



central midlands audit partnership

South Derbyshire District Council – Audit Progress Report

Audit Sub-Committee: 19th September 2018



South Derbyshire
District Council



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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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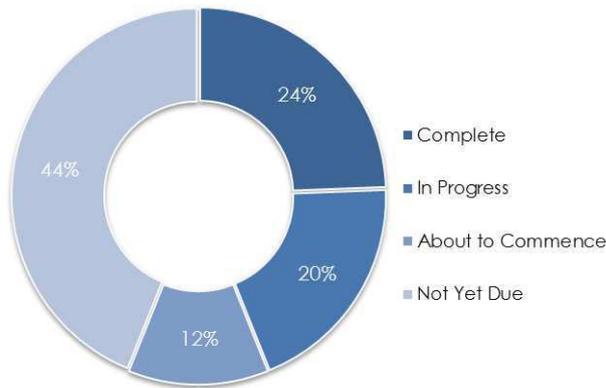
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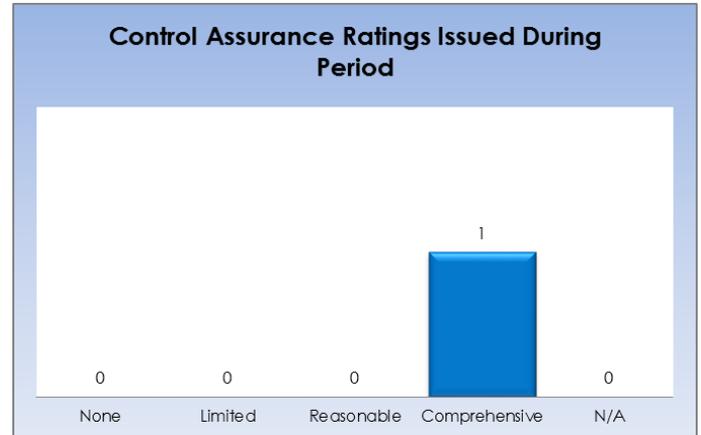
central midlands audit partnership
Providing Excellent Audit Services in the Public Sector

AUDIT DASHBOARD

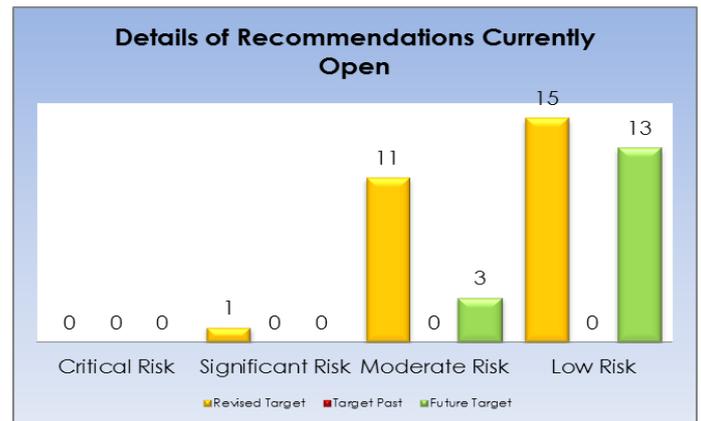
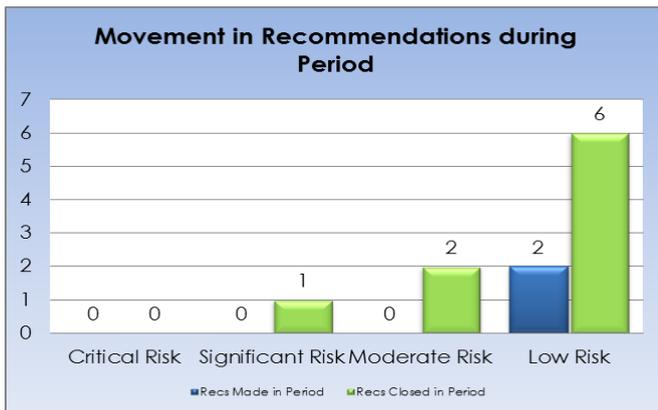
Plan Progress



Jobs Completed in Period

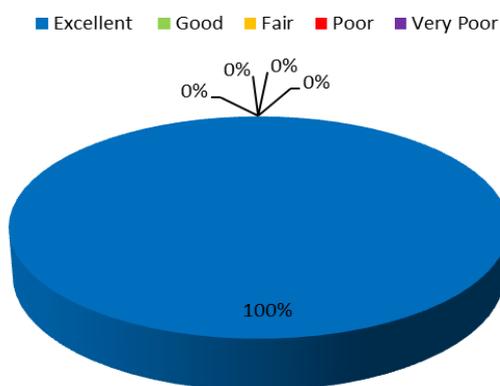


Recommendation Tracking



Customer Satisfaction

April - August 18



Continuous Improvement

1. The first meeting of CMAP management has taken place since the re-structure and actions have been identified for the improvement of internal systems and processes within the section.
2. As part of these further improvements, we will be looking to align the committee reports between the partners.

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AUDIT PLAN

Progress on Audit Assignments

The following table provide Audit Sub-Committee with information on how audit assignments were progressing as at 6^h September 2018.

2018-19 Jobs	Status	% Complete	Assurance Rating
Treasury Management 2018-19	Not Allocated	0%	
Capital Programme	Not Allocated	0%	
Payroll 2018-19	Not Allocated	0%	
Creditors 2018-19	Not Allocated	0%	
Council Tax 2018-19	Not Allocated	0%	
NDR 2018-19	Not Allocated	0%	
Housing Benefit & Council Tax Support 2018-19	Not Allocated	0%	
IT Applications	Not Allocated	0%	
IT Infrastructure	Not Allocated	0%	
Fleet Management	Not Allocated	0%	
Development Control	Not Allocated	0%	
Food Safety	Not Allocated	0%	
Sport & Health Funding	Not Allocated	0%	
Rosliston Forestry Centre	Not Allocated	0%	
Housing Repairs (Planned & Responsive Maint.)	Not Allocated	0%	
Gas/Electric/Asbestos/Legionella/Fire Safety Insp.	Not Allocated	0%	
Corporate Governance	Not Allocated	0%	
Allocations & Homelessness	Allocated	0%	
Sheltered Housing / Careline	Allocated	0%	
Waste Management (Collection, Trade, Recycling)	Allocated	10%	
Information Governance*	Allocated	5%	
PCI Compliance	Allocated	0%	
Street Cleansing	Allocated	5%	
Insurance 2018-19	In Progress	25%	
Community Safety Partnership	In Progress	50%	
Section 106 Agreements	In Progress	75%	
Pollution Control	Awaiting Review	80%	

* See Plan Changes

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B/Fwd Jobs	Status	% Complete	Assurance Rating
Risk Management	In Progress	65%	
Health & Safety	In Progress	65%	
Payroll 2017-18	Draft Report	95%	Reasonable
Organisational Culture & Ethics	Final Report	100%	Reasonable
Council Tax 2017-18	Final Report	100%	Comprehensive
NDR 2017-18	Final Report	100%	Comprehensive
Housing Benefit & Council Tax Support 2017-18	Final Report	100%	Comprehensive
Express Electoral System Security Assessment	Final Report	100%	Reasonable
Sharpes Pottery	Final Report	100%	Comprehensive
New Build / Affordable Housing	Final Report	100%	Comprehensive
Licensing	Final Report	100%	Comprehensive
Safeguarding	Final Report	100%	Reasonable
Followup of Whistleblowing Recommendations	Final Report	100%	Reasonable

Audit Plan Changes

The Records Management audit has been combined with the Data Protection & Freedom of Information audit, under the heading of Information Governance, and will be undertaken later in the audit plan year. This is to allow time for GDPR systems to become embedded before the review.

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AUDIT COVERAGE

Completed Audit Assignments

Between 13th July 2018 and 6th September 2018, the following audit assignments have been finalised since the last Progress Report was presented to this Sub-Committee.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Council Tax 2017-18	Comprehensive	0	0	0	2	0%

Council Tax 2017-18					
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls	
To ensure that non-payment of Council Tax is identified and appropriate measures for the collection of arrears are undertaken promptly.	11	10	0	1	
To ensure that measures for the collection of longer-term arrears are fully implemented and the recovery process is robustly applied.	10	9	0	1	
TOTALS	21	19	0	2	
Summary of Weakness		Risk Rating	Agreed Action Date		
Arrangements with tax payers to pay council tax arrears, made by Customer Services and Debt Collection officers were not subject to review by management, to ensure that they were commensurate with the level of debt, the taxpayer's circumstances and that they conformed to Policy.		Low Risk	01/01/2019		
All officers within the Customer Services, Billing and Recovery teams had system access that allowed the suppression of debt collections. The application of debt suppressions was not being checked by management.		Low Risk	01/01/2019		

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RECOMMENDATION TRACKING

There has been the following movement in recommendations between the 13th July 2018 and 31st August 2018, since the last Progress Report was presented to this Sub-Committee.

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
27-Jan-17	Whistleblowing Investigation	Limited	-	3	-
06-Jun-17	Leisure Centres	Reasonable	-	1	-
07-Aug-17	Parks & Open Spaces	Reasonable	-	5	-
21-Aug-17	Whistleblowing Investigation 2	Reasonable	-	1	-
19-Oct-17	Dry Waste Recycling Contract	Reasonable	-	1	-
13-Nov-17	Officers Expenses & Allowances	Reasonable	-	-	1
17-Nov-17	Backup Server Healthcheck	Limited	-	3	-
23-Nov-17	Housing Contracts Review	Limited	-	5	-
19-Dec-17	People Management 2017-18	Reasonable	-	1	2
19-Jan-18	Rent Accounting 2017-18	Reasonable	-	2	-
02-Mar-18	Backup Policy	Reasonable	-	3	-
06-Mar-18	Tenants Arrears 2017-18	Reasonable	-	1	2
03-Apr-18	Express Electoral System Security Assessment	Reasonable	-	1	-
25-Apr-18	Organisational Culture & Ethics	Reasonable	-	-	2
18-May-18	Sharpes Pottery	Comprehensive	-	-	3
29-Jun-18	South Derbyshire - Safeguarding	Reasonable	-	-	3
11-Jul-18	Housing Benefit & Council Tax Support 2017-18	Comprehensive	-	-	1
12-Jul-18	NDR 2017-18	Comprehensive	-	-	2
		Totals	0	27	16

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.

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Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Whistleblowing Investigation	-	-	-	-	2	1
Leisure Centres	-	-	-	-	1	-
Parks & Open Spaces	-	-	-	-	2	3
Whistleblowing Investigation 2	-	-	-	-	1	-
Recycling Contract	-	-	-	1	-	-
Backup Server Healthcheck	-	-	-	-	1	2
Housing Contracts Review	-	-	-	-	2	3
People Management 2017-18	-	-	-	-	1	-
Rent Accounting 2017-18	-	-	-	-	-	2
Backup Policy	-	-	-	-	1	2
Tenants Arrears 2017-18	-	-	-	-	-	1
Express Electoral System Security Assessment	-	-	-	-	-	1
Totals	0	0	0	1	11	15

Highlighted Recommendations

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

Action Due Recommendations

None to report.

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Being Implemented Recommendations

Dry Waste Recycling Contract	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>There was limited information available to support the tender evaluation process which could lead the contract award open to challenge.</p> <p>We recommend that in all future tendering exercises the Council ensure that they assess bids in line with the scoring methodology prescribed in the Invitation to Tender. Full and complete records of tender evaluations should be retained, including all assessments completed by individual members of the Assessment Panel, in order to provide evidence of a clear and transparent process. All documentation associated with contracts should be retained for 6 years after the end of the contract in order to meet the requirements of the Limitation Act 1980.</p>	Significant Risk
Management Response/Action Details	Action Date
<p>This is normal practice. Unfortunately, individual scoring sheets could not be located for this particular tender. All relevant staff are aware of this requirement. The Council is currently reviewing the provision of procurement services and we will ensure that this issue is considered as part of that process.</p>	19/09/2017
Status Update Comments	Revised Date
<p>This recommendation was followed-up by CMAP in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. A revised action date has been agreed with Officers against this recommendation.</p>	01/09/2018

Leisure Centres	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The Council had not undertaken inspections on the exterior fabric of the building as per the contract summary of maintenance responsibilities.</p> <p>We recommend that the Council fulfil its obligations in respect of those areas which it has responsibility for maintaining. Inspections should be undertaken on a regular basis, in accordance with any relevant legislation and properly documented.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Programme of inspections to be agreed with Building Maintenance Officer</p>	01/10/2017
Status Update Comments	Revised Date
<p>Our public building officer resigned several months ago and has not been replaced pending both a housing services and Council wide restructure. Once responsibility for this area of work is identified in the final structure and someone in post we will be able to commence the required inspections. Given the uncertainty suggest a revised compliance date of Jan 31st 2018.</p> <p>The long term future of the Public Building Officer post has still not been settled and an interim arrangement has recently been implemented with a temporary 6 month appointment. Suggest a revised date of the end of September 2018.</p>	30/09/2018

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Housing Contracts Review	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The Procurement Section were not taking an active role in enforcing annual contract reviews throughout the Council, to ensure that contracts were being legally managed and extended in accordance with legislation.</p> <p>We recommend that the Head of Procurement devise a system for overseeing the various contract management activities within the Council and for actively monitoring them. This should ensure that the on-going monitoring of contracts is not only taking place, but also being evidenced and that it informs subsequent contract management activities. This function should also ensure that contracts are being extended correctly and that formal exemptions are being utilised, where required.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>As part of the proposed Shared Service, the Council will benefit from a fully automated Contracts Register. This will provide the functionality to aid contract management, which will for example, provide alerts regarding key dates for each major Contract and quarterly meetings with service leads.</p> <p>If the proposal to join the Shared Service is not agreed by the Council, then the current E-tendering portal that the Council currently uses will be upgraded to include a Contract Monitoring module.</p> <p>In the meantime, work is on-going to compile contract information in readiness for transition to the Shared Service or an upgrade to the Council's current system, to enable future monitoring and review.</p>	30/03/2018
Status Update Comments	Revised Date
<p>This recommendation was followed-up by CMAP in May 2018, while we consider that progress has been made against implementation, further actions are required for this matter to be fully addressed and embedded into Council systems, following recent changes to the structure and service provision in Housing and Procurement. A revised action date has been agreed with Officers against this recommendation.</p>	01/09/2018

People Management 2017-18	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>The process to follow in order to make a confidential complaint was not clear in the Harassment Policy and Procedure.</p> <p>We recommend that the Harassment Policy clearly states the procedure to be followed if an individual wishes to make a confidential complaint of harassment, bullying or victimisation. The Policy should include the contact details of the officer nominated to receive such complaints.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>The Policy will be reviewed to make it clear where confidential complaints can be sent to, including the contact details. It should be noted that in addition, confidential complaints can also be recorded in using the Whistleblowing Policy.</p>	30/06/2018
Status Update Comments	Revised Date
<p>Section 7 of the Policy makes it clear where employees can go for confidential advice and support. A review of the Policy is underway and will be completed in September.</p>	28/09/2018

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Housing Contracts Review		Rec No. 3
Summary of Weakness / Recommendation		Risk Rating
<p>Contract opportunities for adaptations (where collective works were over the £25,000 threshold) were not being advertised on the 'Contracts Finder' website, in line with the requirements of the Public Contract Regulations 2015.</p> <p>We recommend that the Head of Procurement identify a range of options available to the Council for complying with this ruling and seek to strengthen systems to ensure compliance with the Public Contract Regulations 2015. Such a system should ensure that the principles of transparency, equal treatment and non-discrimination, under European Union Treaties, are also adhered to.</p>		Moderate Risk
Management Response/Action Details		Action Date
<p>The Council agreed changes to the procurement of Disabled Facility works at a meeting of the Finance and Management Committee on 12th October 2017. The current "standing" list will be replaced by a Framework of 4 to 5 contractors to undertake smaller works below £25,000. This will be subject to an OJEU process.</p> <p>Any larger works above £25,000 will be tendered separately and advertised in the normal way (Source Derbyshire, etc.)</p>		23/11/2017
Status Update Comments		Revised Date
<p>The Housing Section have met with Chesterfield NHS to explore the possibility of using a dynamic purchasing framework this will give our existing local contractors the opportunity to join the frame work if they meet the requirements, the list of exiting contractors has been sent to Chesterfield NHS in order to move the procurement forward. Realistic implementation by the end of January 2019 if we want the existing contractors to have the chance to gain access to the frame work.</p>		01/01/2019

Whistleblowing Investigation 2		Rec No. 5
Summary of Weakness / Recommendation		Risk Rating
<p>Annual contract reviews were not being undertaken by the Contract Managers, to monitor contract spend amongst other requirements, and we believe that certain Housing Contracts may be overspent.</p> <p>We recommend that the Housing Section undertake annual contract reviews over all major Housing Contracts, in conjunction with the Head of Procurement, to ensure that these contracts are operating effectively, providing value for money and are not overspent against official contract values. This process should be formally documented and where issues are identified, appropriate remedial action(s) should be undertaken without undue delay.</p>		Moderate Risk
Management Response/Action Details		Action Date
<p>Reviews will be put into place to evaluate the contract performance, value for money and effectiveness based on the start dates of the individual contracts.</p> <p>This is separate from a need to have an ongoing multi-year programme that should be refreshed and reviewed regularly.</p>		01/04/2018
Status Update Comments		Revised Date
<p>Standard contract review documentation is now in place and reviews being carried out on existing contracts. Contract management training for team members is to be arranged. Evidence of implementation to be supplied by the end of October 2018.</p>		31/10/2018

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Parks & Open Spaces	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>Comprehensive risk assessments of play equipment were not available for inspection. A limited number of non-descript risk assessments were located with play equipment listed as a hazard, suggesting that risk assessments had not been completed for all playgrounds and equipment across the district.</p> <p>We recommend that the Council establish risk assessments for all the playgrounds and the equipment therein, for which it could be held liable. The risk assessments should be undertaken with the above guidance provided by ROSPA and should consider the activity classification, hazard identification, the evaluation of risk, the evaluation of the control measures and the specification for further action.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Agree action plan with H&S officer. Agree content of risk assessments and list of sites to be inspected - SDDC own sites only. Establish which Parish Councils already undertake risk assessments. Write to advise remaining Parish Councils of their responsibilities. NOTE: there may be budget/cost implication.</p>	31/12/2017
Status Update Comments	Revised Date
<p>Due to officer departure from the Council don't believe any action has been taken to date so deadline will need moving back probably to end March for now. We now have an interim 3 day replacement and will be convening to discuss how we take the audit recommendations forward.</p> <p>Our internal capacity to progress is temporarily limited but we are undertaking a district wide play audit of our own which will help to address the outstanding recommendations. We are currently engaged in a procurement exercise to secure external expertise to undertake the audit. To allow for the procurement, the audit and then remedial action suggest a revised date for implementing the outstanding recommendations of end September.</p>	30/09/2018

Backup Server Healthcheck	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>A local administrator account on one of the Council's Backup Exec Server had a weak corresponding password which was representative of the word password with only minor character substitutes. Furthermore, this password had not been changed in 656 days.</p> <p>We recommend that management looks to strengthen the weak corresponding password vulnerability which has been reported confidentially to the IT team.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Where possible passwords have been changed to resolve this issue. Again we need to be careful when changing passwords as many accounts run services and so we don't want the Backup processes to start failing. This issue will be fully addressed when a new solution is implemented.</p>	27/04/2018
Status Update Comments	Revised Date
<p>To fall in line with the recommendations/project surrounding job 3061 - SDDC Backup Policy.</p>	31/12/2018

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Parks & Open Spaces	Rec No. 8
Summary of Weakness / Recommendation	Risk Rating
<p>Park Keepers and other members of the Grounds Maintenance team undertaking inspections of play equipment had not received appropriate training.</p> <p>We recommend that the Park Keepers and any other members of the Grounds Maintenance team, who would be expected to undertake inspections of play equipment, undertake appropriate training on playground inspections. This is in accordance with the Grounds Maintenance Contract Specification which states that routine visual inspections should be undertaken on a daily basis by appropriately trained and accredited staff.</p>	Moderate Risk
Management Response/Action Details	Action Date
Identify relevant staff. Training of all relevant staff to be carried out and documented, including regular refresher training	31/03/2018
Status Update Comments	Revised Date
<p>We would look to book the relevant operatives onto a course as soon as possible in the new financial year. We are now in that period so will look for an appropriate course for the staff to attend.</p> <p>Unfortunately, we are currently down to only one of the tree Park Keepers at present, one has been off long term sick and the second put in his notice to retire so has finished work. We will be interviewing a replacement. It didn't seem practical to only look for the one operative! Revised action date requested.</p> <p>In response to this we currently only have one Park Keeper as one has retired and we have not been able to replace as of yet, The other is on long term absence and at present unsure as to when he may return. The final Park Keeper that is in work has intimated that he may be looking for alternative employment so at this time I have not progressed this recommendation. Once we have recruited and hopefully got back to the correct staffing we will look to sort asap. Action date revised to 31 December 2018.</p>	31/12/2018

Backup Policy	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>There were not 3 recovery sources for backups of critical systems. Only hardware level replication between the primary and DR SAN maintained copies of backup files for all virtual servers, leaving the Council vulnerable to a complete loss of recovery sources if there was major corruption issues replicated the storage level between both storage area networks.</p> <p>We recommend that management reviews the implications of maintaining a 3rd copy of backups for critical information systems, such as tape, or cloud based recovery sources.</p>	Moderate Risk
Management Response/Action Details	Action Date
This is part of the requirements for the new backup & DR solution.	31/08/2018
Status Update Comments	Revised Date
The new solution allows for a third source to be integrated. This 'break-point' safeguards against total corruption of existing backups in the event of viral attacks / physical damage.□	31/12/2018

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Whistleblowing Investigation	Rec No. 12
Summary of Weakness / Recommendation	Risk Rating
<p>At the time of the audit, the information recorded in the asbestos surveys had not been subject to regular review and was therefore not compliant with the Control of Asbestos Regulations 2012.</p> <p>We recommend that the Housing Section implement the following processes:</p> <ul style="list-style-type: none"> • Undertake Asbestos Management Surveys on all voids that have not been inspected before. • Undertake additional surveys of property types considered to be a higher risk from the existing survey data available. • Where asbestos is located either, remove, encase or manage. Where encased or managed, annual checks should be undertaken to assess the situation and be clearly evidenced. • Tenant(s) should be told of the location of any asbestos located within their property and informed how it is being managed. • Contractors should get a copy of the Asbestos Management Survey for void properties and be informed how any asbestos located is to be treated, i.e. remove, encase or managed. • Copies of all asbestos surveys and test certificates should be retained by the Housing Section and ideally stored electronically on a team shared drive. 	Moderate Risk
Management Response/Action Details	Action Date
The Director of Housing & Environmental Services will formally instruct the Housing Asset Manager and all staff within his Directorate to comply with the recommended action in this regard.	30/06/2017
Status Update Comments	Revised Date
Asbestos surveys are carried out on void properties. New contracts to carry out surveys and also to remove/manage asbestos have been awarded. A new relet 'sign off' process which includes confirmation that all asbestos survey and removal work has been completed is now in place. All existing contractors have access to the Asbestos 'Portal'. Hard copies of asbestos surveys and reports are left for contractors in void properties. The asbestos report is then included in tenancy sign up pack. Evidence of 'sign off' process and information left for tenants to be supplied by the end of October 2018.	31/10/2018

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Whistleblowing Investigation	Rec No. 13
Summary of Weakness / Recommendation	Risk Rating
<p>The information recorded on the Summary of Asbestos Registers spreadsheet was not being adequately maintained in order to provide sufficient control over the process.</p> <p>We recommend that, in addition to storing copies of asbestos surveys and test certificates electronically, that the Housing Section also look into recording the asbestos related information on the Lifespan Asset Management System. This will then create a central location for all officers to search for the information and can be used to record details of the annual checks. Information contained within the existing Summary of Asbestos Registers spreadsheet should also be imported into Lifespan, if possible, to ensure the continued integrity of data.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>The Director of Housing & Environmental Services will formally instruct the Housing Asset Manager and all staff within his Directorate to comply with the recommended action in this regard.</p>	<p>30/06/2017</p>
Status Update Comments	Revised Date
<p>Asbestos reports will be downloaded from the current contractor's portal onto the V drive and to Lifespan. Lifespan training is to be completed by the end of September 2018 and we are aiming for Lifespan to be up-to-date by the end of December 2018.</p>	<p>31/12/2018</p>