



South Derbyshire District Council – Internal Audit Progress Report

Audit Sub-Committee: 18th December 2013



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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South Derbyshire District Council – Internal Audit Progress Report

Summary

Role of Internal Audit

The Internal Audit Service for South Derbyshire District Council is now provided by the Central Midlands Audit Partnership (CMAP). The Partnership operates in accordance with standards of best practice applicable to Internal Audit (in particular, the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006). CMAP also adheres to the Internal Audit Terms of Reference.

The role of internal audit is to provide independent assurance that the organisation's risk management, governance and internal control processes are operating effectively.

Recommendation Ranking

To help management schedule their efforts to implement our recommendations or their alternative solutions, we have risk assessed each control weakness identified in our audits. For each recommendation a judgment was made on the likelihood of the risk occurring and the potential impact if the risk was to occur. From that risk assessment each recommendation has been given one of the following ratings:

- Critical risk.
- Significant risk.
- Moderate risk
- Low risk.

These ratings provide managers with an indication of the importance of recommendations as perceived by Audit; they do not form part of the risk management process; nor do they reflect the timeframe within which these recommendations can be addressed. These matters are still for management to determine.

Control Assurance Definitions

Summaries of all audit reports are to be reported to Audit Sub Committee together with the management responses as part of Internal Audit's reports to Committee on progress made against the Audit Plan. All audit reviews will contain an overall opinion based on the adequacy of the level of internal control in existence at the time of the audit. This will be graded as either:

- **None** - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Limited** - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Reasonable** - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Comprehensive** - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

This report rating will be determined by the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks. Any audits that receive a None or Limited assurance assessment will be highlighted to the Audit Sub-Committee in Audit's progress reports.

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Audit Coverage

Progress on Audit Assignments

The following table provide Audit Sub-Committee with information on how audit assignments were progressing as at 30th November 2013.

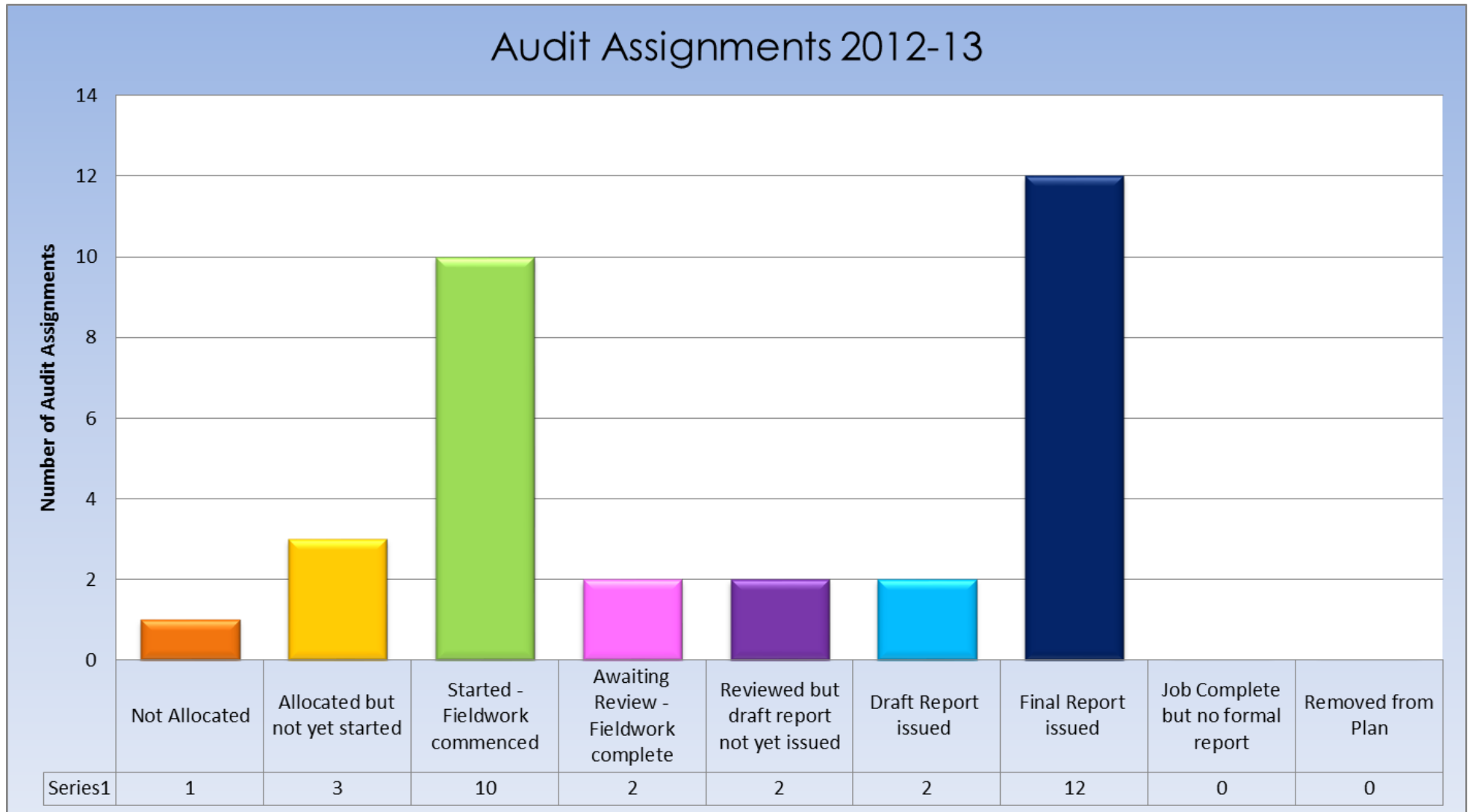
| 2013-14 Audit Plan Assignments | Type of Audit | Current Status | % Complete |
|--|----------------------------|-----------------|------------|
| Main Accounting System 2013-14 | Key Financial System | In Progress | 20% |
| Treasury Management 2013-14 | Key Financial System | Not Allocated | 0% |
| Capital Programme | Systems/Risk Audit | Awaiting Review | 80% |
| VAT | Systems/Risk Audit | Final Report | 100% |
| Council Tax / NNDR / Cashiering 2013-14 | Key Financial System | In Progress | 50% |
| Housing & Council Tax Benefit 2013-14 | Key Financial System | In Progress | 15% |
| Payroll / Officers Expenses & Allowances 2013-14 | Key Financial System | Awaiting Review | 80% |
| Creditors / Debtors 2013-14 | Key Financial System | In Progress | 30% |
| Procurement (Contracts Register) | Procurement/Contract Audit | Final Report | 100% |
| People Management | Systems/Risk Audit | Final Report | 100% |
| Corporate Governance | Governance Review | Final Report | 100% |
| Virtualisation Management | IT Audit | In Progress | 75% |
| Orchard IT Security | IT Audit | Allocated | 5% |
| Client Monitoring - Corporate Services Contract | Systems/Risk Audit | Draft Report | 95% |
| Data Protection & Freedom of Information | Governance Review | Allocated | 5% |
| Records Management | Governance Review | Reviewed | 90% |
| Data Quality 2013-14 | Governance Review | In Progress | 70% |
| Business Continuity & Emergency Planning | Governance Review | Allocated | 0% |
| Fixed Assets 2013-14 | Key Financial System | In Progress | 75% |
| Leisure Centres | Systems/Risk Audit | Final Report | 100% |
| Rent Accounting 2013-14 | Systems/Risk Audit | In Progress | 75% |
| Tenants Arrears | Systems/Risk Audit | In Progress | 75% |
| Housing Allocations 2013-14 | Systems/Risk Audit | Final Report | 100% |
| Tender Receipt & Opening | Investigation | Final Report | 100% |
| B/Fwd - Treasury Management / Insurance 2012-13 | Key Financial System | Draft Report | 95% |
| B/Fwd - Payroll 2012-13 | Key Financial System | Final Report | 100% |
| B/Fwd - Post Implementation Review - Agresso Upgrade | IT Audit | Final Report | 100% |
| B/Fwd - Email & Internet Services Health-check | IT Audit | In Progress | 70% |
| B/Fwd - Service Contracts | Procurement/Contract Audit | Reviewed | 90% |

Three assignments (not shown above) were finalised and reported upon at the June and September 2013 Audit Sub-Committee meetings.

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Audit Coverage

Progress on Audit Assignments Chart



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Audit Coverage

Completed Audit Assignments

Between 1st September 2013 and 30th November 2013, the following audit assignments have been finalised since the last Progress Report was presented to this Committee:

- VAT.
- Procurement (Contracts Register).
- People Management 2013-14.
- Corporate Governance.
- Leisure Centres.
- Housing Allocations.
- Tender Receipt & Opening.
- Payroll 2012-13.
- Post Implementation Review – Agresso Upgrade.

The following paragraphs summarise the internal audit work completed in the period.

VAT

Overall Control Assurance Rating: **Comprehensive**

This audit focused on Governance and Risk issues in relation to VAT and the processes involved to complete and submit the monthly VAT and CIS Returns. We also examined the method used by the Council to monitor and report on Partial Exemption.

From the 29 key controls evaluated in this audit review, 25 were considered to provide adequate control and 4 contained weaknesses. The report contained 4 recommendations, all 4 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- The Finance Office retained just one user ID, password and PIN to access the HMRC online registry system to submit VAT returns. The

user ID, password and log on information was held in a file on a shelf in the main finance office. (Low Risk)

- Four key access credentials required to submit an online VAT return were insecurely held together against written instructions from the Government Gateway in a file marked 'VAT' held on an open shelf in the main finance office. (Low Risk)
- The working papers supporting the CIS return were not being signed and dated by the officer responsible for preparing them. (Low Risk)
- The completion of the CIS return was performed by just one officer without it being subject to review by another officer. To compound this weakness, the payment to the HMRC was also being raised by this same officer, which was being approved for payment without the supporting information being examined. (Low Risk)

All 4 recommendations were accepted and 3 of these have already been implemented at the time of issuing the audit report with the fourth planned for implementation on 1st October 2013.

Procurement (Contracts Register)

Overall Control Assurance Rating: **Reasonable**

This audit focused on reviewing the Contracts Register maintained by Procurement to provide assurance that systems were operating effectively and providing an acceptable level of control in order to satisfy the requirements of the Audit Sub-Committee and External Audit.

From the 25 key controls evaluated in this audit review, 9 were considered to provide adequate control and 16 contained weaknesses. The report contained 8 recommendations, 5 were considered a low risk and 3 a moderate risk. The following issues were considered to be the key control weaknesses:

- Procurement did not have a formal Contracts Register, while certain records in place record the level of detail required for such a

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register, these were considerably out-of-date and did not completely fulfil the purpose of a Contracts Register. (**Moderate Risk**)

- Systems and procedures were not in place for managing the Contracts Register. (**Low Risk**)
- Exemption Procedures from Version 1.1 of the Contract Procedure Rules had been removed from Version 1.2, in the January 2013 update. (**Low Risk**)
- Systems and procedures were not in place for monitoring Procurement activity against the Contracts Register. (**Low Risk**)
- Only 2 out of 11 forms used in Procurement processes contained issue dates and version control. (**Low Risk**)
- Procurement were undertaking tender exercises without a duly authorised Pre Procurement Analysis form giving the go ahead from the Council for the procurement exercise to commence. (**Moderate Risk**)
- Procurement Checklists were not being completed to ensure that the required procurement processes were being undertaken. (**Moderate Risk**)
- Sections of the Permission to Set up a New Supplier form and the New Supplier Request form were being regularly missed by officers completing these forms and it was found that they added no real value to the process. (**Low Risk**)

All 8 control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Positive action in respect of 2 recommendations was due to be taken by 1st October 2013 with a further recommendation due to be addressed by 1st November 2013. Another 2 recommendations were due to be implemented by 1st December 2013 with the remaining 3 recommendations due to be addressed by 1st March 2014.

People Management 2013-14

Overall Control Assurance Rating: **Reasonable**

This audit focused on the operation of the Attendance Management Procedure and the application of the Trade Union Facilities agreement.

From the 18 key controls evaluated in this audit review, 10 were considered to provide adequate control and 5 contained weaknesses. The report contained 5 recommendations, 4 were considered a low risk and 1 a moderate risk. The following issues were considered to be the key control weaknesses:

- The most commonly used category for recording absence in the MyView system was 'other'. (**Low Risk**)
- Whilst trigger points were available, there was no mechanism to confirm their use by managers as part of the absence management procedure. Reports of the numbers of trigger points being reached were not available to senior managers. (**Low Risk**)
- There was no consistency in how management was applying the absence monitoring policy. (**Moderate Risk**)
- There was no monitoring of the facilities granted to trade union representatives and thus no assurance that the agreed levels were being adhered to. (**Low Risk**)
- The Council had not addressed the areas for savings detailed in the DCLG document 'Taxpayer funding of Trade Unions'. (**Low Risk**)

All 5 of the control issues raised within this report were accepted and positive action was agreed to be taken to address 1 issue by 31st January 2014, 3 of the issues by 31st March 2014 with the remaining issue to be addressed by 31st August 2014.

Corporate Governance

Overall Control Assurance Rating: **Comprehensive**

This audit focused on ensuring that the Council's governance arrangements were in line with the amended Local Code of Governance and were being reviewed regularly by Management.

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From the 34 key controls evaluated in this audit review, 29 were considered to provide adequate control and 5 contained weaknesses. The report contained 4 recommendations, all 4 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- Key policy and procedural guidance documentation did not have version control included. (Low Risk)
- The Member and Officer Relations protocol document did not include the responsibility of officers to provide training and development to Members and to respond in a timely manner to queries raised by Members. The document had not been reviewed since 2003. (Low Risk)
- The record of gifts and hospitality area of the Members' pages on the Council's website was unpopulated. (Low Risk)
- The Council's Anti-Fraud and Corruption Policy made reference to Criminal Records Bureau (CRB) checks, which have recently been replaced. (Low Risk)

All 4 of the issues raised were accepted and actions were agreed to address 2 control weaknesses by 1st December 2013, another by 1st January 2014 and the remaining action was to be taken by 1st February 2014.

Leisure Centres

Overall Control Assurance Rating: **Reasonable**

This audit focused on reviewing the performance of the Leisure Centres, the information that was reported to South Derbyshire District Council and the Joint Management Committee and the management sum that was paid to Active Nation. We reviewed the delivery of the service in the context of the Leisure Management Contract.

From the 19 key controls evaluated in this audit review, 7 were considered to provide adequate control and 12 contained weaknesses. The report contained 10 recommendations, 8 were considered a low risk and 2 a moderate risk. The following issues were considered to be the key control weaknesses:

- The Leisure Management Contract was in draft form, despite Active Nation being in the third year of service delivery. (Moderate Risk)
- A number of issues were identified with the performance measures and indicators and as a result, performance was not being monitored in line with the contract. (Low Risk)
- Reports to the Council had not been provided in line with contractual requirements. The monthly Impact Reports contained too much details and it was not clear which data referred to the contractual performance measures. (Low Risk)
- Some data within the Impact Report for April 2012 was found to be inaccurate. Active Nation had not documented the methodology for calculating the performance figures or the source of data. There was a lack of internal checks at Active Nation on the reported figures and methods of calculation. Where data was incorrect, it had not been amended in the following periods. (Low Risk)
- There had been some reporting to the Council and the Joint Management Committee regarding the performance of Active Nation. The reporting was not in line with the contract, although for the JMC this was because the committee had failed to meet frequently for the last two financial years. (Low Risk)
- The Annual Performance Review had only been held for year 2 of the contract and had not been held in line with the timelines set out in the contract. (Low Risk)
- The contract set out variables which could affect the management sum payment. However, these variables had not been appropriately monitored and the payments had not been adjusted. (Moderate Risk)
- Management Sum payments had not been made to Active Nation in line with contractual requirements. (Low Risk)
- Payments made in respect of the management sum in Year 2 and Year 3 to date were not mathematically accurate and inflation had not been applied to the management sum in line with the contractual requirements. (Low Risk)

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- Only the utility cost reconciliation had been provided to the Council. On review, the reconciliation did not agree to source documentation. (Low Risk)

All 10 control issues raised in this report were accepted and action was taken to address 2 of the recommendations by the time of issuing the final report, 1 recommendation was to be addressed by 25th October 2013, 3 recommendations were to be addressed by 31st October 2013 and 4 recommendations by 30th November 2013.

Housing Allocations

Overall Control Assurance Rating: **Comprehensive**

This audit focused on the housing allocation process, to ensure that procedures are aligned to policies, procedures are being followed in practice and to identify any areas for improvement.

From the 23 key controls evaluated in this audit review, 20 were considered to provide adequate control and 3 contained weaknesses. The report contained 4 recommendations, all 4 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- The Homefinders guidance informed applicants who disagreed with the banding allocated to them, that there was a Right to a Review leaflet, but no such document existed. (Low Risk)
- A lack of control over tenancy bid documentation meant that a bid could accidentally, or even deliberately not be input to the system. (Low Risk)
- Unsuccessful applicants are not notified of the reason why their bids for tenancies have failed. Without knowing why they have been unsuccessful, applicants may continue to bid for inappropriate properties. (Low Risk)
- Information published on the Council's website showed data relating to property lettings which was six months out-of-date. (Low Risk)

All 4 of the control issues raised within this report were accepted and positive action had already been taken to address 1 of the

recommendations by the time of issuing the final report, 1 was to be addressed by 1st November 2013, and the remaining two were to be addressed by 1st February 2014.

Tender Receipt & Opening

Overall Control Assurance Rating: **N/A**

We were asked to examine the tender receipt and opening process which failed to evaluate 3 tenders that should have been considered.

We concluded that the error occurred through a combination of procedural weaknesses and employee error. The following issues were considered to be the key control weaknesses:

- There were no working instructions for the tender receipt and opening process. (Moderate Risk)
- The officer managing the receipt of tenders had not left instructions with any other officer(s) as to the required protocol for dealing with tender envelopes, despite being out of the office (working from home) the final day the tenders were due to be returned. (Moderate Risk)
- Officers were not formally recording the date and time of receipt on tender envelopes. (Moderate Risk)
- Democratic Services were recording the time they took possession of tender envelopes on the List of Tenders Received form and not the time they had actually been received by the Council. Furthermore, details of the information recorded on this form were not being relayed to the officers at the tender opening. (Low Risk)
- Reception had not been informed that tenders were due to be received by the Council and/or given a contact name. Furthermore, records did not identify who collected the tender envelopes from reception. (Low Risk)
- Tender envelopes were not being securely stored with access restricted to designated officers. (Low Risk)

All 6 control issues raised in this report were accepted and action was to be taken to address all 6 control weaknesses by 31st January 2014 when a new e-tendering system is implemented.

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Payroll 2012-13

Overall Control Assurance Rating: **Comprehensive**

This audit focused on the processes related to the claiming and payment of officer expenses & overtime.

From the 10 key controls evaluated in this audit review, 8 were considered to provide adequate control and 2 contained weaknesses. The report contained 2 recommendations, both of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- Overtime claims were not being subjected to rigorous checks by management and payroll, prior to payment. (Low Risk)
- Mileage claims were not being subjected to rigorous checks by management and payroll, prior to payment. (Low Risk)

Both of the control issues raised within this report were accepted and positive action was agreed to be taken to address the issues by 31st October 2013.

Post Implementation Review – Agresso Upgrade

Overall Control Assurance Rating: **Reasonable**

This audit focused on evaluating the adequacy of the systems administration and IT security configuration of the Agresso system. Specifically, we reviewed how well protected the sensitive data was from unauthorised access and disclosure.

From the 43 key controls evaluated in this audit review, 30 were considered to provide adequate control and 13 contained weaknesses. The report contained 8 recommendations, 4 were considered a low risk, 3 a moderate risk and 1 a significant risk. The following issues were considered to be the key control weaknesses:

- We found that the roles and responsibilities for the Agresso support team had not been defined or documented. (Low Risk)

- New user and reset passwords were not created completely randomly. The reset password was often set to whatever the system administrator thought of first. (Low Risk)
- Complex account passwords and a minimum length for passwords were not enforced. Password complexity and password history parameters are vital in decreasing the successfulness of attacks on accounts, denying access to malicious users. (Moderate Risk)
- We found that the password history setting had been disabled meaning that users could use previous passwords when they are forced by the systems to change their current password. (Moderate Risk)
- We found that the Agresso system allowed users to have passwords that were the same as the account's username. (Moderate Risk)
- We found that the three servers that support Agresso, AgrBus, AgrDB and AgrWeb were missing a total of 218 security patches. This opens the servers to an array of attacks and risks. (Significant Risk)
- We found there was no archiving policy in place surrounding the retention of system documents and audit logs. (Low Risk)
- We found that insufficient audit logs were being captured. Also those audit logs that were being captured were not being reviewed on a regular basis. (Low Risk)

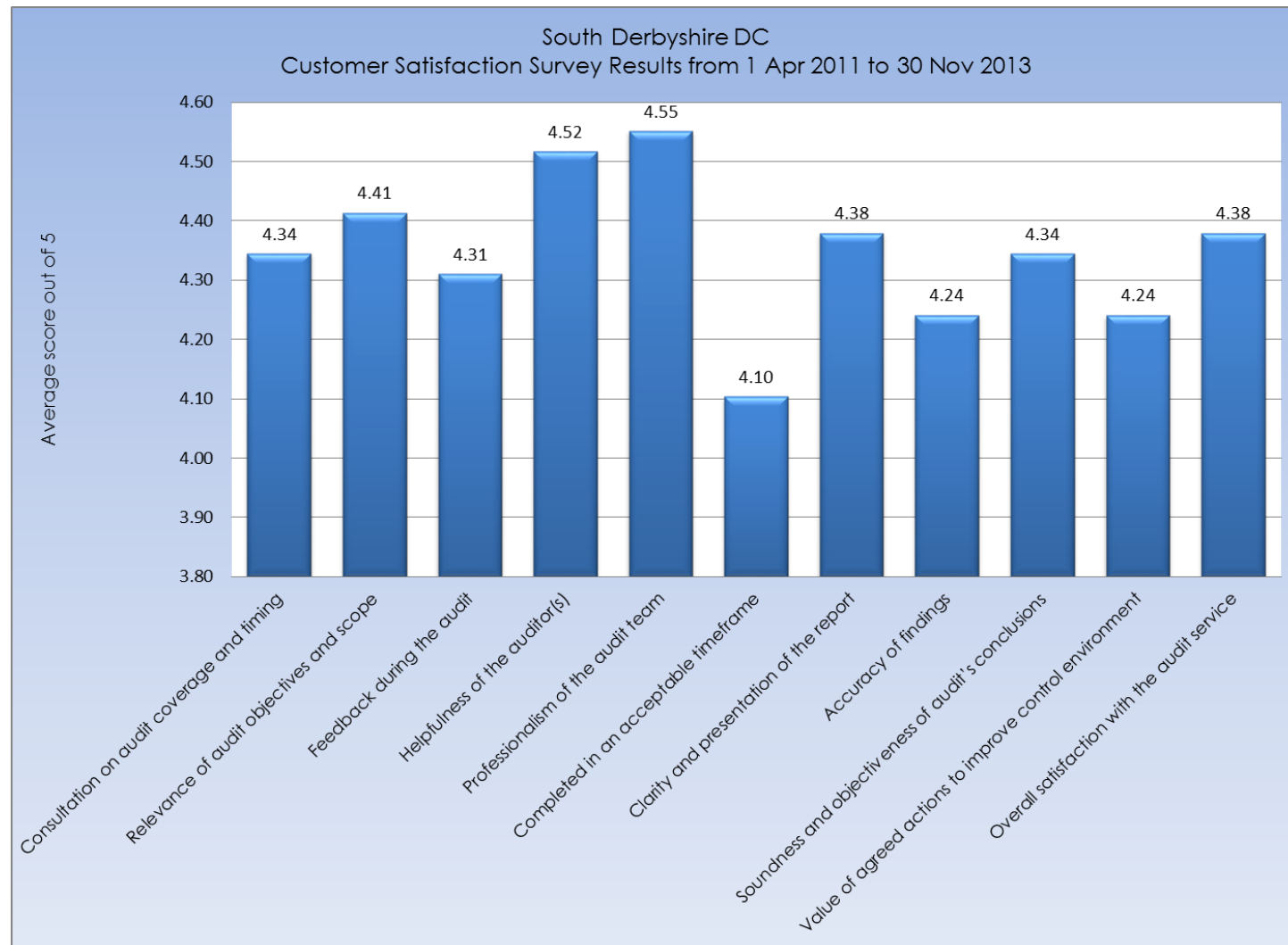
All 8 control issues raised within this report were accepted and positive action had already been taken to address 4 issues. Positive action in respect of the 4 remaining recommendations was due to be taken by 30th November 2013.

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Audit Performance

Customer Satisfaction

The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. The chart across summarises the average score for each question from the 28 responses received between 1st April 2011 and 30th November 2013. The overall average score from the surveys was 47.8 out of 55. The lowest score received from a survey was 41, whilst the highest was 55 which was achieved on 2 occasions.



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Audit Performance

Customer Satisfaction

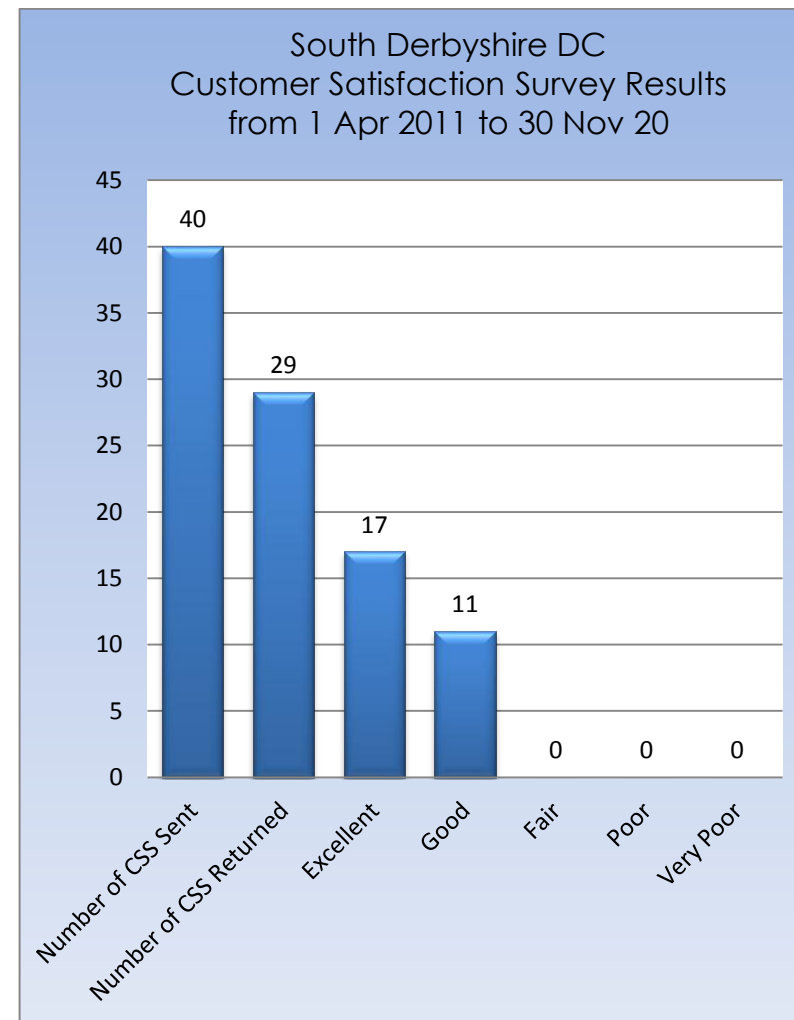
Since 1st April 2011, we have sent 39 Customer Satisfaction Surveys (CSS) to the recipients of audit services. Of the 39 sent we have received 28 responses. The following Customer Satisfaction Surveys have yet to be returned:

| Job Name | CSS Sent | Officer |
|--|-----------|--|
| Client Monitoring - Corporate Services Contract | 02-Dec-13 | Director of Finance & Corporate Services |
| Post Implementation Review - Agresso Upgrade | 01-Nov-13 | Financial Services Manager |
| Investigation - Tender Receipt & Opening | 22-Oct-13 | Director of Finance & Corporate Services |
| VAT | 24-Sep-13 | Financial Services Manager |
| Creditors/Debtors | 22-Mar-13 | Financial Services Manager |
| Accounting Systems | 28-Feb-13 | Financial Services Manager |
| Fixed Assets | 15-Feb-13 | Director of Finance & Corporate Services |
| Waste Management | 18-Jan-13 | Business & Recycling Manager |
| Health & Safety | 09-Aug-12 | Director of Operations |
| Planning Services | 20-Jul-12 | Development & Building Control Manager |
| Creditors & Debtors 2011-12 | 18-Jul-12 | Financial Services Manager |

The overall responses are graded as either:

- Excellent (scores 47 to 55)
- Good (scores 38 to 46)
- Fair (scores 29 to 37)
- Poor (scores 20 to 28)
- Very poor (scores 11 to 19)

Overall 17 of 28 responses categorised the audit service they received as excellent, another 11 responses categorised the audit as good. There were no overall responses that fell into the fair, poor or very poor categories.



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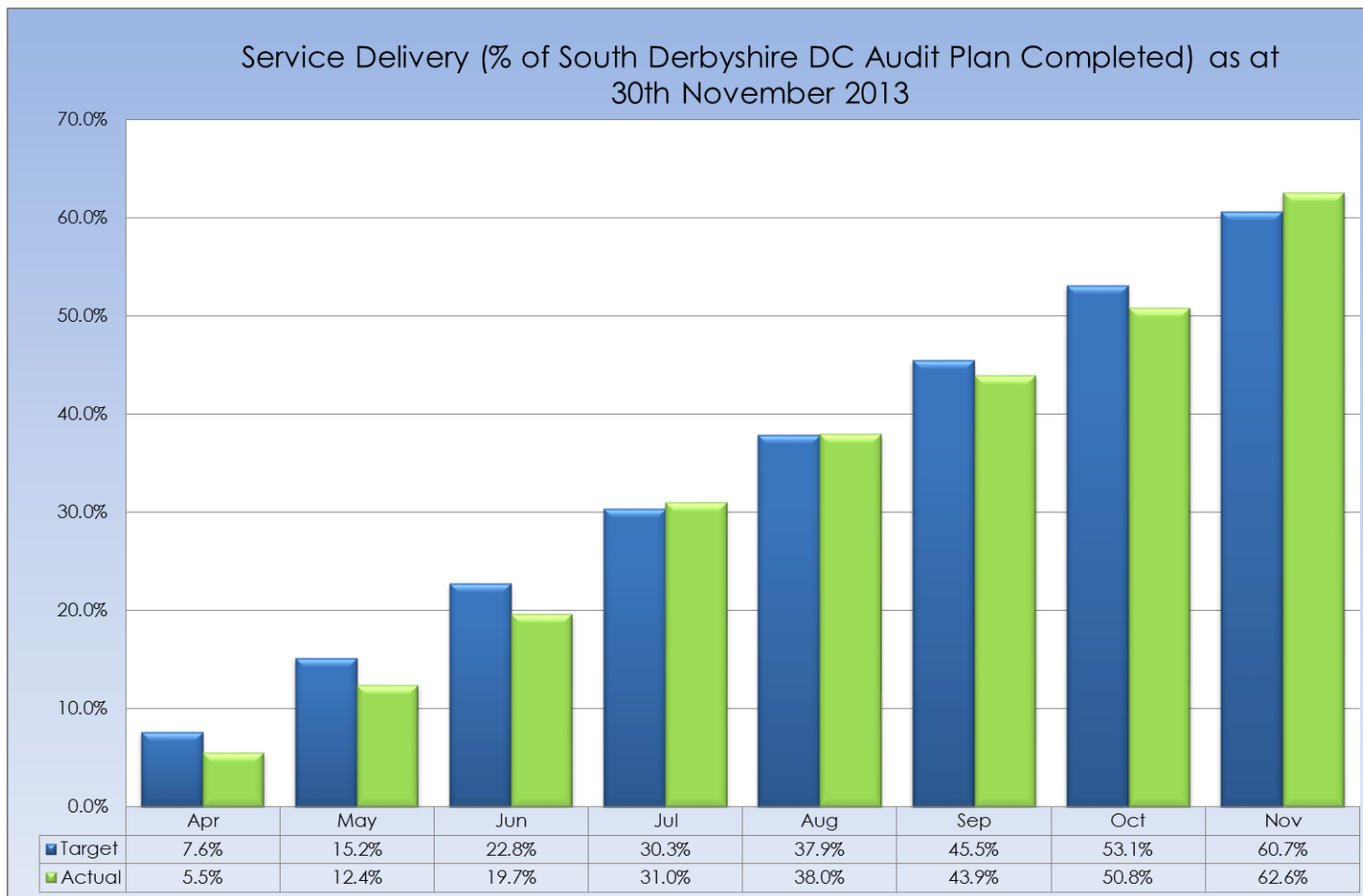
Audit Performance

Service Delivery (% of Audit Plan Completed)

At the end of each month, Audit staff provide the Audit Manager with an estimated percentage complete figure for each audit assignment they have been allocated. These figures are used to calculate how much of each Partner organisation's Audit Plans have been completed to date and how much of the Partnership's overall Audit Plan has been completed.

Shown across is the estimated percentage complete for South Derbyshire's 2013-14 Audit Plan (including incomplete jobs brought forward) after 2 months of the Audit Plan year.

The monthly target percentages are derived from equal monthly divisions of an annual target of 91% and do not take into account any variances in the productive days available each month.



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Recommendation Tracking

Follow-up Process

Internal Audit sends emails, automatically generated by our recommendations database, to officers responsible for action where their recommendations' action dates have been exceeded. We request an update on each recommendation's implementation status, which is fed back into the database, along with any revised implementation dates.

Prior to the Audit Sub-Committee meeting we will provide the relevant Senior Managers with details of each of the recommendations made to their divisions which have yet to be implemented. This is intended to give them an opportunity to provide Audit with an update position.

Each recommendation made by Internal Audit will be assigned one of the following "Action Status" categories as a result of our attempts to follow-up management's progress in the implementation of agreed actions. The following explanations are provided in respect of each "Action Status" category:

- **Blank** = Audit have been unable to ascertain any progress information from the responsible officer or it has yet to reach its agreed implementation date.
- **Implemented** = Audit has received assurances that the agreed actions have been implemented.
- **Superseded** = Audit has received information about changes to the system or processes that means that the original weaknesses no longer exist.
- **Risk Accepted** = Management has decided to accept the risk that Audit has identified and take no mitigating action.
- **Being Implemented** = Management is still committed to undertaking the agreed actions, but they have yet to be completed. (This category should result in a revised action date).

Implementation Status Details

The table below is intended to provide members with an overview of the current implementation status of all agreed actions to address the control weaknesses highlighted by audit recommendations that have passed their agreed implementation dates.

| | Implemented | Being implemented | Risk Accepted | Superseded | Due, but unable to obtain progress information | Hasn't reached agreed implementation dates | Total |
|------------------|-------------|-------------------|---------------|------------|--|--|------------|
| Low Risk | 130 | 15 | 3 | 0 | 0 | 14 | 162 |
| Moderate Risk | 32 | 3 | 0 | 0 | 0 | 4 | 39 |
| Significant Risk | 8 | 0 | 1 | 0 | 0 | 0 | 9 |
| Critical Risk | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 170 | 18 | 4 | 0 | 0 | 18 | 210 |

The table below shows those recommendations not yet implemented by Dept.

| Recommendations Not Yet Implemented | Corporate Services | Community & Planning Services | Housing & Environmental Services | TOTALS |
|--|--------------------|-------------------------------|----------------------------------|-----------|
| Being implemented | 6 | 7 | 5 | 18 |
| Due, but unable to obtain progress information | 0 | 0 | 0 | 0 |
| | 6 | 7 | 5 | 18 |

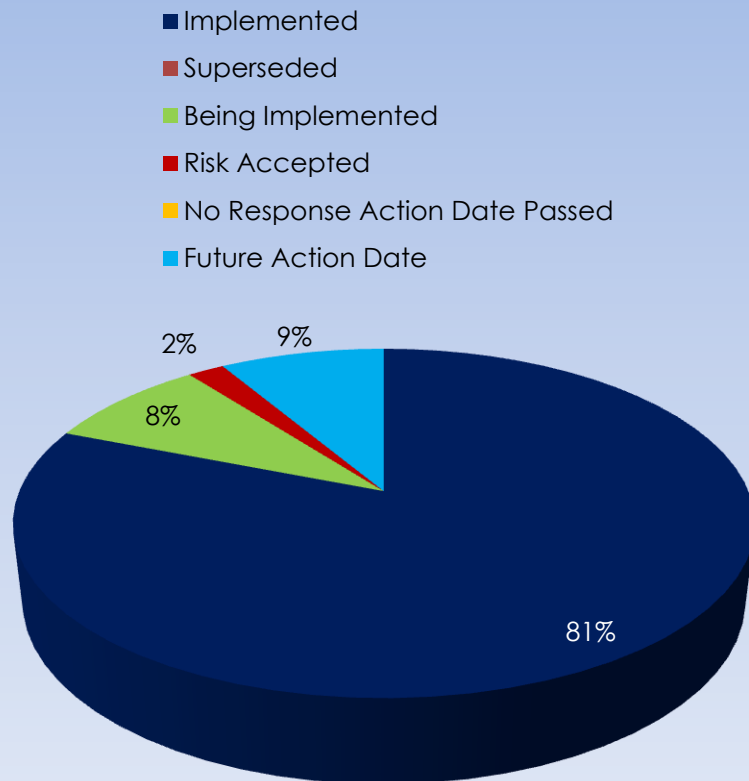
Internal Audit has provided Committee with summary details of those recommendations still in the process of 'Being Implemented' and those that have passed their due date for implementation. We will provide full details of each recommendation where management has decided not to take any mitigating actions (shown in the 'Risk Accepted' category above). The 4 recommendations shown above, where management has chosen to accept the risk, have already been reported to this Committee.

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Recommendation Tracking

Implementation Status Charts

Action Status of Recommendations made between 1st Oct 2010 and 30th Nov 2013



South Derbyshire - Recommendations Not Yet Implemented by Department



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Recommendation Tracking

Recommendations Not Yet Implemented

Corporate Services

Car Allowances

Control Issue - A neighbouring Authority has revised its car user allowance scheme and introduced a new scheme which has removed the essential user lump sum and pays one mileage rate to both types of user. This will enable the Authority to make significant savings in future years.

Risk Rating – Low Risk

Status Update - Following the Budget Round for 2013/14 and the recent Council Restructure, it is anticipated that the Single Status Steering Group will be reconvened later in 2013. This item will be considered, as planned, as part of the pay and grading review. However, any proposals are unlikely to be implemented this financial year.

Original Action Date 30 Jun 11 **Revised Action Date** 31 Mar 14

Risk Management

Control Issue - There was not a documented policy or procedure for reporting and management of incidents.

Risk Rating – Low Risk

Status Update – The Director of Finance and Corporate Services stated on 20 November 2013 that a procedure is currently being drawn up for implementation relating to the reporting and investigation of Health/Safety/Security incidents and near misses. This will be completed by January 2014. This will then be expanded to include property and data incidents by February 2014.

Original Action Date 31 Mar 13 **Revised Action Date** 28 Feb 14

Council Tax / NNDR / Cashiering 2012-13

Control Issue - The safe could be accessed by any one of several officers, with no single officer being accountable for the safe contents.

Risk Rating – Low Risk

Status Update - A tamper proof book is now used into which the contents of the safe and cash bags are logged. The remaining proposals would mean someone staying on beyond their contracted hours to deal with the close of business work. We will look at allowing a bit of time beyond closure time for taking payments to then deal with the end of day stuff.

Original Action Date 15 Jul 13 **Revised Action Date** 15 Apr 14

Legal & Democratic Services

Control Issue - Purchase orders were not being raised for goods and services required in respect of running the election.

Risk Rating – Low Risk

Status Update - Going forward we will now be raising purchase orders for all ordering. This was not undertaken for the County Council elections but will be undertaken going forward. The Elections process has recently been subject to an independent review commissioned by the Chief Executive. Changes to reporting lines have been made and a report will be considered by the Finance and Management Committee.

Original Action Date 30 Nov 12 **Revised Action Date** 31 Mar 14

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Housing & Council Tax Benefit 2012-13

Control Issue – The business continuity plan was still in development and the Council was not protected against the effects of failure of a proprietary system.

Risk Rating – Low Risk

Status Update – request received 7 Nov 2013 to extend action by date as Northgate currently carrying out a review of the IT system DR arrangements which is due to be completed at the end of the calendar year.

Original Action Date 31 Oct 13 **Revised Action Date** 10 Jan 14

Procurement

Control Issue – Systems and procedures were not in place for monitoring Procurement activity against the Contracts Register.

Risk Rating – Low Risk

Status Update – All parts of this rec, but one, have been implemented. The remaining part, to publish extracts from the Contracts Register on the Council's website or intranet should be implemented by the revised date.

Original Action Date 1 Dec 13 **Revised Action Date** 31 Jan 14

Housing & Environmental Services

Housing Allocations

Control Issue - A lack of control over tenancy bid documentation meant that a bid could accidentally, or even deliberately not be input to the system.

Risk Rating – Low Risk

Status Update -

Original Action Date 1 Nov 13 **Revised Action Date**

Housing Repairs

Control Issue - The Mutual Repairs Policy had not been established, although it was referred to in the Repairs Policy.

Risk Rating – Low Risk

Status Update - The Mutual repairs policy went to the legal team in July to check and then to the tenants forum. Hope to have the whole process wrapped up by end of August. The document will be managed by the business support unit who will undertake all consultations and the day to day operation of the policy.

Original Action Date 30 Jun 11 **Revised Action Date** 30 Sep 13

Waste Management

Control Issue - There was no documentation maintained on file in the form of competitor quotes which supported the negotiated, best price offered by the Council.

Risk Rating – Low Risk

Status Update - A review is to take place of the trade refuse service from a business viability viewpoint. If special rates/discounted prices are to continue within the service then there will be a robust procedure for dealing with this.

Original Action Date 1 Apr 13 **Revised Action Date** 28 Feb 14

Control Issue - There were no documented guidelines available for employees to refer to when negotiating a special price for trade waste. This meant that decisions were based on the employees personal judgement and discretion.

Risk Rating – Low Risk

Status Update – A review is to take place of the trade refuse service from a business viability viewpoint. As a temporary measure, staff have been instructed to only arrange new trade refuse contracts on our current fixed charge and that no special rates will be negotiated.

Original Action Date 1 Apr 13 **Revised Action Date** 28 Feb 14

South Derbyshire District Council – Internal Audit Progress Report

Control Issue - The Council was using historic maximum and minimum pricing parameters which had not been formally approved and may have no longer accurately reflected the latest prices in the trade waste collection market.

Risk Rating – Moderate Risk

Status Update - Due to a significant number of major service issues needing resolution, the timescale for this item needs to be changed. I have agreed a departmental work programme with Bob Ledger and the review of trade waste will take place following the implementation of the new kerbside recycling scheme in October. This should allow us time to make the necessary improvements to trade refuse charging in time to implement with next year's fees and charges report.

Original Action Date 1 Apr 13 **Revised Action Date** 31 Dec 13

Community & Planning Services

Leisure Centres

Control Issue – The Annual Performance Review had only been held for year 2 of the contract and had not been held in line with the timelines set out in the contract.

Risk Rating – Low Risk

Status Update – The Culture & Community Manager suggested on 9 December 2013 a revised implementation date of Dec/early Jan.

Original Action Date 30 Nov 13 **Revised Action Date** 31 Jan 14

Control Issue – Reports to the Council had not been provided in line with contractual requirements. The monthly Impact Reports contained too much details and it was not clear which data referred to the contractual performance measures.

Risk Rating – Low Risk

Status Update – The Culture & Community Manager suggested on 9 December 2013 a revised implementation date of Dec/early Jan.

Original Action Date 30 Nov 13 **Revised Action Date** 31 Jan 14

Control Issue - Only the utility cost reconciliation had been provided to the Council. On review, the reconciliation did not agree to source documentation.

Risk Rating – Low Risk

Status Update – The Culture & Community Manager stated on 9 December 2013 that he had received advice from accountants who suggest sampling. Scale and nature of sampling to be discussed at KPI meeting in Dec/Jan.

Original Action Date 31 Oct 13 **Revised Action Date** 31 Jan 14

Control Issue – The Leisure Management Contract was in draft form, despite Active Nation being in the third year of service delivery.

Risk Rating – Moderate Risk

Status Update – The Culture & Community Manager stated on 9 December 2013 that a revised and final contract has been sent by the Council to AN solicitors. AN solicitors have requested a moved deadline as the solicitor dealing with it is off most of December. New deadline of the first week back in New Year. The Council has agreed.

Original Action Date 25 Oct 13 **Revised Action Date** 31 Jan 14

Control Issue – A number of issues were identified with the performance measures and indicators and as a result, performance was not being monitored in line with the contract.

Risk Rating – Low Risk

Status Update – The Culture & Community Manager stated on 9 December 2013 that the issue was discussed at the contract meeting held on 21 October 2013. However the meeting to finalise and formalise has been postponed and is now anticipated in December/early January due to leave, sickness, other priorities etc.

Original Action Date 30 Nov 13 **Revised Action Date** 31 Jan 14

South Derbyshire District Council – Internal Audit Progress Report

Control Issue - Some data within the Impact Report for April 2012 was found to be inaccurate. Active Nation had not documented the methodology for calculating the performance figures or the source of data. There was a lack of internal checks at Active Nation on the reported figures and methods of calculation. Where data was incorrect, it had not been amended in the following periods.

Risk Rating – Low Risk

Status Update - The Culture & Community Manager stated on 9 December 2013 that the formal request re documenting methodologies and implementing internal checks will follow KPI meeting. Re sample checking request made and some assistance agreed.

Original Action Date 31 Oct 13 **Revised Action Date** 31 Jan 14

Control Issue – The contract set out variables which could affect the management sum payment. However, these variables had not been appropriately monitored and the payments had not been adjusted. The Annual Service Report had not been provided to the Council in line with the timelines set out in the contract.

Risk Rating – Moderate Risk

Status Update – The Culture & Community Manager stated on 9 December 2103 that the principle of payments according to schedule 8 were agreed and will be in line with revised KPIs when formally agreed. (Anticipated in Dec/early Jan)

Original Action Date 30 Nov 13 **Revised Action Date** 31 Jan 14
