National Audit Office will be publishing a report on Commercialisation during 2019. Depending on the Council's appetite for Commercialisation, we would expect the Council to consider the outcome of the report and ensure any lessons learnt are incorporated into business practice.

Further, the UK Debt Management Office's Annual Report, published on 23 July 2019, reported that, as at 31 March 2019, the Public Works Loan Board's loan book was £78.3 billion with 1,308 new loans totalling £9.1 billion advanced during the year. As a result, we expect local authorities to clearly demonstrate:

- the value for money in the use of Public Works Loan Board funds to acquire commercial property; and
- the arrangements for loan repayment through the updated Statutory Guidance on Minimum Revenue Provision in 2019/20, 2020/21 and beyond.

Financial Reporting

UK Local Government Annual Accounts

The CIPFA/LASAAC Local Authority Code Board specifies the financial reporting requirements for UK local government. A consultation is underway to inform the direction and strategy for local government annual accounts. We will be submitting our response and suggest practitioners also voice their opinion.

Lease accounting

The implementation of IFRS 16 Leases in the Code is delayed until 1 April 2020. The Council will need a project plan to ensure the data analysis and evaluation of accounting entries is completed in good time to ensure any changes in both business practice and financial reporting are captured.

1. Executive summary

2. Audit of the financial statements

3. Value for Money conclusion

4. Other reporting responsibilities

5. Our fees

6. Forward look

6. FORWARD LOOK (CONTINUED)

Next year's audit and how we will work with the Council

We will focus our work on the risks that your challenges present to your financial statements and your ability to maintain proper arrangements for securing value for money.

In the coming year we will continue to support the Council by:

- continued liaison with the Council's Internal Auditors to minimise duplication of work;
- attending Audit Committee meetings and presenting an Audit Progress Report including updates on regional and national developments; and
- hosting events for staff, such as our Local Government Accounts workshop.

We will meet with the Council to identify any learning from the 2018/19 audit and will continue to share our insights from across local government and relevant knowledge from the wider public and private sector.

In terms of the technical challenges that officers face around the production of the statement of accounts, we will continue to work with them to share our knowledge of new accounting developments and we will be on hand to discuss any issues as and when they arise.

The Council has taken a positive and constructive approach to our audit and we wish to thank Members and officers for their support and co-operation during our audit.

1. Executive summary

2. Audit of the financial statements

3. Value for Money conclusion

4. Other reporting responsibilities

5. Our fees

6. Forward look

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Ashfield District Council – Audit Progress Report

Audit Committee: 30th September 2019



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STATUS OF PREVIOUS AUDIT RECOMMENDATIONS	12

Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

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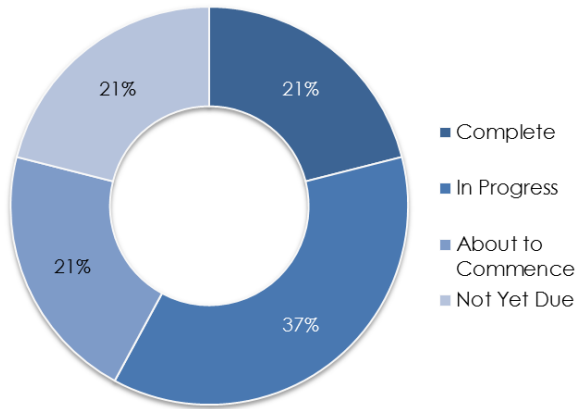
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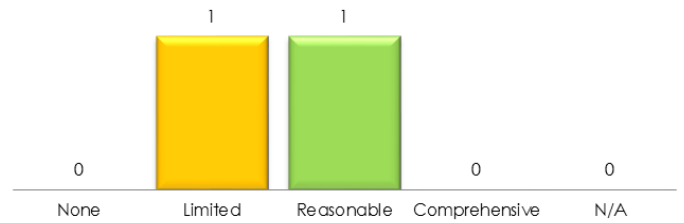
AUDIT DASHBOARD

Plan Progress



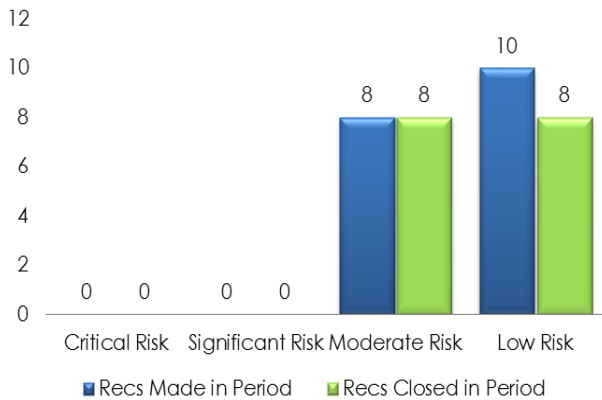
Assurance Ratings

Control Assurance Ratings Issued During Period



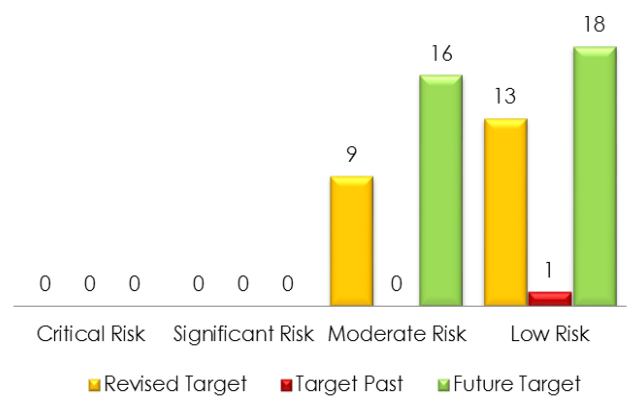
Recommendations

Movement During Period



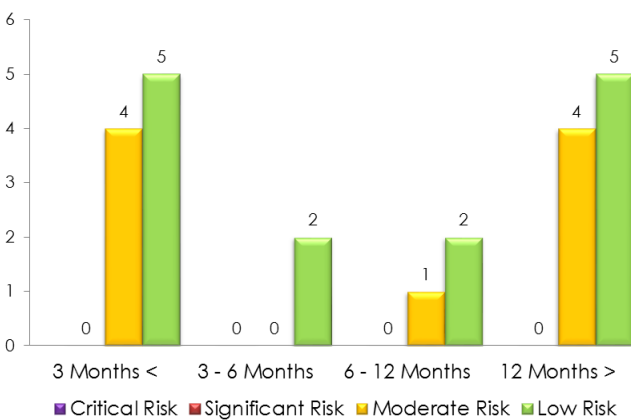
Recommendations

Recommendations Currently Open



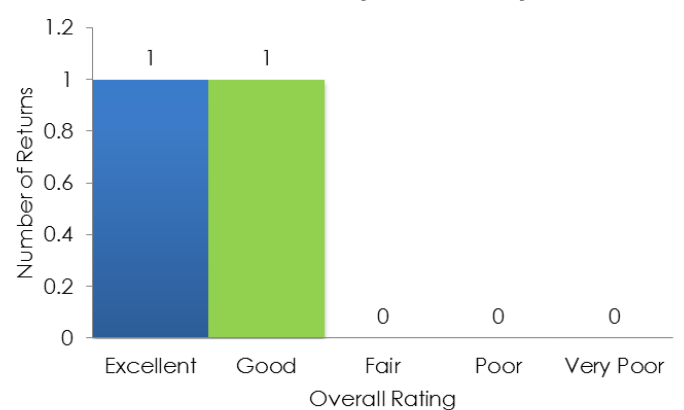
Recommendations

Overdue Recommendations



Customer Satisfaction

Returns Between April 19 & Sept 19



Ashfield District Council – Audit Progress Report

AUDIT PLAN

Progress on Audit Assignments

The following table provides the Committee with information on how audit assignments were progressing as at 18th September 2019.

2019-20 Jobs	Status	% Complete	Assurance Rating
Anti-Fraud & Corruption 2019-20	In Progress	40%	
Information Governance	In Progress	75%	
Main Accounting Systems	Not Allocated	0%	
Creditors (Purchase Cards)	Not Allocated	0%	
IT Policy Compliance	Final Report	100%	Limited
IT Consultancy	Not Allocated	0%	
Corporate Improvement/Transformation	Allocated	0%	
Data Quality & Performance Management	Draft Report	95%	
Procurement	Draft Report	95%	
NDR	Allocated	5%	
Customer Services/E-Payment	Allocated	5%	
People Management	Allocated	0%	
Anti-Social Behaviour	Draft Report	95%	
Fire Safety	Final Report	100%	Reasonable
Homelessness	Not Allocated	0%	
Asset Management - Door Access	Draft Report	95%	
B/Fwd Jobs	Status	% Complete	Assurance Rating
Anti-Fraud	Draft Report	95%	
Universal Credit	Final Report	100%	Comprehensive
Commercial Property Management	Final Report	100%	Reasonable

Audit Plan Changes

No changes to report.

Ashfield District Council – Audit Progress Report

AUDIT COVERAGE

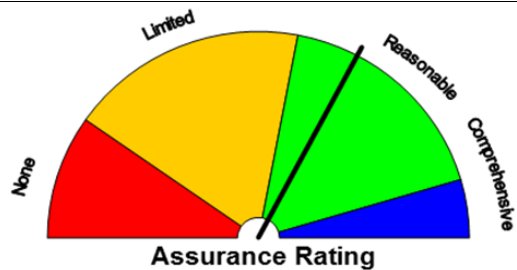
Completed Audit Assignments

Between 9th July 2019 and 18th September 2019, the following audit assignments have been finalised since the last progress update was given to the Audit Committee.

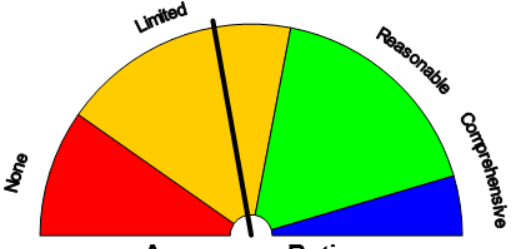
Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Fire Safety	Reasonable	0	0	3	2	0%
IT Policy Compliance	Limited	0	0	5	8	23%
TOTALS		0	0	8	10	17%

Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
The audit will seek to ensure that the Council has adequate control measures in place for fire safety within its residential properties.	11	6	2	3
TOTALS	11	6	2	3

Summary of Weakness	Risk Rating	Agreed Action Date
The Risk Management Officer could not be certain of the materials used in the construction of the property in eight of the nine Fire Safety Risk Assessments tested.	Low Risk	31/08/2020
The Fire Safety Risk Assessments for flats that were used to temporarily house the homeless had traditionally been the responsibility of the Building Control Section, however since February 2019 the qualified officer had left the Council and the Section did not have any resource to undertake these Assessments.	Moderate Risk	31/10/2019
There was no formal definition of priority ratings and timescales for issues and actions noted through the Fire Safety Risk Assessments. This led to Medium priority rated actions being carried forward for a number years.	Moderate Risk	30/09/2019
The Fire Safety guidance booklet was out of date and was not being provided to tenants.	Low Risk	31/12/2019
Not all entrance doors to flats comply with Fire Safety Regulations.	Moderate Risk	31/03/2020



Ashfield District Council – Audit Progress Report

IT Policy Compliance	 <p style="text-align: center;">Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Ensure processes are in place for enforcing or monitoring for compliance against the Council's ICT Acceptable Usage policy.	27	11	0	16
Ensure processes are in place for enforcing or monitoring for compliance against the Council's Mobile Working & Removable Media policy.	4	2	0	2
TOTALS	31	13	0	18
Summary of Weakness	Risk Rating	Agreed Action Date		
Encrypted/password protected office documents were found on the S:\ drive, which was a violation of the ICT Acceptable Usage policy.	Low Risk	01/11/2019		
U:\ drives were being used by employees to store non-work related personal files, such as personal photographs, or backup archives of C:\ drive folders, which breached the ICT Acceptable Usage policy.	Low Risk	01/11/2019		
U:\ drives relating to former employees had not been removed from the file server, and the ICT starters and leaver's policy did not address U:\ drives.	Low Risk	01/02/2020		
Employees were not complying with the file management requirements of the ICT Acceptable Usage policy specific to the storage of video and large image files.	Low Risk	01/11/2019		
Document scanning directories were not always being used as temporary storage in line with the ICT Acceptable Usage policy. Furthermore, permissions on certain scan directories granted access to the Everyone group which was not appropriate as the scans contained personal data.	Moderate Risk	01/11/2019		
Some users and sections were not adhering to the usage of descriptive folder name principle of the file management section of the ICT Acceptable Usage policy.	Low Risk	01/11/2019		
A significant amount of duplicate files were found across the S:\ drive (totalling over 150 GB of data), raising concerns around departments housekeeping, records management and filing structures.	Moderate Risk	01/11/2019		
Employees were not required to 'digitally accept' the ICT Acceptable Usage policy annually. This was primarily because the policy had not been subject to significant change for a number of years.	Low Risk	01/02/2020		

Ashfield District Council – Audit Progress Report

<p>Unused accounts and accounts relating to former employees were not always being promptly disabled in line with the ICT Starters and Leaver's policy.</p>	<p>Low Risk</p>	<p>01/11/2019</p>
<p>Departments were not adhering to the general housekeeping file management requirements of the ICT Acceptable Usage policy. The Auditor identified that over 1.7 million documents on the file servers had not been accessed by anyone since 2015 or earlier.</p>	<p>Moderate Risk</p>	<p>01/11/2019</p>
<p>Authorisation emails could not be provided for a number of recently whitelisted USB devices, which breached the ICT Acceptable Usage policy. Managers and IT officers were also allowed to self-authorise the usage of USB devices.</p>	<p>Moderate Risk</p>	<p>Implemented</p>
<p>Access to amend the authorised USB users/devices configuration file had not been appropriately restricted.</p>	<p>Low Risk</p>	<p>Implemented</p>
<p>Users were not complying with the ICT Acceptable Usage Policy specific to use of the G:\. This had exposed personal data extracts to all user access, breaching data protection principles.</p>	<p>Moderate Risk</p>	<p>Implemented</p>

Ashfield District Council – Audit Progress Report

RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
31-Oct-16	Main Accounting (MTPF)	Reasonable	-	1	-
02-Aug-17	Responsive Maintenance/Voids	Comprehensive	-	2	-
11-Jan-18	Anti-Fraud & Corruption	Reasonable	-	1	-
09-Mar-18	Gas Safety 2017-18	Reasonable	-	1	-
27-Mar-18	Rent Arrears	Comprehensive	-	-	1
28-Mar-18	ECINS Security Assessment	Limited	-	3	-
24-Apr-18	ICT Performance Management	Reasonable	-	2	-
27-Apr-18	Capital Accounting	Comprehensive	-	1	-
08-Jun-18	Whistleblowing - Pest Control	Limited	-	1	-
22-Jun-18	Health & Safety	Comprehensive	-	1	-
03-Jan-19	Waste Management/Whitespace	Reasonable	-	2	-
10-Jan-19	Depot Investigation	Limited	-	1	7
30-Jan-19	Licensing	Reasonable	-	-	1
14-Feb-19	Risk Registers	Reasonable	1	2	2
12-Mar-19	Treasury Management & Banking Services	Reasonable	-	-	2
15-Mar-19	Fleetwave	Limited	-	4	-
29-Mar-19	Safeguarding	Reasonable	-	-	2
25-Jun-19	Commercial Property Management	Reasonable	-	-	4
16-Aug-19	Fire Safety	Reasonable	-	-	5
18-Sep-19	IT Policy Compliance	Limited	-	-	10
		Totals	1	22	34

Action Due = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Being Implemented = The original action date has now passed and the agreed actions have yet to be completed. Internal Audit has obtained status update comments from the responsible officer and a revised action date.

Future Action = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Main Accounting (MTPF)	-	-	-	-	-	1
Responsive Maintenance/Voids	-	-	-	-	-	2
Anti-Fraud & Corruption	-	-	-	-	-	1
Gas Safety 2017-18	-	-	-	-	1	-
ECINS Security Assessment	-	-	-	-	2	1
ICT Performance Management	-	-	-	-	2	-
Capital Accounting	-	-	-	-	-	1
Whistleblowing - Pest Control	-	-	-	-	-	1
Health & Safety	-	-	-	-	-	1
Waste Management/Whitespace	-	-	-	-	-	2
Depot Investigation	-	-	-	-	-	1
Risk Registers	-	-	1	-	1	1
Fleetwave	-	-	-	-	3	1
TOTALS	-	-	1	-	9	13

Ashfield District Council – Audit Progress Report

Highlighted Recommendations

The following significant or moderate risk rated recommendations, that have not yet been implemented, are detailed for Committee's scrutiny.

Being Implemented Recommendations

Gas Safety	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>The Senior Operations Manager has concerns that the pay grade of the Senior Technical Officer (Gas) post would not attract and retain appropriately skilled and experienced applicants should the current post holder leave.</p> <p>We recommend that management complete a formal bench marking process to ascertain how the Senior Technical Officer (Gas) post compares with comparable organisations in terms of salary and duties. The results of the benchmarking should be discussed with the Directors and Corporate Leadership Team to ensure that adequate succession planning is in place.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>I am currently investigating similar posts within other Authorities and how the current Senior Technical Officer (Gas Compliance) role compares in terms of duties, responsibilities and remuneration etc.</p> <p>Based on the current service reviews and the repair and maintenance of the Council's gas assets/appliances in Public Buildings etc. that currently fall under the Asset Management Section, I would consider that based on the specialist nature of these works, it would be prudent from a risk perspective for these to be transferred under the Senior Technical Officer (Gas Compliance), which in turn would impact on his current duties.</p> <p>Once sourced, an update will be provided to Paul Parkinson in the first instance to establish how this fits in with the broader service review and longer term succession planning.</p>	30/06/2018
Status Update Comments	Revised Date
<p>This post is part of a significant service review that will involve changes to IT, service delivery and restructures. The service review is underway but not likely to be completed for some time.</p> <p>The Job Evaluation process is now coming to a conclusion, it is anticipated that the gas roles responsibility and high level of specialism will be reflected in the salary grading.</p>	31/03/2020

ECINS Security Assessment	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>There were no IP restrictions or two-factor authentication (2FA) process in place for Ashfield DC user access to the e-Cins system.</p> <p>We recommend that the Council raises a formal feature request for the introduction of 2-factor authentication in future releases of the system, or looks to restrict access to an authorised IP range. An acceptable usage policy should be defined for accessing the system outside the Council's private network.</p>	Moderate Risk

Ashfield District Council – Audit Progress Report

Management Response/Action Details	Action Date
Police objected to this during early discussions with the Council and IT. To address these officers will be required to remote desk top into the Council's IT and access Ecins from here. Training and signing a MOU will ensure all officers understand the requirement moving forwards. To liaise with system provider to establish if there is an audit trail of IP address (these should all be one IP address).	30/06/2018
Status Update Comments	Revised Date
<p>Ecins have stated that it can be done from the users action logs, however when tested this information was not available. The ECINS webpage whilst accessible to those that know the address is not accessible through any google search or similar.</p> <p>The PCC hold the contract with the service supplier and pay for the system on behalf of the County. There is a countywide Ecins meeting with the programme manager (appointed by the OPCC) as well as local meetings between ADC and the programme manager and all audit recommendations have been raised.</p> <p>With regards to two factor authentication, whilst recommended as best practice for remote access/Cloud systems TFA also presents draw back in terms of immediate access. Other organisations within the Notts programme have also raised the same issue but have accepted the risk in light of this fact and have instead chosen to focus on developing internal user policies that offer assurance around use of the system by staff to offset the risks. ADC will do the same and is working with Nottingham City Council, which is developing a set of conventions.</p>	30/10/2019

ECINS Security Assessment	Rec No. 10
Summary of Weakness / Recommendation	Risk Rating
<p>Current administrators of the system did not appear to have been sufficiently trained on the accessibility and whereabouts of security related reports that would need to be utilised for effective systems and security management.</p> <p>We recommend that management defines, documents and implements comprehensive security based training to all users granted organisation admin rights to allow them to effectively manage the security of the system and its users.</p>	Moderate Risk
Management Response/Action Details	Action Date
This will be raised to the project lead (PCC office) as per audit recommendations for this to be included in training for persons with organisation admin rights. The Ecins lead for the Council will prepare documents with project lead for review and sign off.	30/09/2018
Status Update Comments	Revised Date
<p>The PCC hold the contract with the service supplier and pay for the system on behalf of the County. There is a countywide Ecins meeting with the programme manager (appointed by the OPCC) as well as local meetings between ADC and the programme manager and all audit recommendations have been raised.</p> <p>ECINS does provide reporting that can highlight the volume of access by users in terms of when it was last accessed, by who, how much data they have added to the system etc. It would be up to ADC to set regulations and conventions around what policies they would like to see enforced against this data, e.g. users who have not logged on for thirty days or more get access suspended. These functions are all available through the stats and lists function of ECINS.</p> <p>Nottingham City Council are developing a number of guidelines/conventions and best practice approaches which upon completion will be shared across the programme. The Ecins Manager is happy to discuss at the next local delivery group what might be a good approach at ADC. The Ecins Manager is in the process of finalising an organisational best practice guide.</p>	30/10/2019

Ashfield District Council – Audit Progress Report

The training provided by the programme at present is basic user training reflecting the agreed usage conventions for the system across the county (now echoed across the east midlands). The idea for a more advanced organisation admin training is a good one and something which the Ecins manager is looking into.

ICT Performance Management	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>Despite commitment to performance management in the Councils latest Technology Strategy, we could not find any documented performance management metrics and goals to support this. Similarly, performance metrics for IT did not appear to be subject to annual review, or agreed or monitored by the Council.</p> <p>We recommend that Management defines performance management metrics for the IT service, and implements policies and procedures for monitoring and reporting compliance. Metrics, goals and targets should also be subject to annual review.</p>	Moderate Risk
Management Response/Action Details	Action Date
There is a review of the ICT Helpdesk due shortly where performance metrics will be defined and agreed.	01/09/2018
Status Update Comments	Revised Date
This action will fall in line with the new service desk application.	29/11/2019

ICT Performance Management	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Reviews of the team's performance in relation to the resolution of incidents and service requests did not appear to comply with a formal schedule, and evidence of previous reviews could not be provided as the actions/discussions were not documented in minutes.</p> <p>We recommend that Management defines a schedule for reviewing performance of incident and request resolution times, and ensures any agreed actions are documented in minutes which are retained.</p>	Moderate Risk
Management Response/Action Details	Action Date
There is a review of the ICT Helpdesk due shortly where performance metrics will be defined and agreed.	01/09/2018
Status Update Comments	Revised Date
This action will fall in line with the new service desk application.	29/11/2019

Ashfield District Council – Audit Progress Report

STATUS OF PREVIOUS AUDIT RECOMMENDATIONS

Recommendations Not Implemented

There were a number of Audit Recommendations that were issued and agreed prior to Ashfield District Council joining the Central Midlands Audit Partnership. One legacy recommendation remains outstanding relating to Ashfield Homes Ltd. This will continue to be monitored and details are provided below.

Ashfield Homes Ltd – Outstanding Recommendations

Report	Recommendation	Responsible officer	Due date	Update
C Housing Maintenance 15/16-10	The full review of the in-house Schedule of Rates is given an end target date, and progress is monitored and reported to SMT.	Responsive and Voids Maintenance Manager & Support Services Manager	31/03/20	A full programme is in place to complete the review of the schedule of rates. Progress of this will be monitored through Senior Management Team Update 16/11/2016 Potentially looking at buy off the shelf paperless system and therefore changing the system altogether. Update 01/02/2017 – No further updates. Any action has been put on hold as there is a service review underway. Update 10/07/2017 – The full review of in-house Schedule of Rates is now in progress. Update 10/07/2018 - This recommendation is now tied in to a significant service review that will involve changes to IT, service delivery and restructures. As part of the service review both in-house and national Schedule of Rates are being considered. Update 28/06/2019 – The Schedule of Rates review programme stalled when the Officer allocated this work left for another department. An Administration Officer, assisted by a Technical Officer, has since picked up a lot of this work. Progress has started to increase and IT orders are being placed.

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