central midlands audit partnership

South Derbyshire District Council – Internal Audit Progress Report

Audit Sub-Committee: 16th December 2015

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.

Contents   Page

Contacts

Richard Boneham
Head of the Audit Partnership
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643280
richard.boneham@derby.gov.uk

Adrian Manifold
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643281
adrian.manifold@centralmidlands
audit.gov.uk

CMAP central midlands audit partnership

Providing Excellent Audit Services in the Public Sector

South Derbyshire District Council – Internal Audit Progress Report

Summary

Role of Internal Audit

The Internal Audit Service for South Derbyshire District Council is 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 Public Sector Internal Audit Standards – PSIAS). CMAP also adheres to the Internal Audit Charter.

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.

South Derbyshire District Council – Internal Audit Progress Report

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 2015.
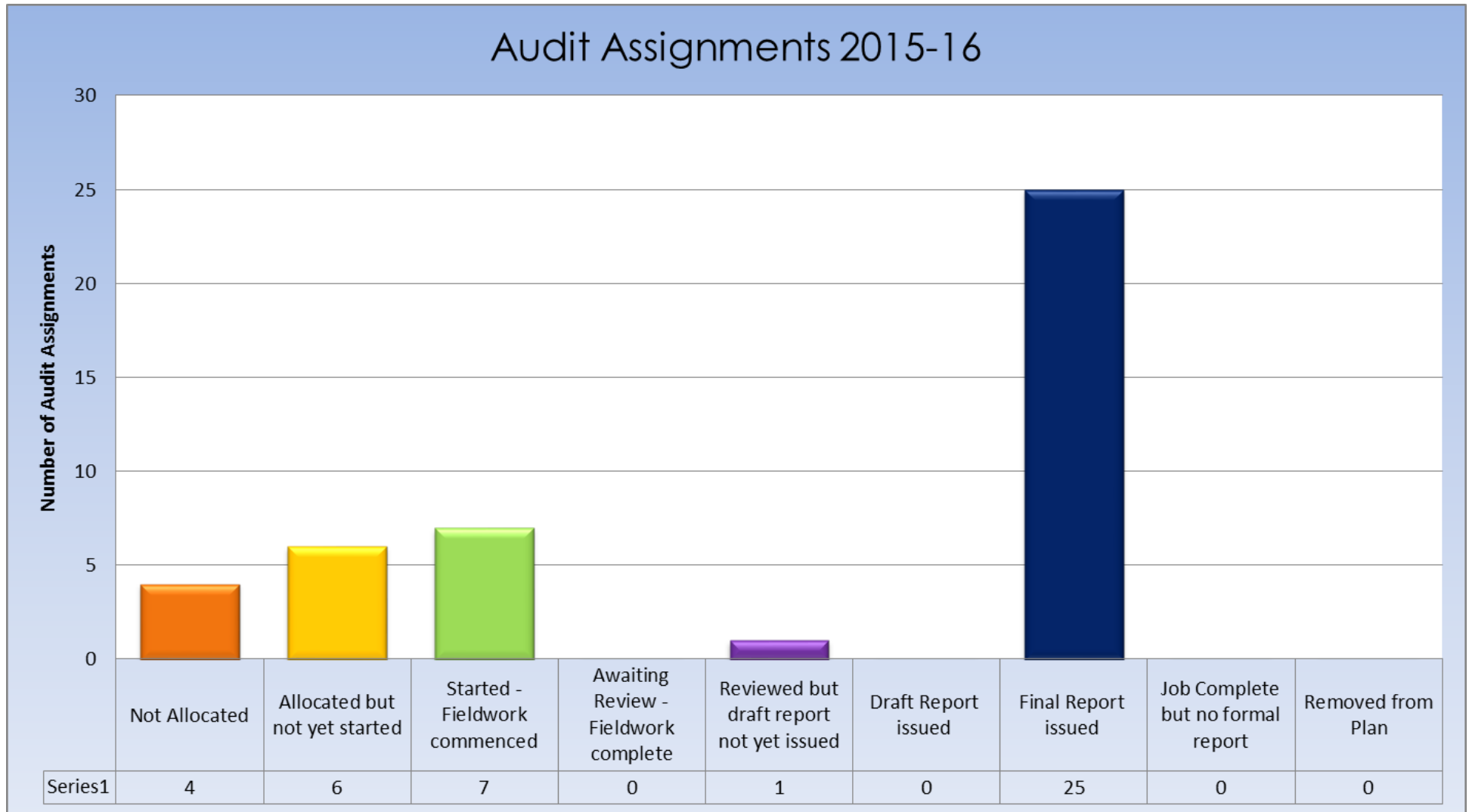
Audit Plan Assignments	Type of Audit	Current Status	% Complete
Main Accounting System (MTFP) 2015-16	Key Financial System	In Progress	15%
Treasury Management / Insurance 2015-16	Key Financial System	Reviewed	90%
Payroll / Officers Expenses & Allowances 2015-16	Key Financial System	Allocated	0%
Creditors / Debtors 2015-16	Key Financial System	Allocated	5%
People Management	Systems/Risk Audit	Final Report	100%
Change & Configuration Management	IT Audit	In Progress	70%
Corporate Governance	Governance Review	Allocated	15%
Declarations of Interest	Governance Review	Final Report	100%
Petty Cash & Inventories	Systems/Risk Audit	Allocated	5%
Data Quality & Performance Management 2015-16	Governance Review	In Progress	70%
Fixed Assets 2015-16	Key Financial System	Allocated	5%
Commercial Rents	Systems/Risk Audit	Final Report	100%
Land Sales	Systems/Risk Audit	In Progress	65%
Members Allowances	Systems/Risk Audit	Allocated	10%
Development Control	Systems/Risk Audit	In Progress	65%
Rosliston Forestry Centre	Systems/Risk Audit	In Progress	65%
Rechargeable Repairs	Systems/Risk Audit	Final Report	100%
Rent Accounting	Systems/Risk Audit	In Progress	75%
Income & Tenancy Management	Systems/Risk Audit	Final Report	100%
Sheltered Housing	Systems/Risk Audit	Final Report	100%
Grounds Maintenance	Systems/Risk Audit	Final Report	100%
Street Cleansing	Systems/Risk Audit	Final Report	100%
Safer Neighbourhood Wardens	Systems/Risk Audit	Final Report	100%
Cash Office Discrepancy	Investigation	Final Report	100%

Another 4 planned assignments (not shown above) have yet to be allocated. Also, 15 assignments brought forward from the 2014-15 Audit Plan (not shown above) have been finalised and have already been reported to this Sub-Committee.

South Derbyshire District Council – Internal Audit Progress Report

Audit Coverage

Progress on Audit Assignments Chart

Audit Assignments 2015-16

Series1	Not Allocated	Allocated but not yet started	Started - Fieldwork commenced	Awaiting Review - Fieldwork complete	Reviewed but draft report not yet issued	Draft Report issued	Final Report issued	Job Complete but no formal report	Removed from Plan
	4	6	7	0	1	0	25	0	0

Y-axis: Number of Audit Assignments

South Derbyshire District Council – Internal Audit Progress Report

Audit Coverage

Completed Audit Assignments

Between 1st September 2015 and 30th November 2015, the following audit assignments have been finalised since the last Progress Report was presented to this Committee (the overall control assurance rating is shown in brackets):

- People Management **(Reasonable)**.
- Declarations of Interest **(Reasonable)**.
- Income & Tenancy Management **(Reasonable)**.
- Sheltered Housing **(Comprehensive)**.
- Grounds Maintenance **(Comprehensive)**.
- Street Cleansing **(Comprehensive)**.
- Cash Office Discrepancy **(N/A)**.
- Safer Neighbourhood Wardens **(Reasonable)**.

No audit assignments attracted a 'Limited' or 'None' control assurance rating and as such it is not necessary to bring any issues to the Sub-Committee's attention.

The organisation has demonstrated a higher appetite for risk which has resulted in Management taking decisions not to take mitigating actions to address certain control weaknesses we have identified. Internal Audit acknowledges Management's responsibility to only take appropriate and proportionate actions to mitigate risks. Accordingly, we no longer provide full details of any Low risk recommendations where management has decided not to take any mitigating actions. These will still be highlighted to this Committee in the assignment summaries provided in these Progress reports. However, we will continue to provide full details of any Moderate, Significant or Critical risk issues where management has decided not to take any mitigating actions.

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

People Management

Overall Control Assurance Rating: **Reasonable**

This audit focused on the processing of leavers and the performance management and development of staff, with a view to providing assurance to management and Members of the robustness of controls in place.

From the 25 key controls evaluated in this audit review, 12 were considered to provide adequate control and 13 contained weaknesses. The report contained 10 recommendations, 9 of which were considered a low risk and 1 was considered a moderate risk. The following issues were considered to be the key control weaknesses:

- Leavers Checklists had only been completed in 4 out of 25 cases considered, and only 2 of these 4 had been forward to HR. (Low Risk)
- Audit testing revealed a lack of documentary evidence to support:
  - The employee's notification of their intention to leave.
  - The Council's notification to the employee of their leaving details. (Low Risk)
- There was no evidence of Termination Forms having been completed in 6 of the 25 leavers cases tested and there was no other audit trail in place to demonstrate the timeliness of information being fed through to Payroll. (Low Risk)
- Only 4 of 18 leavers tested had their IT network access disabled on a timely basis and the network accounts for 7 leavers were still wrongly enabled at the time of the audit. (Moderate Risk)
- There was no evidence of leavers having been through an Exit Interview or having completed an Exit Questionnaire. (Low Risk)

South Derbyshire District Council – Internal Audit Progress Report

- There was limited evidence to support that leavers had returned all Council property on or before their last day of work. (Low Risk)

- The My View system was not being used consistently to document the annual appraisal (PDR) process for all employees. (Low Risk)

- Although there was some evidence of monitoring of the completion of annual appraisals, the consistently decreasing completion rate indicates that action taken to address incomplete appraisals was ineffective. Furthermore, there was no evidence of monitoring the quality and consistency of the PDR data on My View, contrary to the statements about monitoring within the PDR guidance. (Low Risk)

- Only 2 of 25 cases where there had been objectives set during the 2014-15 annual appraisal process were found to be fully SMART. (Low Risk)

- There was limited evidence of mid-year reviews of employee appraisal objectives being undertaken. (Low Risk)

All 10 issues raised within this report were accepted. Management has agreed to take action to address 4 of the issues (including the moderate risk issue) by 30th October 2015, 1 issue by 30th November 2015, another by 31st March 2016, another by 31st May 2016, 1 more by 30th September 2015 with the remaining 2 issues being addressed by 31st October 2016.

Declarations of Interest

Overall Control Assurance Rating: **Reasonable**

This audit focused on reviewing key documentation including Members Code of Conduct, Employee Code of Conduct, declaration of Interest forms and books and declaration of gifts and hospitality forms and books. The process for declaring interests was also considered to ensure that officers and members have not taken part in decision making for areas to which they have an interest.

From the 15 key controls evaluated in this audit review, 9 were considered to provide adequate control and 6 contained weaknesses. The report contained 6 recommendations, all of which were considered

a low risk. The following issues were considered to be the key control weaknesses:

- The versions of key documents available on the Council's website were out-of-date. This included the Employee Code of Conduct, the Whistleblowing Policy and the Code of Conduct for Members on Outside Bodies. (Low Risk)

- A Declarations of Interest Policy did not exist and the Employee's and Members Codes of Conduct did not cover all of the expected areas within a Policy of this kind. (Low Risk)

- Discrepancies were noted between the hard copy Member gifts and hospitality forms and the details entered onto the Council's website. There were also instances where officer's forms for gifts and hospitality had not been completed in full and on a timely basis. (Low Risk)

- 4 out of 36 Members had not completed a Related Party Transaction declaration for the 2014-15 year. (Low Risk)

- There were two instances where Councillors had declared interests at meetings, but had not made the declaration on their required form. (Low Risk – **Not Accepted**)

- New Starters were not required to declare any additional employment they have. (Low Risk)

5 of the 6 issues raised within this report have been accepted, but Management did not accept 1 of the issues raised. The Head of Legal & Democratic Service and Monitoring Officer did not consider the matter identified constituted a weakness in the Council's governance arrangements, as there was no legal requirement for the Councillors to act as Internal Audit was suggesting. Internal Audit accepts that there is no legal requirement for the Councillors to also declare these interests annually, but feels that it would be more transparent and within the spirit of the Nolan Principles to do so. Management had taken action to address 1 of the issues with immediate effect and has agreed to take action to address 1 of the issues by 31st October 2015 with the remaining 3 issues being addressed by 31st May 2016.

South Derbyshire District Council – Internal Audit Progress Report

Income & Tenancy Management

Overall Control Assurance Rating: **Reasonable**

This audit focused on providing assurance over controls for ensuring that tenancies and housing estates were being appropriately managed such that income from housing was maximised; and action was being taken to resolve Anti-Social Behaviour.

From the 17 key controls evaluated in this audit review, 7 were considered to provide adequate control and 10 contained weaknesses. The report contained 8 recommendations, all of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- Tenancy Management policies were noted to be aged or were in draft format. (Low Risk)
- Procedural guidance notes for the work of the Housing Income Team were out-of-date and required review and update. (Low Risk)
- The estate inspection spreadsheet was not up-to-date to reflect all of the inspections that had been undertaken. Where issues had been identified, there was limited follow up to ensure the issue had been appropriately resolved. (Low Risk)
- The property inspections were not being undertaken in a timely manner as per procedure and where they were undertaken records were not being completed appropriately. (Low Risk)
- There were not any formal measures in place within the Housing Services team to detect and prevent tenancy fraud. (Moderate Risk)
- There was not a mechanism for identifying if tenants were making unauthorised alterations to their properties. (Moderate Risk)
- The Council was utilising an old version of the Orchard system for housing management. (Moderate Risk)
- Current tenant rent arrears were not always being pursued on a timely basis and former tenant rent arrears were not being recovered at the time of audit. (Low Risk)

All 8 issues raised within this report were accepted. Management had taken action to address 1 of the issues with immediate effect and agreed to take action to address 1 of the issues by 31st December 2015, 3 of the issues by 1st January 2016, 1 of the issues by 1st April 2016 with the remaining 2 issues being addressed by 1st July 2016.

Sheltered Housing

Overall Control Assurance Rating: **Comprehensive**

This audit focused on evaluating the adequacy of controls in place to ensure Careline service customers are valid, their details are properly recorded and that income due is promptly collected.

From the 17 key controls evaluated in this audit review, 14 were considered to provide adequate control and 3 contained weaknesses. The report contained 2 recommendations, which were both considered a low risk. The following issues were considered to be the key control weaknesses:

- A full listing of Careline customers was not easily available from the Tunstall PNC5 system and a data matching exercise was not being performed with the Council's Financial Management system, Agresso or to the Housing system, Orchard. (Low Risk)
- The process for raising the invoices and collecting the charges for the services provided by Careline did not require a subsequent check to confirm the invoice had been raised by Finance and that this was for the correct amount. (Low Risk)

The 2 control issues raised in this report have been accepted. Positive action was agreed to address both of the low risk issues by 1st April 2016.

Grounds Maintenance

Overall Control Assurance Rating: **Comprehensive**

This audit focused on the systems and controls in place surrounding the grounds maintenance service activities to fulfil the requirements of the contract / service level agreement between Cultural Services and Direct Services. It covered the controls in place that ensured that this work was being adequately monitored and effectively delivered, but

South Derbyshire District Council – Internal Audit Progress Report

did not extend to cover the work carried out by the Direct Services team to Housing Services and Highways.

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

- The frequency of visits did not meet the requirements of the management and maintenance plan. (Low Risk)
- The system for recording inspections carried out, work to be done and work carried out was reliant on individuals completing and scrutinising paper based records, with no means of automatically highlighting where action had not been taken or inspections omitted. (Low Risk)
- Checks on the processing of invoices had failed to identify that a member of staff had used their personal rewards card to benefit from a Council transaction with a supplier. Either the staff member concerned was unaware of the Code of Conduct or had failed to comply with it. (Low Risk)

All 3 issues raised within this report were accepted and were agreed to be addressed by the end of October 2015.

Street Cleansing

Overall Control Assurance Rating: **Comprehensive**

This audit focused on the controls in operation over the management and processes for street cleansing.

From the 22 key controls evaluated in this audit review, 20 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:

- Littering incidents reported via the Council's website did not have the source of the report recorded in the database. Additionally

the Freephone facility to report incidents was being used infrequently. (Low Risk)

- The performance results published on the Council's website in respect of street cleansing were out of date. (Low Risk)

Both of the control issues raised within this report were accepted and positive action was agreed to be taken by 30th September 2015.

Cash Office Discrepancy

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

Internal Audit were asked to investigate concerns relating to cash receipting transactions carried out by an officer employed by Northgate Public Services. A separate disciplinary investigation being carried out by Northgate Public Services was already underway into the activities the officer, with regard to a potential loss of £300. The focus of the Internal Audit investigation was on examining the procedures in place for the cash receipting function, to establish if there were weaknesses in the procedures and to advise on any steps which could be taken to strengthen controls in this area.

No recommendations were made in this report as the following control weaknesses identified were all addressed during the course of the investigation.

- A visual check of the cashiering area identified that there was not a sign asking customers to check their receipts before leaving the area. This has now been put in place.
- A change to the receipt issuing process has been implemented when a card payment is taken. The Customer Services Advisor now checks both the ACR receipt and the PDQ receipt, ensures that the amounts agree and staples the two together, making it clear to the customer that although two slips have been produced, they constitute the receipt for a single payment.
- There was a procedure in place for a second officer to check an individual Customer Services Advisors' cash takings and cheques, but not to verify that the PDQ report for the terminal agreed to the cash receipting. A procedure, requiring written verification, is now in place.

South Derbyshire District Council – Internal Audit Progress Report

Areas of concern relating to disciplinary issues were addressed by Northgate.

Safer Neighbourhood Wardens

Overall Control Assurance Rating: **Reasonable**

This audit focused on compliance with procedures for a number of environmental health issues administered by the Safer Neighbourhood Wardens. From the 43 key controls evaluated in this audit review, 36 were considered to provide adequate control and 7 contained weaknesses. The report contained 7 recommendations, all of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- The scanned versions of the diary sheets had not been recorded on the case log and so it was not possible to justify the actions taken by the Wardens or confirm that the diary sheets had been completed to the required standard. (Low Risk)

- Advisory letters had not been sent out to 11 out of 24 dog fouling cases examined. Procedures had not been followed in these cases and the audit trail was incomplete. (Low Risk)

- A warden had arranged to meet with the complainant to discuss a dog fouling case. The Flare system gave reference to the meeting date but then no details were recorded as to whether this ever took place or what the outcome was. The case was closed in this instance without this detail being clarified. (Low Risk)

- Not all fly-tipping cases recorded in the Flare system had been transferred to the Flycapture record maintained by the Service and required by the Environment Agency. (Low Risk)

- There were 3 examples of fly-tipping incidents where the cases had been closed without evidence of full investigations having been carried out, where according to the details recorded in the Flare system, further information was available. (Low Risk)

- One example had been identified where an abandoned vehicle case had been closed without an explanation of what actions had been taken with the vehicle in question. The Flare system

record stated that the tax had run out but no further details were recorded and the case had then been closed. (Low Risk)

- There were no procedures in place to support the process to issue and administer fixed penalty notices. (Low Risk)
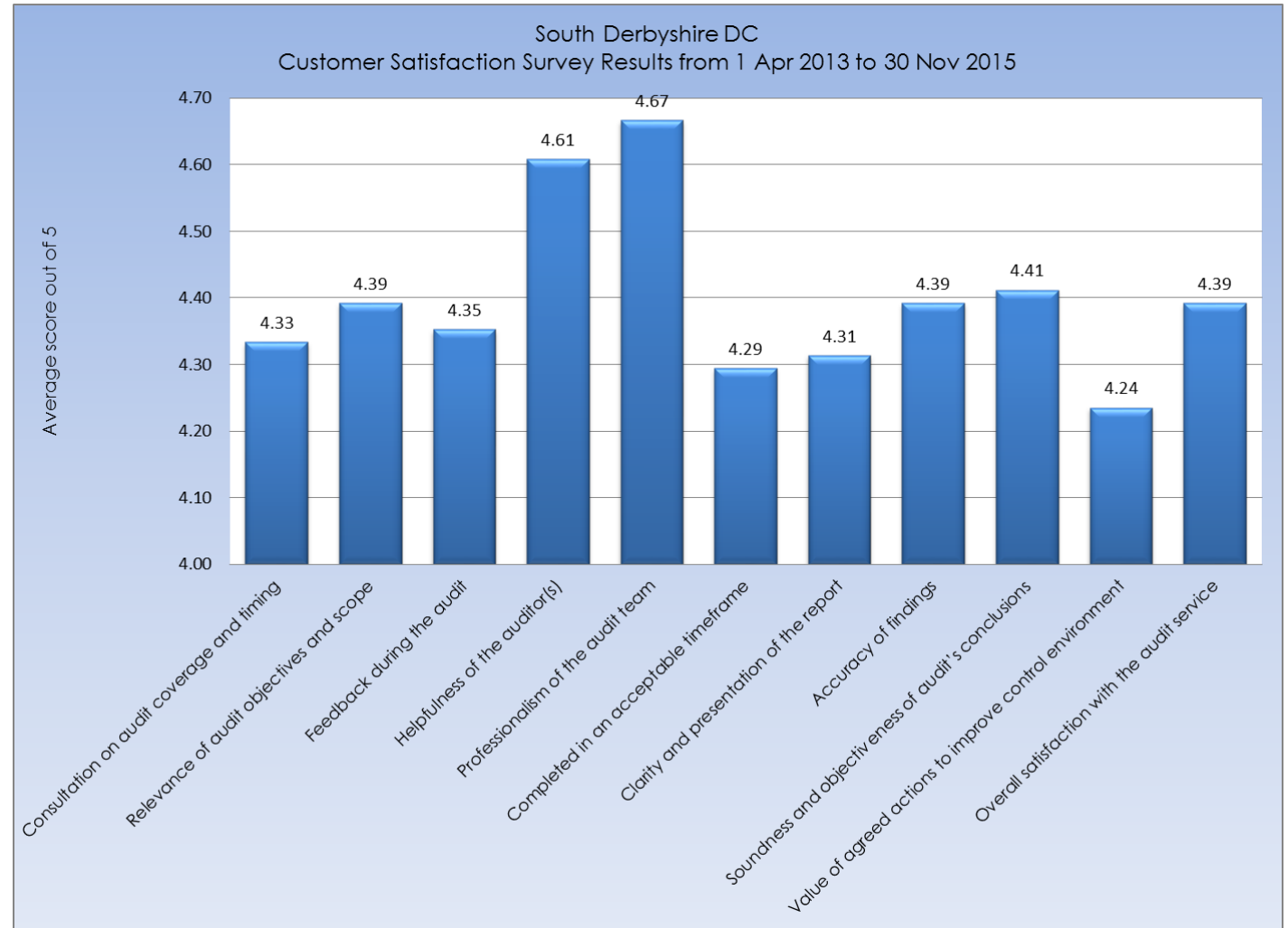
All 7 of the control issues raised within this report were accepted and positive actions were agreed to address 3 of these by 1st January 2016, 1 by 1st February 2016 and the remaining 3 by 1st June 2016.

South Derbyshire District Council – Internal Audit Progress Report

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 51 responses received between 1st April 2013 and 30th November 2015. The overall average score from the surveys was 48.4 out of 55. The lowest score received from a survey was 40, whilst the highest was 55 which was achieved on 4 occasions.

South Derbyshire DC
Customer Satisfaction Survey Results from 1 Apr 2013 to 30 Nov 2015

Average score out of 5

Question	Score
Consultation on audit coverage and timing	4.33
Relevance of audit objectives and scope	4.39
Feedback during the audit	4.35
Helpfulness of the auditor(s)	4.61
Professionalism of the audit team	4.67
Completed in an acceptable timeframe	4.29
Clarity and presentation of the report	4.31
Accuracy of findings	4.39
Soundness and objectiveness of audit's conclusions	4.41
Value of agreed actions to improve control environment	4.24
Overall satisfaction with the audit service	4.39

South Derbyshire District Council – Internal Audit Progress Report

Audit Performance

Customer Satisfaction

Since 1st April 2013, we have sent 75 Customer Satisfaction Surveys (CSS) to the recipients of audit services. Of the 75 sent we have received 51 responses.

Sixteen Customer Satisfaction Surveys have not been returned which have already been reported to this Committee and relate to assignments undertaken in previous plan years. Responses to these surveys will no longer be pursued as responses are unlikely to be reliable after this length of time.

The following Customer Satisfaction Surveys have yet to be returned:

Job Name	CSS Sent	Officer
People Management	24-Sep-15	Director of Finance & Corporate Services
Declarations of Interest	13-Oct-15	Head of Legal & Democratic Service and Monitoring Officer
Income & Tenancy Management	06-Nov-15	Housing Operations 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 36 of 51 responses categorised the audit service they received as excellent, another 15 responses categorised the audit as good. There were no overall responses that fell into the fair, poor or very poor categories.

South Derbyshire DC
Customer Satisfaction Survey Results
from 1 Apr 13 to 30 Nov 15
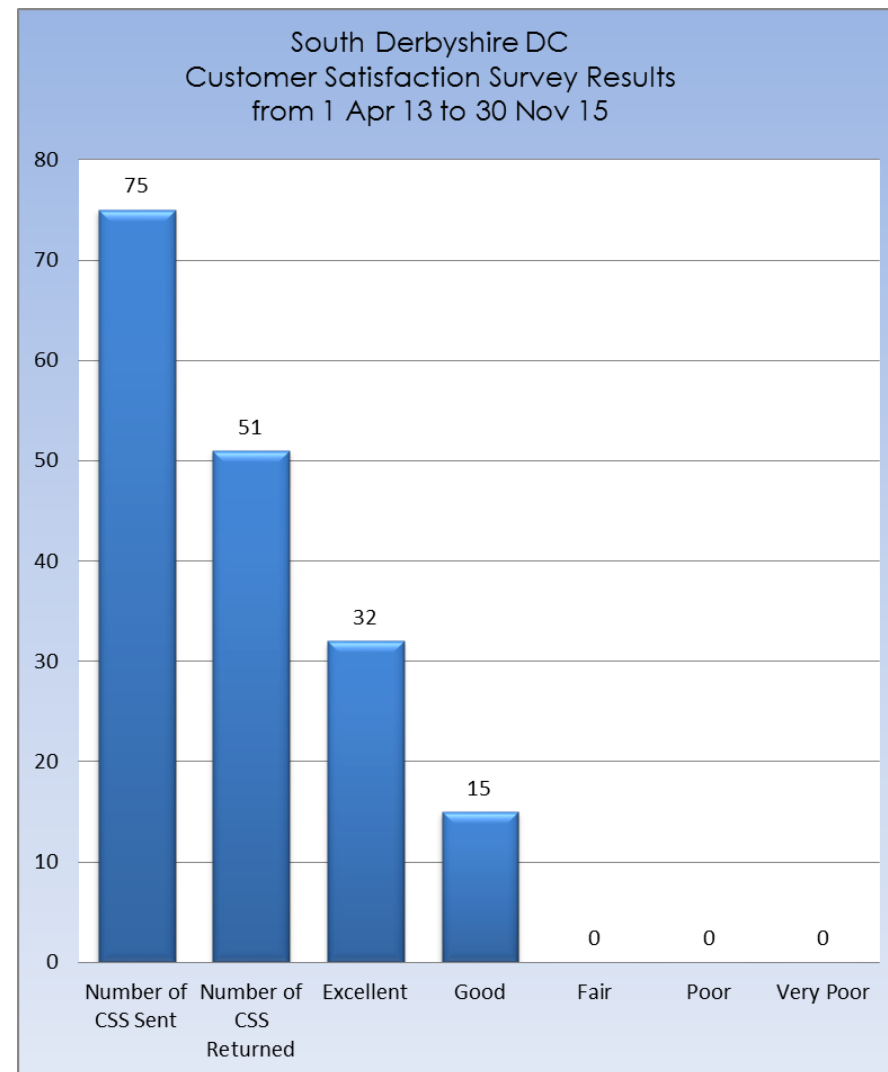
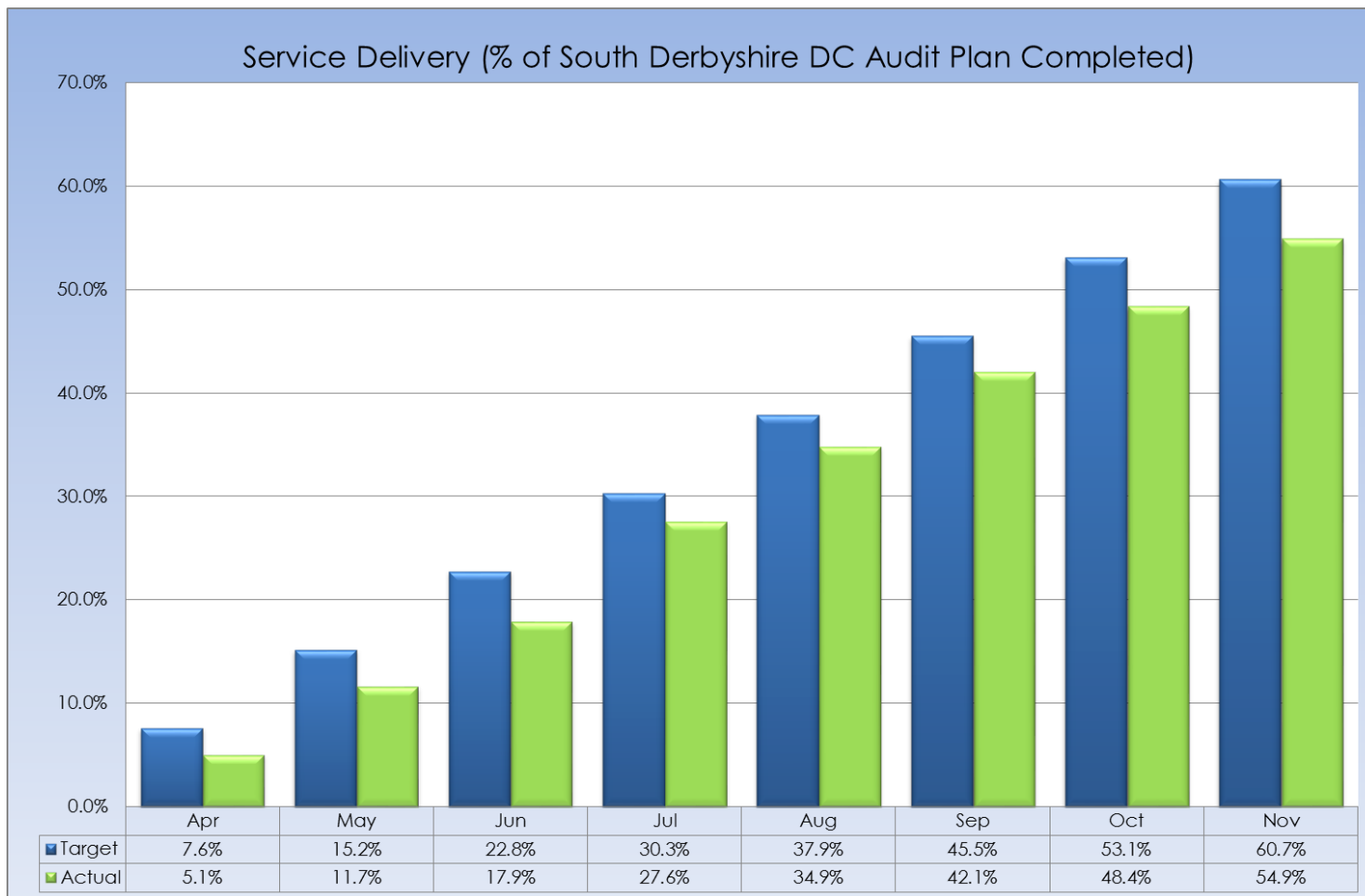# South Derbyshire District Council – Internal Audit Progress Report

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 2015-16 Audit Plan (including incomplete jobs brought forward) after 8 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.

Service Delivery (% of South Derbyshire DC Audit Plan Completed)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Target	7.6%	15.2%	22.8%	30.3%	37.9%	45.5%	53.1%	60.7%
Actual	5.1%	11.7%	17.9%	27.6%	34.9%	42.1%	48.4%	54.9%

South Derbyshire District Council – Internal Audit Progress Report

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	334	34	9	6	2	46	**431**
Moderate Risk	75	5	1	4	1	10	**96**
Significant Risk	7	0	0	0	0	0	**7**
Critical Risk	0	0	0	0	0	0	**0**
	416	**39**	**10**	**10**	**3**	**56**	**534**

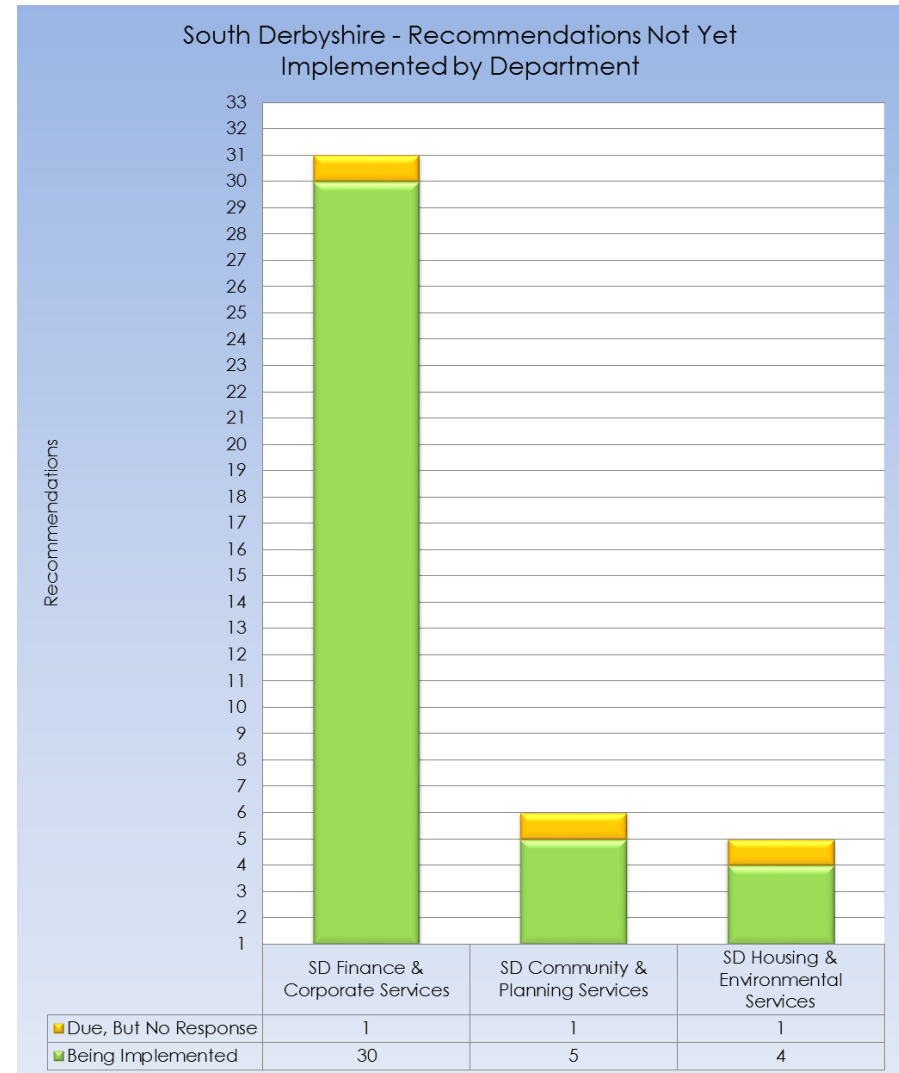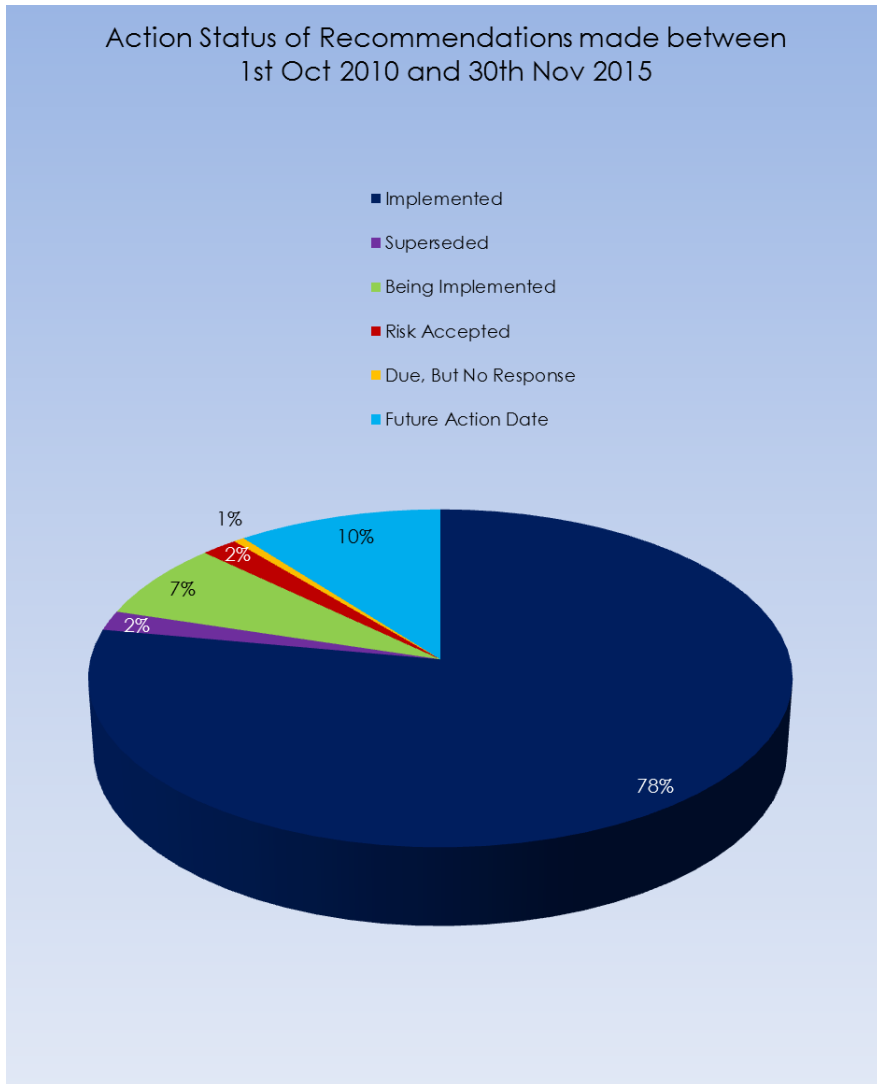The table below shows those recommendations not yet implemented by Dept.

Recommendations Not Yet Implemented	Corporate Services	Community & Planning Services	Housing & Environmental Services	TOTALS
Being Implemented	30	5	4	**39**
Due, but unable to obtain progress information	1	1	1	**3**
	31	**6**	**5**	**42**

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. As stated earlier in this report, we will now only provide full details of each moderate, significant or critical risk issue where management has decided not to take any mitigating actions (shown in the 'Risk Accepted' category above). The moderate and 8 of the low risk accepted issues shown above have already been reported to this Committee. The additional risk accepted issue is in relation to the Declarations of Interest report summarised earlier in this report.

South Derbyshire District Council – Internal Audit Progress Report

Recommendation Tracking

Implementation Status Charts

Action Status of Recommendations made between 1st Oct 2010 and 30th Nov 2015

- Implemented
- Superseded
- Being Implemented
- Risk Accepted
- Due, But No Response
- Future Action Date

78%, 10%, 1%, 2%, 7%, 2%

South Derbyshire - Recommendations Not Yet Implemented by Department

	SD Finance & Corporate Services	SD Community & Planning Services	SD Housing & Environmental Services
Due, But No Response	1	1	1
Being Implemented	30	5	4

central midlands audit partnership

South Derbyshire District Council – Internal Audit Progress Report

Recommendation Tracking

Recommendations Not Yet Implemented

With the current number of outstanding recommendations (43), we no longer propose to bring every one in detail to this Committee. Instead we have sought to highlight those which we believe deserve Committee's attention, either through the level of risk associated with the control issue or the length of the delay in implementing agreed actions or our inability to obtain satisfactory progress information from Management. Accordingly, the following are detailed for Committee's scrutiny:

Corporate Services

Car Allowances

Control Issue 4 - 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 - This will be considered as part of the pay and grading review in 2016/17.

Original Action Date   30 Jun 11   Revised Action Date   1 Apr 16

Corporate Governance

Control Issue 2 – 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.

Risk Rating – Low Risk

Status Update – This will be included in a wider review of the whole Constitution to bring it up to date. It was envisaged that this document would be brought up to date in advance of the May 2015 elections. However, this window was missed and the Monitoring Officer expects that this will be completed once the next committee cycle commences. Date to be confirmed.

Original Action Date   1 Feb 14   Revised Action Date   30 Sep 15

Council Tax / NNDR / Cashiering 2013-14

Control Issue 3 – The error reports and zero liability bills highlighted by the Council Tax billing runs had not been corrected.

Risk Rating – Low Risk

Status Update – This action is due to be completed at the end of the calendar year. The exercise is being treated as data cleansing from the implementation of Academy, and will be a task allocated to apprentices.

Original Action Date   31 Dec 14   Revised Action Date   31 Dec 15

South Derbyshire District Council – Internal Audit Progress Report

Capacity Management

Control Issue 3 – There were a number of virtual and host servers with dangerous storage utilisation and memory utilisation statistics. Allowing production systems to exceed high risk capacity thresholds without following capacity plans can lead to performance, availability and reliability issues for business critical IT services.

Risk Rating – Moderate Risk

Status Update – Some work has been undertaken, some identified machines are due for migration and decommission - however this is unlikely to be complete until end April 2016.

Original Action Date   30 Oct 15   Revised Action Date   30 Apr 16

Partnership Governance

Control Issue 7 – Key financial rules and procedures documents had not been issued to Aurora.

Risk Rating – Low Risk

Status Update – Will be on agenda for the next Executive Meeting but this won't be until towards year end.

Original Action Date   31 Mar 15   Revised Action Date   10 Jan 16

CRM Security Assessment

Control Issue 1 – The CRM databases were housed on a SQL Server 2005 SP2 system. Support for SQL Server 2005 SP2 ended in 2007. Unsupported database software is exposed to newly discovered security vulnerabilities or functionality bugs, which could be exploited to jeopardise the confidentiality, availability and integrity of the CRM user data.

Risk Rating – Low Risk

Status Update – To be followed up at the end of March, as implementation of this recommendation is subject to 'upgrade and migration - there is a kickoff meeting on this planned for 30th Nov 2015.

Original Action Date   30 Apr 15   Revised Action Date   31 Mar 16

Control Issue 3 – There were a number of configurations and maintenance issues exposing the SQL Server to serious performance and reliability issues. This could ultimately impact on the performance and availability of the Councils CRM application which would affect service delivery.

Risk Rating – Moderate Risk

Status Update – To be followed up at the end of March, as implementation of this recommendation is subject to 'upgrade and migration - there is a kickoff meeting on this planned for 30th Nov 2015..

Original Action Date   31 Aug 15   Revised Action Date   31 Mar 16

Procurement - Transparency Code

Control Issue 4 - The contractual information required by the Code was not being published for contracts and other legally enforceable agreements in line with the data publishing requirements.

Risk Rating – Low Risk

Status Update - System now in place, 1st set of data to be published Jan 16.

Original Action Date   01-Apr-15   Revised Action Date   1 Feb 16

Control Issue 2 - The Council were not publishing the required data for the contracts where invitations to tender had been invited in the previous quarter, as required by the Local Government Transparency Code 2014.

Risk Rating – Low Risk

Status Update - System now in place, 1st set of data to be published Jan 16.

Original Action Date   01-Apr-15   Revised Action Date   1 Feb 16

South Derbyshire District Council – Internal Audit Progress Report

Data Protection & Freedom of Information

Control Issue 4 – The Council's mobility assets (i.e. smartphones and tablets) were not all centrally managed by a mobile device management application. This can lead to unsecure devices being in operation processing personal and sensitive data, which could become vulnerable to unauthorised disclosure if lost or stolen.

Risk Rating – Moderate Risk

Status Update – No Response Received

Original Action Date   29 Oct 15   **Revised Action Date**   n/a

Business Continuity

Control Issue 9 – Contrary to the SLA, the Business Continuity Management Team had not received regular refresher training and a training log was not being maintained to enable gaps in training needs to be identified.

Risk Rating – Low Risk

Status Update – Training element including in a BC exercise held on 21/7/15. At RLG meetings, invited speakers give a short presentation. To date it has included the Met Office on severe weather warnings etc and the CCA risk assessment process in Derbyshire.

Original Action Date   30 Apr 15   **Revised Action Date**   31 Dec 15

Control Issue 11 – The Business Impact Assessment had received no recent formal update. There was no documentation to support any updates in recent years.

Risk Rating – Moderate Risk

Status Update – The update is awaiting finalisation of the BIA template.

Original Action Date   30 Sep 15   **Revised Action Date**   30 Apr 16

Creditors / Debtors 2013-14

Control Issue 1 – As the Sundry Debtor Credit Control policy and procedure wasn't dated or subject to version control, we could not determine whether it had been subject to annual review. Also, we were unable to determine whether the minimum amount on which court action is taken and the minimum invoice amount had been subject to annual review.

Risk Rating – Low Risk

Status Update – It is intended to have an updated version in place by 31 December 2015. This will cover the various issues that have been raised. The plan is to pull together the various 'recovery' policies and have a single document.

Original Action Date   1 Apr 15   **Revised Action Date**   31 Dec 15

PCI Compliance

Control Issue 4 – Reporting lines and responsibilities for ensuring PCI DSS compliance had not been defined within the Council.

Risk Rating – Low Risk

Status Update – In June 2015, the Council approved resources for the Client Unit to enable, in principle, the appointment of a new Compliance and Data Policy Officer. The details of this will be reported to the Finance Committee in October 2015. Following the transfer of the Council's Fraud and Assurance Manager to the DWP in December 2015, 2 new posts will be created to cover Corporate Fraud, Data and IT Security, together with Compliance.

Original Action Date   31 Mar 15   **Revised Action Date**   31 Mar 16

South Derbyshire District Council – Internal Audit Progress Report

Control Issue 1 – The consequences of non-compliance with the PCI DSS had not been considered as part of the Council's risk management process.

Risk Rating – Low Risk

Status Update – In June 2015, the Council approved resources for the Client Unit to enable, in principle, the appointment of a new Compliance and Data Policy Officer. The details of this will be reported to the Finance Committee in October 2015. Following the transfer of the Council's Fraud and Assurance Manager to the DWP in December 2015, 2 new posts will be created to cover Corporate Fraud, Data and IT Security, together with Compliance.

Original Action Date   31 Mar 15   **Revised Action Date**   31 Mar 16

Control Issue 3 – The Council had not received any correspondence from the Third Party Service Providers – Global Pay or Capita Business Services confirming responsibilities for PCI compliance.

Risk Rating – Low Risk

Status Update – In June 2015, the Council approved resources for the Client Unit to enable, in principle, the appointment of a new Compliance and Data Policy Officer. The details of this will be reported to the Finance Committee in October 2015. Following the transfer of the Council's Fraud and Assurance Manager to the DWP in December 2015, 2 new posts will be created to cover Corporate Fraud, Data and IT Security, together with Compliance.

Original Action Date   31 Jan 15   **Revised Action Date**   31 Mar 16

Housing & Environmental Services

Tenants Arrears

Control Issue 1 – The Council did not have a formal rent arrears policy.

Risk Rating – Low Risk

Status Update – It is intended to have an updated version in place by 31 December 2015. This will cover the various issues that have been raised.

The plan is to pull together the various 'recovery' policies and have a single document.

Original Action Date   31 Dec 14   **Revised Action Date**   31 Dec 15

Vehicles, Plant & Equipment

Control Issue 3 – There was not an adequate information management system in place that provided up-to-date and accurate vehicle, plant and equipment data. The management information system in use was essentially the inventory record that audit testing revealed had not been appropriately updated.

Risk Rating – Moderate Risk

Status Update – The spreadsheet has been significantly improved but the view is to acquire a tracking system with fleet management functionality, revised target date to end of March. Due to changing priorities, workload and staffing issues a new action date has been agreed with the Director of Housing and Environmental Services. The new plan is for a draft strategy to be completed by 1st July 2015, to be taken to Committee on 12th August 2015. Due to start procurement once strategy approved (Dec 2015), this will be one of the tasks for the temporary transport project manager.

Original Action Date   30 Nov 14   **Revised Action Date**   1 Mar 16

Community & Planning Services

Leisure Centres

Control Issue 1 – 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 Contract remains unsigned. SDDC and Active Nation are at an impasse regarding the status of the bond attached to the contract. The issue is being discussed at Senior Management Team level.

Original Action Date   25 Oct 13   **Revised Action Date**   31 Jan 16

South Derbyshire District Council – Internal Audit Progress Report

Planning & Building Control Fees

Control Issue 3 – Income received via the planning portal was not readily identifiable within the Council's Financial Information system.

Risk Rating – Low Risk

Status Update – No Response Received.

Original Action Date   31 Jul 15   Revised Action Date

Section 106 Agreements

Control Issue 2 – Periodic reconciliations were not being done between the Land Charges records and the Planning Team's Section 106 agreement records to ensure that all agreements had been correctly registered as charges against the relevant land.

Risk Rating – Low Risk

Status Update – Some progress made on this recommendation but completion of the reconciliation programme not yet complete, due to staffing changes in both teams and a new software implementation for Section 106's taking priority.

Original Action Date   1 Apr 15   Revised Action Date   31 Jan 16

Bereavement Services

Control Issue 1 – Although there were some procedural guidelines and checklists in place, the documents were fragmented and the checklists were not always being properly completed.

Risk Rating – Low Risk

Status Update – Unprecedented requirements on the service have lead to a delay in tackling the outstanding recommendations. The updating and pulling together of procedures is currently having to fit around day to day tasks and additional priorities so it is envisaged completion will be by 31st March 2016.

Original Action Date   31 Mar 15   Revised Action Date   31 Mar 15

Control Issue 2 – The Council's website did offer the option of extending the exclusive rights of burial for a further 25 years at the end of a 50 year term, but it was not clear as to what the procedure or cost would be should the request be made.

Risk Rating – Low Risk

Status Update – Unprecedented requirements on the service have lead to a delay in tackling the outstanding recommendations. A policy decision from members would be required as to a charge being set as not one currently listed in the Fees & Charges structure. We will include a charge in this year's budget setting, website has been updated and policy and charges will be updated once formalised.

Original Action Date   31 Mar 15   Revised Action Date   31 Mar 16

Control Issue 6 – The Interment and memorial application forms and the Council's burial webpage did not clearly advice customers on the methods available to them for making a payment.

Risk Rating – Low Risk

Status Update – Unprecedented requirements on the service have lead to a delay in tackling the outstanding recommendations. Currently systematically working our way through updating the Cultural Services webpages which includes all pages relating to cemeteries and burials. Details on how to make payments will be added as part of this exercise.

Original Action Date   31 Mar 15   Revised Action Date   31 Mar 16