

**FINAL INTERNAL AUDIT REPORT**

**ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT**

**FOLLOW UP REVIEW OF BIGGIN HILL AIRPORT AND THE GLADES  
AUDIT FOR 2017-18**

**Issued to:** Michael Watkins, Head of Asset and Investment Management  
Nigel Davies, Executive Director, Environment and Community Services

**C.c.** Claire Martin, Head of Environment and Community Services Finance

**Prepared by:** Principal Auditor

**Date of Issue:** 16/01/2018

**Report No.:** CEX/24/2017/FU

## **INTRODUCTION**

1. This report sets out the results of our systems based follow up audit of Biggin Hill Airport and The Glades. The audit was carried out in quarter three as part of the programmed work specified in the 2017-18 Internal Audit Plan, agreed by the Director of Finance and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

## **AUDIT SCOPE**

3. This follow up review considered the final audit report issued on 13<sup>th</sup> September 2016 and identifying progress made on implementing the previously agreed recommendation.

## **MANAGEMENT SUMMARY**

4. The final audit report issued on 13th September 2016 contained one recommendation which stated that 'Independently audited accounts should be periodically requested for The Glades. Alternatively, on an annual basis a sample of evidence of income and expenditure incurred on the quarterly statements should be requested to confirm figures stated are accurate'.
5. At the time of undertaking the follow up audit, no progress had been made with implementing the recommendation however, since liaising with the Head of Asset and Investment Management, every effort has been made to rectify the situation.
6. Contractor A have committed (13th December 2017) to ensuring that a sample of evidence of income and expenditure incurred on the quarterly statements is provided. The next quarterly review meeting is due to take place in March 2018 and it is proposed that this arrangement is discussed, agreed and fully in place prior to the meeting.

## **SIGNIFICANT FINDINGS (PRIORITY 1)**

7. None.

## **DETAILED FINDINGS/MANAGEMENT ACTION PLAN**

8. Any recommendations or new findings are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendation which is being followed up and Appendix C gives definitions of the priority categories.

## **ACKNOWLEDGEMENT**

9. We would like to thank all staff contacted during this review for their help and co-operation.

**FOLLOW UP REVIEW OF BIGGIN HILL AIRPORT AND THE GLADES 2017-18**

**Appendix A**

| No | Recommendation   | Management Comment   | Target Date   | Priority | Responsibility  | Follow-up comments  | Status  |
|----|--|--|---|----------|---|---|---|
| 1  | Independently audited accounts should be periodically requested from the Glades Management Company. Alternatively on an annual basis a sample of evidence of income and expenditure incurred on the quarterly statements should be requested to confirm figures stated are accurate. | Agreed, albeit there is a risk of costs to the Council if material errors are not found. This could be mitigated by pursuing the alternative recommendation. | The timing of future audits will need to be agreed with Internal Audit. | 2        | Strategic Property/Client side in consultation with Internal Audit. | At the time of undertaking the follow up audit, no progress had been made with implementing the recommendation however, since liaising with the Head of Asset and Investment Management, every effort has been made to rectify the situation.<br><br>Contractor A have committed (13 <sup>th</sup> December 2017) to ensuring that a sample of evidence of income and expenditure incurred on the quarterly statements is provided. The next quarterly review meeting is due to take place in March 2018 and it is proposed that this arrangement is discussed, agreed and fully in place prior to the meeting. | Recommendation Outstanding. The latter part (evidence to be provided of income and expenditure incurred), re-recommended. |

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**Appendix B**

| Original recommendation No. | Recommendation  | Priority | Management Comment   | Responsibility                          | Agreed Timescale  |
|-----------------------------|---|----------|--|---|---|
| 1                           | On an annual basis, evidence of income and expenditure incurred on the quarterly statements should be requested to confirm figures stated are accurate. | 2        | A sample of evidence of income and expenditure incurred on the quarterly statements is to be provided to Contractor A by The Glades' Managing Agent for the quarter ending March 2018. This will be requested by Contractor A and will then be scrutinized by the Contractor A's Service Charge Team who will then report as to the quality and accuracy of the data supplied. It is likely that this report will be received by Month end April 2018. | Head of Asset and Investment Management | <p>Quarterly (inc Year to date data) to be supplied to Contractor A by end of March 2018.</p> <p>Scrutiny Report on data to be supplied by Contractor A by the end of April 2018.</p> |

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**Appendix C**

Definition of priority categories.

**Priority 1**

**Required to address major weaknesses  
and should be implemented as soon as  
possible**

**Priority 2**

**Required to address issues which do  
not  
represent good practice**

**Priority 3**

**Identification of suggested  
areas for improvement**