

Is the final decision on the recommendations in this report to be made at this meeting?

Yes**Land Charges – Audit Report Update**

Final Decision-Maker	Audit & Governance Committee
Portfolio Holder(s)	Councillor David Reilly, Portfolio-holder for Finance and Governance
Lead Director	Stephen McGinnes – Director of Mid Kent Services
Head of Service	Rich Clarke – Head of Audit Partnership
Lead Officer/Author	Russell Heppleston – Deputy Head of Audit Partnership
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

1. The Audit & Governance Committee **notes** progress towards implementing the recommendations arising from the audit of **Land Charges**.

This report relates to the following Five Year Plan Key Objectives:

The internal audit function provides independent assurance over the effectiveness of internal controls, risk management and governance. Effective governance underpins everything that the Council does, and so relates to the achievement of all three objectives:

- A Prosperous Borough
- A Green Borough
- A Confident Borough

Timetable

<i>Meeting</i>	<i>Date</i>
Audit & Governance Committee	3 April 2018

Land Charges: Audit Report Update

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Our [Internal Audit and Assurance Plan](#), approved by members in April 2017, included an audit to review the administration of Local Land Charges, provided through a shared service with Maidstone and Swale Borough Councils. Upon completion of the audit, in December 2017, we concluded that the controls offered a **weak** level of assurance. We include the definitions of our assurance level in the attached report (Appendix A), but this level of assurance means the service needs support to work consistently at an effective level.
- 1.2 The purpose of this report is to provide the Committee with a summary of the issues raised, and to provide progress on the actions being taken to implement the audit recommendations, notably the full implementation of four of the six recommendations and our re-assessment of the level of assurance from **weak** to **sound**.

2. INTRODUCTION AND BACKGROUND

- 2.1 We completed the audit fieldwork for the Land Charges audit between July and October 2017, and reported our findings in draft to management in November 2017. The findings of the review led us to conclude that the controls over the Local Land Charges provided a **weak** level of assurance.
- 2.2 The scope of our work looked at:
- Procedures for the processing of searches
 - Financial controls – including management of income
 - Data quality
- 2.3 As a result of our testing we were able to confirm the effective processing of searches, with good compliance to policies and procedures. However, we identified a number of issues relating to financial control and data quality.
- 2.4 We raised six recommendations in total, all of which were accepted by management who took immediate action to implement the actions. Our recommendations were rated in accordance with our definitions (Appendix A):

Priority 1 (Critical)	Priority 2 (High)	Priority 3 (Med)	Priority 4 (Low)	Advisory
0	1	5	0	0

- 2.5 All audit recommendations are followed up as they fall due. For the Land Charges audit, we have been able to undertake some follow-up work in February and March to verify and test the implementation of the recommendations. The report attached (Appendix A) sets out in more detail the actions taken to date, to address the audit findings, and includes an update by the service on those recommendations outstanding.
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3. AVAILABLE OPTIONS

- 3.1 The Audit & Governance Committee requires assurance over the effectiveness of the Council's internal controls and risk management. Oversight of **weak** and **poor** rated audit reports enables the Committee to monitor how risks are being managed and how the internal audit process acts as an enabler for control improvements.
- 3.2 This update is provided for information and comment only, and so we make no substantive recommendations and present no formal options for consideration.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 As set out in paragraph 3.2, this update is provided for information and comment only, and so we make no substantive recommendations and present no formal options for consideration.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 A draft of this report was circulated to the service and includes direct responses with regards to planned actions and timescales.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Any comments received on the detail of this report will be provided to the service and if necessary, responses circulated to the Committee.
- 6.2 Implementation of the outstanding audit recommendations will be followed up as part of the normal audit process and results reported either as part of the annual (July 2018) or interim (November 2018) internal audit updates, unless an alternative update is requested by the Committee.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

- 7.1 There is no decision associated with this report as it is for information and comment only. As such, there are no implications identified.
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8. REPORT APPENDICES

The following documents are to be published with and form part of the report:

- Appendix A: Land Charges – Audit Report Update
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9. BACKGROUND PAPERS

None