



central midlands audit partnership

South Derbyshire District Council – Audit Progress Report (2020-21)

Audit Sub-Committee: 13th July 2020



South Derbyshire
District Council



Contents

Page

AUDIT DASHBOARD	3
AUDIT PLAN	4
AUDIT COVERAGE	6
RECOMMENDATION TRACKING	9
HIGHLIGHTED RECOMMENDATIONS	11

Our Vision

To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

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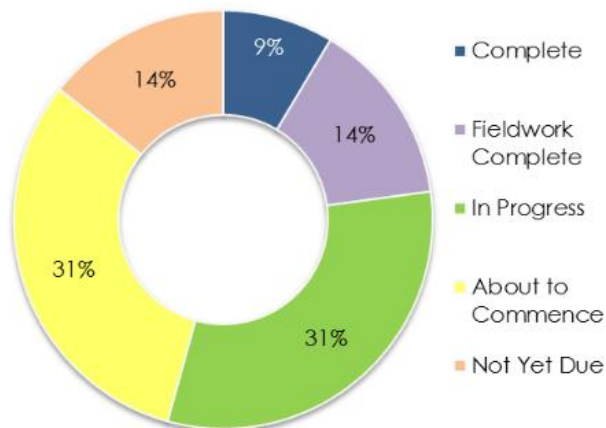
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South Derbyshire District Council – Audit Progress Report

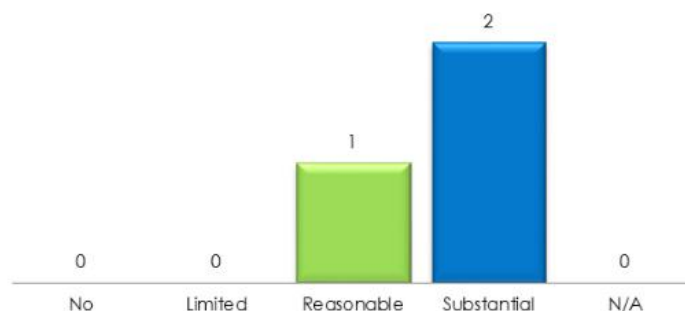
AUDIT DASHBOARD

Plan Progress



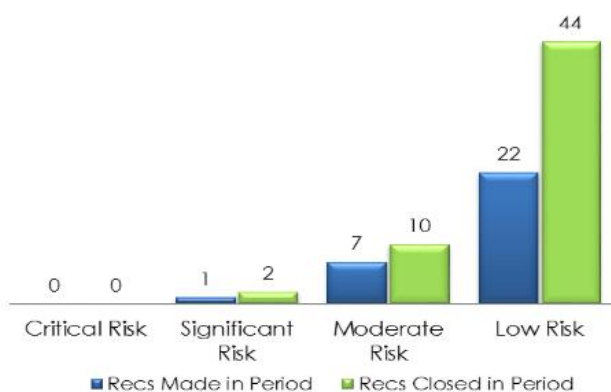
Jobs Completed in Period

Control Assurance Ratings During Period



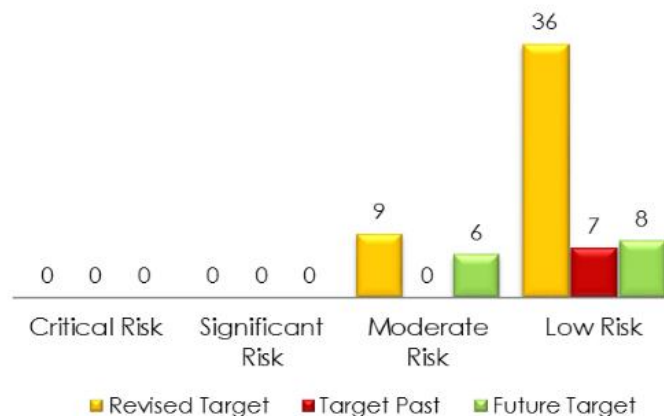
Recommendations

Movement During Period



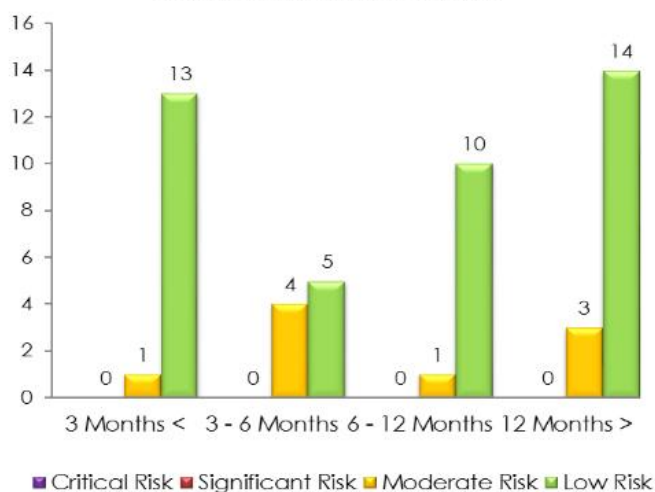
Recommendations

Recommendations Currently Open



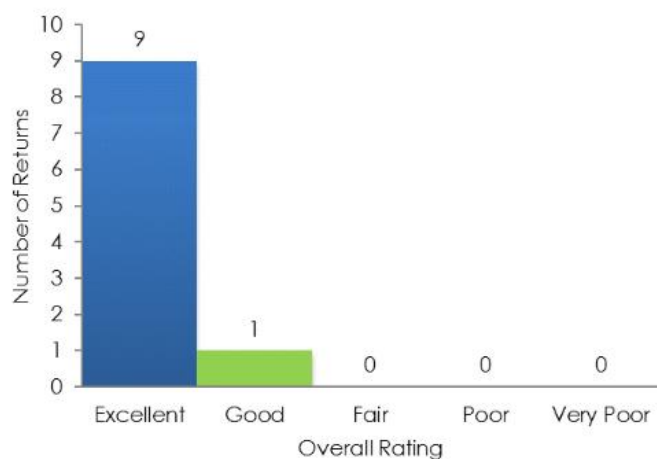
Recommendations

Overdue Recommendations



Customer Satisfaction

Returns Between Jul 19 & Jun 20



South Derbyshire District Council – Audit Progress Report

AUDIT PLAN

Progress on Audit Assignments

The following tables provide Audit Sub-Committee with information on how audit assignments were progressing as at 31st May 2020.

2020-21 Jobs	Status	% Complete	Assurance Rating
Risk Management 2020-21	Allocated		
Business Continuity & Emergency Planning	Not Allocated		
Procurement 2020-21	In Progress	5%	
Income Streams	Not Allocated		
Safeguarding 2020-21	Allocated	10%	
Treasury Management 2020-21	Allocated		
Taxation 2020-21	Allocated		
Debtors 2020-21	In Progress	25%	
Revenues Systems 2020-21	Allocated		
Housing Benefit & Council Tax Support	Not Allocated		
IT Applications 2020-21	Allocated	15%	
IT Infrastructure 2020-21	Allocated	10%	
People Management*	Removed from Plan		
Data Quality & Performance Management	Not Allocated		
Business Support Grant*	Allocated		
Waste Management (Trade Waste)	In Progress	5%	
Development Management	Not Allocated		
Leisure Centres 2020-21	Allocated	5%	
Housing Repairs (Voids)	In Progress	20%	
Housing Safety Inspections 2020-21	In Progress	20%	
Tenancy Management (Interventions and Support)	Allocated	10%	
Procurement of Waste Contract	Allocated		
Electoral Services 2020-21	In Progress	20%	
Overview & Scrutiny Function	In Progress	50%	
B/Fwd Jobs	Status	% Complete	Assurance Rating
Management of Novus Contract	Final Report	100%	Substantial
Procurement of Rosliston Contract 2019-20	Draft Report	95%	
Main Accounting System 2019-20	Final Report	100%	Substantial
Treasury Management 2019-20	Final Report	100%	Reasonable
Payroll 2019-20	In Progress	80%	
Revenues Systems 2019-20	In Progress	65%	
Housing Benefit & Council Tax Support 2019-20	In Progress	70%	
Anti-Fraud & Corruption 2019-20	In Progress	50%	
ICT Key Controls	Draft Report	95%	
Business Change & Transformation	Fieldwork Complete	90%	
Grounds Maintenance	Draft Report	95%	
Bereavement Services 2019-20	Draft Report	95%	

South Derbyshire District Council – Audit Progress Report

Plan Changes

It is highly likely that the delivery of the 2020-21 Audit Plan will be materially affected by the Covid-19 pandemic. The disruption to services caused by the lockdown, staff secondments into front-line services and increased sickness levels will inevitably lead to delays in our audits and a reduction in audit coverage. We are not currently in a position to determine exactly what that reduction will be. Accordingly, we have decided not to make any major changes to the 2020-21 Audit Plan at this time.

*Given the significant fraud risk presented to the Council, through the operation and delivery of the Small Business Grants Fund (SBGF), Retail, Hospitality and Leisure Grant Fund (RHLGF) and Local Authority Discretionary Fund, the Peoples Management assignment has been removed from the Plan to accommodate a review of the Business Support Grant process.

South Derbyshire District Council – Audit Progress Report

AUDIT COVERAGE

Completed Audit Assignments

Between 1st April 2020 and 25th June 2020, the following audit assignments have been finalised.

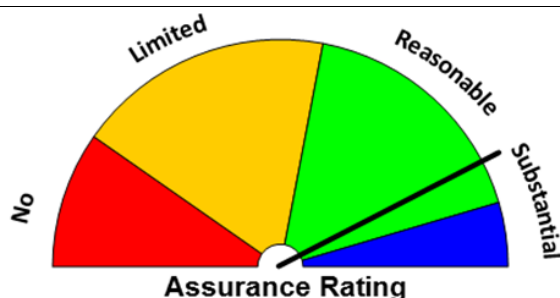
Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Main Accounting System	Substantial					n/a
ICT Key Controls				1		100%
Treasury Management 2019-20	Reasonable			1	3	50%
Management of Novus Contract	Substantial				1	100%

Main Accounting System					
Control Objectives Examined		Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Key control account reconciliations are carried out on a regular basis, reconciling items are cleared and the reconciliation is subject to independent review.		9	8	1	0
Robust systems are in place which allow revenue budget monitoring to take place.		4	4	0	0
Appropriate controls are in place with regard to the processing of journals.		5	5	0	0
TOTALS		18	17	1	0
Summary of Findings					
No key control weaknesses were identified by this audit, but one minor risk issue was highlighted for management's consideration.					

ICT Key Controls


The ICT Key Controls audit is still ongoing, but during the testing, we identified a data protection risk relating to sensitive records on the Council's file. It was considered an appropriate course of action to draw this issue to management's attention before the conclusion of the full audit. Management resolved to email all employees and give them 14 days to remove files at root level before deleting / archiving the files by 23/03/2020. This matter has now been addressed to our satisfaction.

South Derbyshire District Council – Audit Progress Report

Treasury Management
2019-20

Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Appropriate and approved Treasury Management Strategy, Policy and Procedures are in place and maintained.	7	4	2	1
Treasury Management transactions comply with the Council's agreed Investment Strategy.	3	1	1	1
Investment decisions are authorised and promptly recorded, and controls are in place to ensure that interest received is correct and funds invested are recovered by the due date.	11	9	0	2
Treasury Management activities and performance is monitored and reported.	3	3	0	0
TOTALS	24	17	3	4
Summary of Weakness		Risk Rating	Agreed Action Date	
Officers could not locate a contract or similar agreement between the Council and its appointed financial advisor. A letter of appointment had been provided by the advisors that suggested that the current arrangement had been in place for eight years, seemingly without review or reaffirmation. Accordingly, Contract Procedure Rules could have been breached and the procurement could be non-compliant with Procurement Regulations.		Moderate Risk	28/02/2021 Future Action	
The Counterparties listing did not always reflect the advice given by the Council's advisors with regard to institutions suitable for investment and the maximum duration of any investment made.		Low Risk	Implemented	
Documents detailing anticipated cash flows had not been retained in respect of two recommended investment values and durations. Confirmation that the funds would not be required for the investment durations being suggested was not available to demonstrate completeness of the approval process.		Low Risk	Implemented	
The Treasury Management Procedure required only that investments be authorised by one of three named Senior Officers, but made no provision for the secondary check and authorisation of investments, where they had been initiated by one of these same three Officers.		Low Risk	28/02/2021 Future Action	

South Derbyshire District Council – Audit Progress Report

<h3>Management of Novus Contract</h3>	 <p>The Assurance Rating pie chart shows the following distribution: Adequate Controls (6) in green, Limited (2) in yellow, No (7) in red, Partial Controls (1) in blue, and Weak Controls (0) in dark blue. The chart is labeled 'Assurance Rating' at the bottom.</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Housing and public buildings repairs and maintenance is being delivered in line with the Novus contract.	7	6	1	0
Council departments are actively using the Novus contract to provide their repair and maintenance services.	2	2	0	0
TOTALS	9	8	1	0
Summary of Weakness		Risk Rating	Agreed Action Date	
There were no KPIs in place to manage performance against the contract.		Low Risk	Implemented	

South Derbyshire District Council – Audit Progress Report

RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
09-Jun-20	Treasury Management 2019-20	Reasonable			2
06-Mar-20	Creditors 2019-20	Substantial			1
03-Mar-20	Improvement Grants 2019-20	Reasonable	4	1	2
25-Feb-20	Mobile Phones	Limited		1	1
30-Jan-20	Former Tenants Arrears 2019-20	Reasonable			1
17-Dec-19	Active Communities & Health	Substantial		1	
22-Nov-19	Council House Sales - Right To Buy 2019-20	Limited		2	
20-Nov-19	Information Governance	Reasonable			1
20-Nov-19	Fixed Assets 2019-20	substantial		1	
13-Nov-19	Development Management 2018-19	Reasonable		1	1
15-Oct-19	Community Safety Partnership 2018-19	Substantial	1		
11-Sep-19	Data Quality & Perf. Mgmt 2019-20	Reasonable		3	
24-Jul-19	Rent Accounting 2019-20	Reasonable		2	
16-Sep-19	Officers Expenses & Allowances 2019-20	Substantial		1	
16-May-19	Housing Ben. & Council Tax Support 2018-19	Substantial		1	
31-Mar-19	Orchard IT Application	Limited		2	
26-Mar-19	Fleet Management	Reasonable	2	1	
23-Jul-19	Payroll 2018-19	Reasonable		1	
16-Apr-19	Revenue Systems 2018-19	Substantial		3	
29-Aug-19	Corporate Governance 2018-19	Reasonable			1
08-May-19	Creditors 2018-19	Reasonable		1	
03-Jul-19	Housing Safety Inspections	Limited		3	
21-Aug-19	Maintenance of Public Buildings	Limited			4
12-Feb-19	PCI Compliance 2018-19	Reasonable		6	
14-Feb-19	Allocations & Homelessness 2018-19	Reasonable		3	
25-Jan-19	Section 106 Agreements 2018-19	Reasonable		2	
25-Apr-18	Organisational Culture & Ethics	Reasonable		1	
10-Jan-19	Health & Safety	Reasonable		1	
06-Mar-18	Tenants Arrears 2017-18	Reasonable		3	
19-Jan-18	Rent Accounting 2017-18	Reasonable		1	
13-Nov-17	Officers Expenses & Allowances	Reasonable		1	
07-Aug-17	Parks & Open Spaces	Reasonable		2	
		TOTALS	7	45	14

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.

South Derbyshire District Council – Audit Progress Report

Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Improvement Grants 2019-20			4			1
Mobile Phones					1	
Active Communities & Health						1
Council House Sales - Right To Buy 2019-20					2	
Fixed Assets 2019-20						1
Development Management 2018-19						1
Community Safety Partnership 2018-19			1			
Data Quality & Perf. Mgmt 2019-20						3
Rent Accounting 2019-20					1	1
Officers Expenses & Allowances 2019-20						1
Housing Ben. & Council Tax Support 18-19						1
Orchard IT Application						2
Fleet Management			2			1
Payroll 2018-19					1	
Revenue Systems 2018-19						3
Creditors 2018-19						1
Housing Safety Inspections					1	2
PCI Compliance 2018-19					1	5
Allocations & Homelessness 2018-19						3
Section 106 Agreements 2018-19						2
Organisational Culture & Ethics					1	
Health & Safety						1
Tenants Arrears 2017-18						3
Rent Accounting 2017-18						1
Officers Expenses & Allowances					1	
Parks & Open Spaces						2
TOTALS			7		9	37

South Derbyshire District Council – Audit Progress Report

HIGHLIGHTED RECOMMENDATIONS

Being Implemented – Significant or Moderate Risk Recommendations

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

PCI Compliance 2018-19	Rec No. 8
Summary of Weakness / Recommendation	Risk Rating
<p>The Council was not PCI Compliant and was paying non-compliance fees to a third party. Further management fees were being paid to the financial system provider for PCI and they were also charging the Council for a verbal assessment that no-one at the Council knew anything about.</p> <p>We recommend that the Council establishes a PCI Compliance Action Plan which should take account of the non-compliance fees being paid and should look to work with the third party to ensure that they are able to provide compliance to them and remove the non-compliance fee. The Council should also determine what benefits the Council receives for the PCI DSS Management Fee and verbal assessment.</p>	Moderate Risk
Management Response/Action Details	Action Date
This matter has been raised with Capita360 and there are several issues that have been raised previously about responsibility for the various elements of PCI DSS compliance and which appear to affect compliance. Following the meeting with Capita on 15 th February 2019 a compliance action plan will be drafted for agreement by each team.	01/04/2019
Status Update Comments	Revised Date
The Council has kicked off a project to ensure PCI compliance which should be in place by mid-late 2020. The project is set to incorporate a PCI audit, new policies and procedures, the completion of the PCI self-assessment and the introduction of new solutions to remove card data from the authority.	01/10/2020

Organisational Culture & Ethics	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>The Council had not undertaken a staff survey which was specifically geared towards the Council's culture, ethics and values.</p> <p>We recommend that the Council consider undertaking a specific Cultural Survey aimed at assessing officer opinions on the Council's culture, ethics and values. The results of the survey could then be used to make improvements where necessary should any common specific themes or patterns result.</p>	Moderate Risk
Management Response/Action Details	Action Date
A survey will be undertaken following research with the Council's Communications section.	31/10/2018
Status Update Comments	Revised Date
As part of our work to embed the Corporate Plan and our Values throughout the Council, several Staff Briefings took place in January 2020. Each briefing was led by a representative from Leadership Team with support provided by the Organisational Development and Performance Team. Following the briefing sessions, the Leadership Team and the Heads of Services reviewed the feedback from staff. An action plan has been developed to further embed our values, improve culture and team working across the council. Staff will receive an update on the actions every quarter through our existing communication channels. Further staff briefings will be held throughout	31/10/2020

South Derbyshire District Council – Audit Progress Report

2020. An employee engagement survey will also be launched in Autumn 2020. The themes and questions in the survey will be based on the information collected from the Staff Briefing sessions.

Officers Expenses & Allowances	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The review of essential user allowances process, which was due to be carried out annually, had not been carried out.</p> <p>We recommend that the Council considers a root and branch review of its approach to the payment of travel expenses, with a view to reducing the number of uneconomic payments made through the essential user scheme.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>The payments are contractual for employees and therefore formal consultation will need to be undertaken. The Council is completing a job evaluation project and it is planned to commence discussions with the Trade Unions as part of a wider review of employment conditions and to fit in line with negotiations being completed on a national basis. Position to be reviewed 30th September 2019.</p>	30/09/2018
Status Update Comments	Revised Date
<p>This will be subject to the Head of the Paid Service agreeing the terms of reference with the Council and the Trades Unions.</p>	31/03/2021

Payroll 2018-19	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>There was no process in place to check that all changes made on the Resource Link Payroll system were valid and supported by appropriate documentation.</p> <p>We recommend that a standard report should be setup on the Resource Link system that produces a listing of all changes made to Payroll records by all users within the period. This should then be used to ensure that appropriate documentation is held to support all changes made, and that they have been accurately input. Furthermore, the Checked by column in the HR spreadsheet should be regularly completed to evidence each item listed has been checked.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>A number of options are being explored to address this issue with the software provider and will subsequently eradicate the level of risk. There is already a report developed that can be used to run reports on all users from Resource Link. The process of running reports was agreed in the previous audit 2017/18. Subject to the implementation of a new reporting tool, reports will be run on all users to identify any new starters and changes made to the system. In addition, the previously agreed arrangements will continue and this will include the exchange of information between HR and payroll to clarify any other changes that impact on an employee's salary. This will include the completion of the checked by column.</p>	01/10/2019
Status Update Comments	Revised Date
<p>The Council has made a decision to move its Payroll Service to a shared service arrangement, which was planned to be implemented on 1 April 2020. This has not come to fruition and the implementation date has been put back to April 2021. This will avoid a mid-year implementation and allow greater time for preparation. In the meantime, it is proposed to continue with the interim solution to mitigate the risk until a new system is in place as part of the shared service arrangement.</p>	01/04/2021

South Derbyshire District Council – Audit Progress Report

Council House Sales: Right To Buy	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>There was no overall process map to ensure that officers were fully aware of their responsibilities, and the procedure notes followed by Business Support did not fully reflect current practice or government guidance.</p> <p>We recommend that senior management determine responsibilities, and a process map covering the whole Right To Buy process should be developed to provide clarity. Furthermore, we recommend that the Business Support procedure notes are reviewed and updated to ensure that they fully encompass current practice, government guidance, and any recommendations made within this report.</p>	Moderate Risk
Management Response/Action Details	Action Date
To be implemented as per recommendation	01/02/2020
Status Update Comments	Revised Date
Housing have performed initial research, further input from Legal will allow the end-to-end process to be produced.	01/05/2020

Council House Sales: Right To Buy	Rec No. 6
Summary of Weakness / Recommendation	Risk Rating
<p>Only one Right To Buy valuer had been utilised for over 10 years during which time there had been no procurement exercise, and the valuer did not hold the expected professional qualification.</p> <p>We recommend that a procurement exercise is undertaken to engage an appropriately qualified valuer(s). Consideration should be given to obtaining more than one independent valuation for Right to Buy property sales.</p>	Moderate Risk
Management Response/Action Details	Action Date
To be implemented as per recommendation	01/02/2020
Status Update Comments	Revised Date
Housing have undertaken initial research to understand whether the valuer is required to provide plans in addition to the valuation. Legal requirements will be clarified then procurement of either a valuation and/or valuation-plans service can be commenced.	01/05/2020

South Derbyshire District Council – Audit Progress Report

Mobile Phones	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>The budget monitoring process had failed to appropriately resolve an identified spike in expenditure against the cost centre and account code that was used for payment of the O2 mobile phone bills.</p> <p>We recommend that the budget monitoring process is reviewed to ensure significant variances in spend are investigated and resolved.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>To a certain extent, the Accountants are reliant on Budget Managers supplying information to explain budget variances. In this instance, the variance was highlighted by the Accountant but not fully investigated by the Budget Manager.</p> <p>Training all Agresso users on the importance of the Financial Regulations is to be given prior to the end of March and the Accountants have been asked to minute budget monitoring meetings to provide an audit trail and ensure any outstanding actions are escalated and followed up.</p>	31/03/2020
Status Update Comments	Revised Date
The Head of Finance informed that the training was scheduled to take place in the last 2 weeks of March. With the national lockdown this was clearly impractical, and a revised action date of 30th September was provided.	30/09/2020

Housing Safety Inspections	Rec No. 11
Summary of Weakness / Recommendation	Risk Rating
<p>Where an asbestos survey report had recommended the removal of asbestos but this had not been performed, there was no programme of re-inspection to ensure asbestos was being actively monitored.</p> <p>We recommend that once the asbestos survey data is extracted from the secure portal and uploaded to Lifespan (see recommendation 9) that timescales for re-inspection should be defined in Lifespan. This will enable properties requiring regular re-inspection to be identified and programmed in for inspection. Further to this, we recommend that those officers responsible for managing asbestos inspections are provided with appropriate training on Lifespan.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>A surveyor is being trained as the responsible persons for the asbestos, additionally a number of surveyors are being trained regarding the duty to manage.</p> <p>Only 3 team members have had limited training on Lifespan.</p> <p>We are currently in procurement for a new system. If life span are successful part of their quotation includes full training.</p>	29/02/2020
Status Update Comments	Revised Date
To be actioned by the Repair and Improvement Team Leader. A surveyor is being trained as the responsible persons for asbestos, additionally a number of surveyors are being trained regarding the duty to manage. Annual inspection regime for communal areas will be in place from April 2020.	01/04/2020

South Derbyshire District Council – Audit Progress Report

Rent Accounting 2019-20	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>The interface file between the Housing Benefits system (Academy) and the Housing system (Orchard) was being manually manipulated to ensure the data transferred was as accurate as practicably possible.</p> <p>Since there is now a standard interface available between Academy and Orchard, we consider this to be the best solution to ensure that data transferred to Orchard is accurate and complete. We recommend that management conducts a cost benefit analysis to determine whether the purchase of this interface would be appropriate. In the interim, we recommend that the Benefits, Subsidy & Compliance Manager provides Business Support with clear instruction on the manual amendments required on a weekly basis. These amendments should be made directly to Orchard, rather than to the Academy-Orchard interface file, and an appropriate audit trail should be retained.</p>	Moderate Risk
Management Response/Action Details	Action Date
Enquiries have been made in regard to implementing a new interface between Orchard & Academy which should take approximately 1 month to implement. Project Team to be set up to manage the implementation. □The Business Support Team Leader is now applying any amendments manually to Orchard as instructed by the Benefits Manager.	31/12/2019
Status Update Comments	Revised Date
This work will be completed in conjunction with the upgrade to Academy which is scheduled for later this calendar year.	01/06/2020

Being Implemented - Low Risk Recommendations Over 12 Months

The following low risk rated recommendations, that have not yet been implemented and have exceeded their original action date by more than 12 months, are also detailed for Committee's scrutiny.

Tenants Arrears 2017-18	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>The Income Management Policy had not been reviewed in line with criteria laid down in the policy itself.</p> <p>We recommend that the Income Management Policy be reviewed as soon as is practically possible to ensure that it reflects current legislation and best practice. Future reviews should be scheduled every 2 years in line with the policy or sooner in the event of significant legislative changes.</p>	Low Risk
Management Response/Action Details	Action Date
The policy and associated procedures will be reviewed in preparation for the implementation of Universal Credit in South Derbyshire.	30/09/2018
Status Update Comments	Revised Date
Once the review of all workflows is complete, it will be 'practically possible' to review the Policy and to also incorporate information on the impact of Universal Credits (UC) in our District. In respect to the later, due to unprecedented demand revisions concerning UC may take longer than initially expected. Best Practice processes are still being obtained from other providers, but this may take us till the end of the Calendar year to now implement.	01/01/2021

South Derbyshire District Council – Audit Progress Report

Tenants Arrears 2017-18	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>A number of procedure manuals were identified and there was confusion as to which procedures were current for the service.</p> <p>We recommend that management review the various procedures and processes available to determine which manuals reflect the current processes, legislation and best practice concerning the recovery of rent arrears. Outdated procedures should be archived and clearly marked as such or removed from the system to ensure there is no confusion over which procedures to use.</p>	Low Risk
Management Response/Action Details	Action Date
Current procedure and process documents will be clearly identified for team members. Obsolete documents will be removed from common folders. This action is included as part of a corporate review of Policies & Procedures.	01/06/2018
Status Update Comments	Revised Date
Once the review of all workflows is complete, it will be 'practically possible' to review the Policy and to also incorporate information on the impact of Universal Credits in our District. Obsolete documents will be removed from common folders.	01/09/2020

Tenants Arrears 2017-18	Rec No. 6
Summary of Weakness / Recommendation	Risk Rating
<p>There were a number of unnecessary codes in the Orchard Housing System for either the same or similar actions and some codes were not linked into the automated workflow processes.</p> <p>We recommend that the Housing Services Manager make arrangements, in conjunction with the Business Support Manager, for the tenancy arrears codes on the Orchard Housing System to be reviewed. This review should remove any unnecessary codes and ensure that the remaining codes are all linked into the automated workflow processes. This will streamline working practices and overall efficiency, while ensuring that follow-up actions are correctly identified by the system.</p>	Low Risk
Management Response/Action Details	Action Date
As part of work underway on the arrears project, a review of tenancy codes is being undertaken as it relates to our secure tenancies workflow. This work will be completed by the year end. The same process will then need to be undertaken for other tenancy.	31/12/2018
Status Update Comments	Revised Date
Although we have ceased using many of the existing codes, we will not be carrying out any deletions until we have finalised and tested all the workflows, letters and arising potential actions. In summary, this task will be completed towards the end of our arrears Project. The scope of arrears project is wider than anticipated and will not be complete until July 2020. Some codes cannot be deleted as they will have an impact on current running of the system.	30/07/2020

South Derbyshire District Council – Audit Progress Report

Rent Accounting 2017-18	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
Control totals from housing benefit files imported into the Orchard Housing system, on a weekly basis, were not being matched to those from the system, following import.	Low Risk
We recommend that, as part of the weekly reconciliation, the Business Support Team Leader source the batch file totals from the Senior Benefit Officer, who produces the housing benefit files for import. The expected total value of postings, and the number of transactions being posted, can then be checked to the import report from the Orchard Housing system to confirm that the information has been successfully transferred.	
Management Response/Action Details	Action Date
Housing has requested the batch files totals from Housing Benefit. They have advised that they cannot provide us these totals at the moment without incurring significant expense in terms of an interface/reporting solution between the Orchard and Academy.	31/08/2018
Status Update Comments	Revised Date
The reconciliation of the Academy housing benefit import files to the Orchard Housing system, will now be picked up as part of the wider interface issues identified in the 2019-20 Rent Accounting audit. To be completed as part of the Academy Upgrade which will take place in October 2020	30/10/2020

Parks & Open Spaces	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
Files and documentation confirming compliance with safety standards was not held centrally, but rather in separate project files in the Cultural Services Department.	Low Risk
We recommend that the documentation held by the Council in respect of play equipment and playground surfacing which demonstrates compliance with the relevant safety standards, should be held centrally. Ideally, the relevant documents confirming compliance for each play area should be scanned and stored on separate electronic files, headed up for each play area. Access to the files should be allowed for both the Open Space and Facilities Development Manager and the Street Scene Manager. This would allow all officers involved in the process to access the information as necessary (i.e. for ordering parts) and would serve to ensure that the information was complete and easily accessible.	
Management Response/Action Details	Action Date
Central folder to be set up for all Play Equipment paperwork on S Drive. Scan in all relevant documents.	31/03/2018
Status Update Comments	Revised Date
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. Play audit nearing completion. To allow for digesting and acting upon recommendations suggest a revised date for implementing the outstanding recommendation of end March 2019.	30/09/2020
Open Space and Facility development team still suffering from significant capacity issues due to recruitment delays and long-term sickness which means follow up on play audit has had to be delayed. Suggest further 4 months extension.	
We have been advised the Grounds team has no paper records as they were	

South Derbyshire District Council – Audit Progress Report

disposed of in the move to the new depot. The Cultural Services unit and Open Space and Facility Development team are keeping central records but are still suffering from significant capacity issues, there is no one at present to retro scan old documents. September 2020 is a reasonable estimate of when staffing resources may be available to undertake the scanning and filing.

Parks & Open Spaces		Rec No. 7
Summary of Weakness / Recommendation		Risk Rating
<p>Signs at play areas did not clearly identify the site operator, relying instead on a display of the Councils emblem, not necessarily identifiable with all users of the play areas. In addition, out of hours contact details differed on one sign compared to the other three we viewed.</p> <p>We recommend that the signs displayed at the children's play areas across the district clearly display, the name of the site operator, i.e. the district council or parish council as appropriate. This would allow users of the play areas to clearly identify the site operators in the event of accident or equipment failure. In addition, all the signs situated in the play areas should display the correct contact numbers, both in and out of office hours.</p>		Low Risk
Management Response/Action Details		Action Date
<p>Review of signage to be undertaken. New signage to be designed and approved.</p> <p>New signs to be installed on all Council operated play areas – NOTE: subject to budget/cost constraints</p>		31/03/2018
Status Update Comments		Revised Date
<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 2018.</p> <p>Play audit nearing completion. To allow for digesting and acting upon recommendations suggest a revised date for implementing the outstanding recommendation of end March 2019.</p> <p>Open Space and Facility development team still suffering from significant capacity issues due to recruitment delays and long term sickness which means follow up on play audit has had to be delayed. Suggest further 4 month extension.</p> <p>The play audit has been completed and a follow up report went to Overview and Scrutiny Committee on October 16th. The report contained an action to update, improve and standardise signage at play areas. September 2020 is the targeted date for initiating the improvement programme but is dependent on the outcome of the budget setting and restructure report.</p>		30/09/2020

South Derbyshire District Council – Audit Progress Report

PCI Compliance 2018-19	Rec. No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>The ICT Security, Electronic Communications and Security and the Credit Card Procedure and Policies and Security Policy documents were out of date and contained dated references with respect to PCI (DSS).</p> <p>We recommend that out of date references are removed and these policies and procedures are subject to regular review. Review periods should be built into the version control history.</p>	Low Risk
Management Response/Action Details	Action Date
<p>Polices to be updated as recommended. ICT Security and Electronic Communications policy will be updated by ICT. Procedural polices updates including communication and training to staff will be updated by Customer Services</p>	01/06/2019
Status Update Comments	Revised Date
<p>The Council has kicked off a project to ensure PCI compliance which should be in place by mid-late 2020. The project is set to incorporate a PCI audit, new policies and procedures, the completion of the PCI self-assessment and the introduction of new solutions to remove card data from the authority.</p>	01/10/2020

PCI Compliance 2018-19	Rec. No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Officers taking card payments outside of the Contact Centre were not aware of the PCI Standard. Staff taking payments over the phone, did not have written guidance on how to keep the card payer's details secure.</p> <p>We recommend that ICT Security Policy and relevant documents are updated to include a section of PCI compliance where applicable to educate staff on the standard and potential consequences if these are breached. We recommend that procedural guidance is produced which explicitly prevents Contact Centre staff from reading back the full card details to a customer over the phone.</p>	Low Risk
Management Response/Action Details	Action Date
<p>Polices to be updated as recommended. ICT Security and Electronic Communications policy will be updated by ICT. Procedural polices updates including communication and training to staff will be updated by Customer Services</p>	01/06/2019
Status Update Comments	Revised Date
<p>The Council has kicked off a project to ensure PCI compliance which should be in place by mid-late 2020. The project is set to incorporate a PCI audit, new policies and procedures, the completion of the PCI self-assessment and the introduction of new solutions to remove card data from the authority.</p>	01/10/2020

South Derbyshire District Council – Audit Progress Report

PCI Compliance 2018-19	Rec. No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>There was a general lack of awareness of PCI compliance risks amongst staff using the Paye.net system outside of the Contact Centre.</p> <p>We recommend that refresher training is developed for staff responsible for taking card payments over the phone using the Paye.net system are trained on PCI compliance.</p>	Low Risk
Management Response/Action Details	Action Date
Procedural policies updates including communication and training to staff will be updated by Customer Services.	01/06/2019
Status Update Comments	Revised Date
Following the appointment of a new head of customer services in October 2019, this is currently underway. A training plan will be in place by the end of this financial year.	31/03/2020

PCI Compliance 2018-19	Rec. No. 6
Summary of Weakness / Recommendation	Risk Rating
<p>The document which outlined duties and responsibilities in terms of PCI Standards contained out-of-date references.</p> <p>We recommend that the document outlining duties and responsibilities in terms of PCI Standards is updated to reflect the Council's current structure.</p>	Low Risk
Management Response/Action Details	Action Date
Procedural policies updates including communication and training to staff will be updated by Customer Services.	01/04/2019
Status Update Comments	Revised Date
The Council has kicked off a project to ensure PCI compliance which should be in place by mid-late 2020. The project is set to incorporate a PCI audit, new policies and procedures, the completion of the PCI self-assessment and the introduction of new solutions to remove card data from the authority.	01/10/2020

Section 106 Agreements 2018-19	Rec. No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>The Section 106 Agreements version 8 - A guide for Developers document had not been reviewed since April 2010, and contained out-of-date information.</p> <p>We recommend that the Section 106 Agreements version 8 - A guide for Developers document should be subject to a full review and update. Going forward, this document should be subject to regular review and update.</p>	Low Risk
Management Response/Action Details	Action Date
Review to be undertaken in 2019/2020 - to produce formal supplementary planning document (statutory process) - then reviewed as part of the Local Plan process.	01/04/2019
Status Update Comments	Revised Date
Currently in first draft phase of a new version of the guidance document. Third parties need to be involved in the drafting. It is now unlikely that it will be ready for submission to Committee until June 2020.	01/07/2020

South Derbyshire District Council – Audit Progress Report

Section 106 Agreements 2018-19	Rec. No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>Variances identified as part of the reconciliation between Planning records and Accountancy records for the Section 106 Reserve Account have not been fully investigated and resolved.</p> <p>We recommend that all variances identified as part of the reconciliation between the Planning records and Accountancy records for the Section 106 Reserve Account should be fully investigated and action be taken to ensure that if Section 106 money has not been spent as intended, that it is reflected in the Section 106 Records maintained by the Planning Department.</p>	Low Risk
Management Response/Action Details	Action Date
The team has been alerted to this - will meet with Accounts to discuss further.	31/03/2019
Status Update Comments	Revised Date
These balances will be cleared from the S106 accounts as apart of the year end review.	30/06/2020

Allocations & Homelessness 2018-19	Rec. No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>The Homelessness Prevention Strategy had not been updated to ensure that it met the requirements of new legislation.</p> <p>We recommend that the Homelessness Prevention Strategy is reviewed and updated.</p>	Low Risk
Management Response/Action Details	Action Date
Review to be completed and updated strategy implemented.	01/06/2019
Status Update Comments	Revised Date
External consultant to be appointed to carry out a comprehensive review of homelessness and temporary accommodation in South Derbyshire - this has been agreed by Housing & Community Services Committee. Report expected at Housing and Community Services Committee in July/August 2020.	01/08/2020

Allocations & Homelessness 2018-19	Rec. No. 6
Summary of Weakness / Recommendation	Risk Rating
<p>The Temporary Accommodation Policy was in draft form and had not been updated since 2015.</p> <p>We recommend that the Temporary Accommodation Policy should be updated and finalised.</p>	Low Risk
Management Response/Action Details	Action Date
Policy to be updated and presented to Housing and Community Safety Committee.	01/06/2019
Status Update Comments	Revised Date
External consultant to be appointed to carry out a comprehensive review of homelessness and temporary accommodation in South Derbyshire - this has been agreed by Housing & Community Services Committee. Report expected at Housing and Community Services Committee in July/August 2020.	01/08/2020

South Derbyshire District Council – Audit Progress Report

PROCESS CHANGE

For each audit assignment, we arrive at an Overall Assurance Rating, which is illustrated in the Swing'o'meter charts on the front cover of each report, followed by a narrative definition in the Executive Summary section of the report. These ratings are calculated using a standardised methodology that considers the potential impacts of each of the risks identified during the audit, as well as the likelihood of those risks materialising. The process of arriving at an Overall Assurance Rating is also quality checked by Audit Management as part of our quality review process, to ensure that a consistent approach has been adopted for each audit assignment.

We have taken the decision to stick to the standard calculation described above, but to change the Assurance Rating categories and narrative definitions as below:

The reason for this is that the CIPFA Internal Audit Special Interest Group has undertaken a review to consider the case for standardising assurance opinions/definitions across internal audit in the public sector. The CIPFA review document is attached at Appendix A. There has been little guidance available in the past, and Audit teams have developed their own assurance ratings and definitions.

Old Rating & Definition (CMAP)	New Rating & Definition (CIPFA)
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.	Substantial Assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
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.	Reasonable Assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited - We are able to offer limited assurance in relation to the areas reviewed and the effectiveness of 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.	Limited Assurance - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
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.	No Assurance - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Since April 2013, Internal Audit has worked to a single set of overall standards, the Public Sector Internal Audit Standards (PSIAS). Given that the standards are now consistent across the public sector, it makes sense that there is also a common standard of how best to report the overall assurance results of each individual piece of internal audit work.

CMAP has adopted the CIPFA standard definitions for all audits completed in 2020/21. The most notable change is that the CMAP "Comprehensive assurance" rating will be replaced by "Substantial assurance", while the "None" assurance rating will be re-termed as "No assurance". The narrative definitions that support each rating have been changed to the CIPFA definition, which we believe gives more clarity.