



F B McArdle,
Chief Executive,
South Derbyshire District Council,
Civic Offices, Civic Way,
Swadlincote, Derbyshire DE11 0AH.

www.southderbyshire.gov.uk

@SDDC on Twitter

Please ask for Democratic Services

Phone (01283) 595722 / 595848

Typetalk 18001

DX 23912 Swadlincote

democraticservices@southderbyshire.gov.uk

Our Ref: DS

Your Ref:

Date: 10 September 2019

Dear Councillor,

Audit-Sub Committee

A Meeting of the **Audit-Sub Committee** will be held in the **Council Chamber**, on **Wednesday, 18 September 2019 at 16:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Conservative Group**

Councillor Whittenham (Chairman), Councillor Atkin (Vice-Chairman) and Councillor Churchill

Labour Group

Councillors Dunn and Shepherd

AGENDA

Open to Public and Press

- 1 Apologies.
- 2 To receive the Open Minutes of the following Meeting:

Audit Sub-Committee Open Minutes 24th July 2019 **3 - 6**
- 3 To note any declarations of interest arising from any items on the Agenda
- 4 To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 5 To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 6 INTERNAL AUDIT PROGRESS REPORT **7 - 21**
- 7 COMMITTEE WORK PROGRAMME **22 - 25**

Exclusion of the Public and Press:

- 8 The Chairman may therefore move:-
That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.
- 9 To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.

AUDIT SUB-COMMITTEE

24th July 2019

PRESENT:-

Conservative Group

Councillor Atkin (Vice-Chairman) and Councillor Churchill

Labour Group

Councillor Dunn and Shepherd

In Attendance

Councillor Roberts

AS/14 **APOLOGIES**

Apologies were received from Councillor Whittenham (Chairman).

AS/15 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/16 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/17 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED TO SUB-COMMITTEE

AS/18 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report to the Sub-Committee, detailing the completed audit assignments within the period. The Internal Auditor noted two audit assignments had been completed; the Rosliston Forestry Centre 2018-2019 audit received a comprehensive assurance rating with three low risks recommendations and the Housing Safety Inspections received a limited assurance rating with fourteen recommendations, one of which was rated as a significant risk.

Councillor Churchill raised queries relating to the Housing Safety Inspection regarding asbestos management, particularly within communal areas, asbestos classification and if the Department had sufficient resources to address the identified risks. The Head of Housing addressed the queries, noting there were different types of asbestos which have to be dealt with properly. He explained a new contractor had been procured to deal with this and all asbestos related issues were managed through a portal, although he advised additional investment in ICT would need to be made and this was under review. He further noted efforts were being made to review how large contracts were managed.

Councillor Dunn queried, in relation to one of the low risk recommendations identified, if unqualified staff members were able to sign off electrical inspections. The Head of Housing noted that was not happening as additional requirements within the process, such as electrical certificates, were mandatory for inspections to be signed off.

Councillor Shepherd requested a copy of the completed Corporate Governance 2018/19 report to learn of the auditor's determination for not bringing the governance concern relating to The Infinity Garden Village decision to the Sub-Committee. The Internal Auditor noted the request, highlighting the scope of the audit was to review the Annual Governance Statement's content in line with the latest standards and how best to present the information to the public; The Infinity Garden Village was not part of the audit's scope.

The Strategic Director (Corporate Resources) informed the Sub-Committee investigations had been completed by the Monitoring Officer and the Chief Executive into The Infinity Garden Village as a potential governance issue and that a confidential report had been issued to relevant Members. He directed the Member to the Monitoring Officer and Chief Executive regarding any lingering concerns related to the investigation.

The Chairman requested clarification on the actions being taken to address the significant risk identified in the Housing Safety Inspections audit. The Head of Housing advised the Sub-Committee a specialist contractor was required for the work to be completed, which has now been procured, and associated work would be progressed over the remainder of the year.

The Chairman further requested clarification regarding PCI compliance. The Strategic Director (Corporate Resources) informed the Sub-Committee PCI compliance related to the required process around taking payments over the telephone in order to prevent fraud; he noted there are controls in place to mitigate the opportunities for fraud.

The Chairman thanked the Internal Auditors for the work completed.

RESOLVED:-

The Sub-Committee considered the report of the Audit Manager and any issues identified be referred to the Finance and Management Committee or subject to a follow-up report as appropriate.

AS/19 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) informed Members Audit training would be made available to Sub-Committee Members on Wednesday, 18th September 2019 at 2.30pm prior to the next Audit Sub-Committee. Councillor Dunn requested the training is made available to all Council Members.

The Strategic Director (Corporate Resources) further informed Members a special Audit Sub-Committee has been arranged for Thursday, 28th November 2019 at 2pm to consider the External Auditor's report titled 'Audit Results Report (ISA 260) for the year ending 31st March 2019,' prior to the Finance and Management Committee in the evening.

The External Auditor updated the Sub-Committee on the recruitment process, noting it was a very challenging situation, but he felt confident the audit would be able to commence in early October.

RESOLVED:-

Members considered and approved the updated work programme.

AS/20 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 5.00pm.

COUNCILLOR N ATKIN

VICE - CHAIRMAN

| | | |
|--------------------------------|---|--|
| REPORT TO: | AUDIT SUB-COMMITTEE | AGENDA ITEM: 6 |
| DATE OF MEETING: | 18 SEPTEMBER 2019 | CATEGORY: RECOMMENDED |
| REPORT FROM: | AUDIT MANAGER | OPEN |
| MEMBERS' CONTACT POINT: | ADRIAN MANIFOLD (01332 643281) adrian.manifold@centralmidlandsaudit.co.uk | DOC: u/ks/audit/internal audit/quarterly reports/quarterly report cover |
| SUBJECT: | INTERNAL AUDIT PROGRESS REPORT | REF: |
| WARD(S) AFFECTED: | ALL | TERMS OF REFERENCE: AS 02 |

1.0 Recommendations

- 1.1 That the report of the Audit Manager is considered and any issues identified are referred to the Finance and Management Committee or subject to a follow-up report as appropriate.

2.0 Purpose of Report

- 2.1 To provide an update on progress against the approved Internal Audit Plan. This details the performance and activity of Internal Audit as at 30 August 2019.

3.0 Detail

- 3.1 The detailed report is attached.

4.0 Financial Implications

- 4.1 None.

5.0 Corporate Implications

- 5.1 None directly.

6.0 Community Implications

- 6.1 None directly.

7.0 Background Papers

- 7.1 None

South Derbyshire District Council – Audit Progress Report

Audit Sub-Committee: 18th September 2019



South Derbyshire
District Council



Contents

Page

| | |
|-------------------------|---|
| AUDIT DASHBOARD | 3 |
| AUDIT PLAN | 4 |
| AUDIT COVERAGE | 5 |
| RECOMMENDATION TRACKING | 8 |

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.

Contacts

Richard Boneham CPFA
Head of Internal Audit (DCC) &
Head of Audit Partnership
c/o Derby City Council
Council House
Corporation Street
Derby, DE1 2FS
Tel. 01332 643280
richard.boneham@derby.gov.uk

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

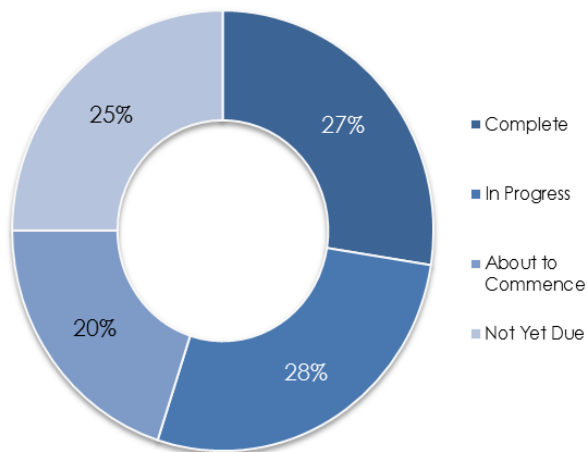
Mandy Marples CPFA, CCIP
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643282
mandy.marples@centralmidlandsaudit.co.uk



South Derbyshire District Council – Audit Progress Report

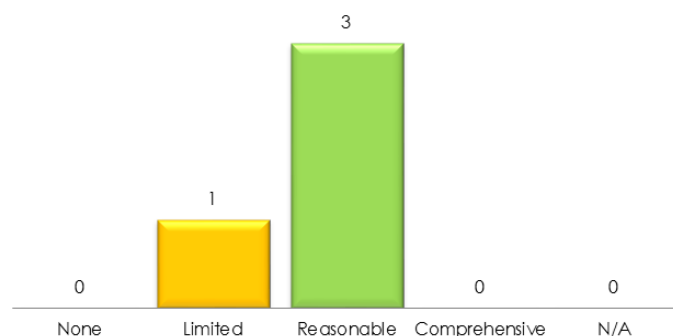
AUDIT DASHBOARD

Plan Progress



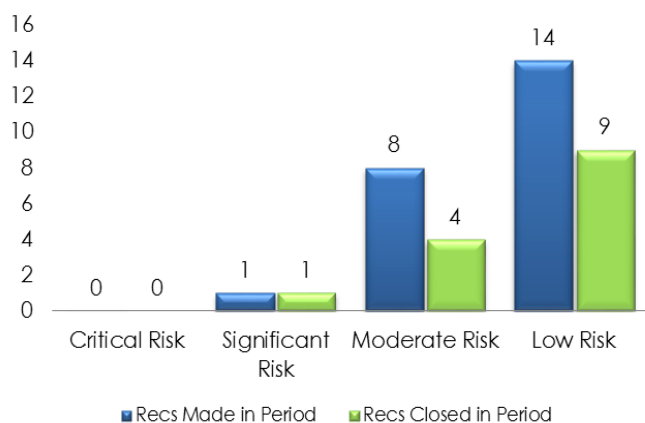
Jobs Completed in Period

Control Assurance Ratings During Period



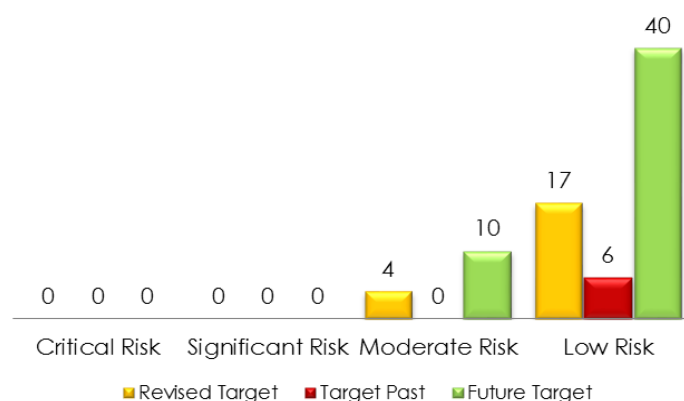
Recommendations

Movement During Period



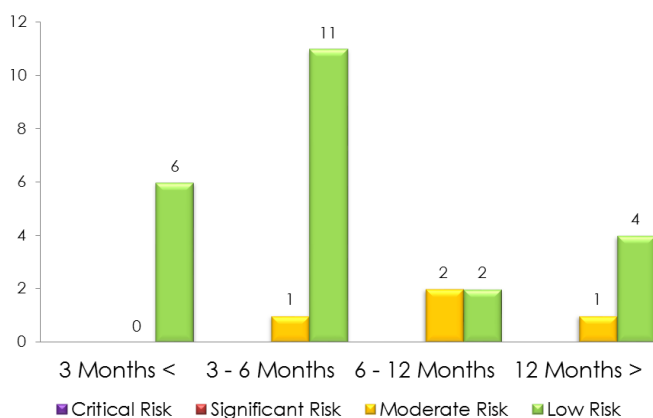
Recommendations

Recommendations Currently Open



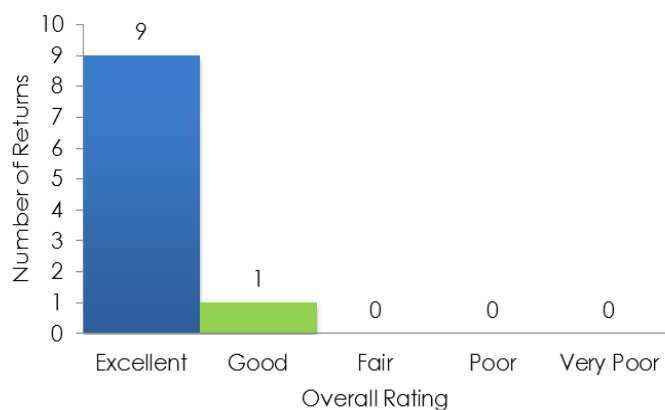
Recommendations

Overdue Recommendations



Customer Satisfaction

Returns Between Sep 18 & Aug 19



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 30th August 2019.

| 2019-20 Jobs | Status | % Complete | Assurance Rating |
|--|--------------------|------------|------------------|
| Significant Contracts | Allocated | | |
| Main Accounting System 2019-20 | Not Allocated | | |
| Treasury Management 2019-20 | Not Allocated | | |
| Banking Services 2019-20 | In Progress | 50% | |
| Payroll 2019-20 | Not Allocated | | |
| Officers Expenses & Allowances 2019-20 | Draft Report | 95% | |
| Creditors 2019-20 | Not Allocated | | |
| Fixed Assets 2019-20 | In Progress | 55% | |
| Revenues Systems 2019-20 | Not Allocated | | |
| Cashiering 2019-20 | Fieldwork Complete | 80% | |
| Housing Benefit & Council Tax Support 2019-20 | Not Allocated | | |
| Anti-Fraud & Corruption 2019-20 | Allocated | 20% | |
| Personal Data Checks | Allocated | 10% | |
| IT Project Advice | Allocated | | |
| Project Management | Allocated | | |
| Business Change & Transformation | Allocated | | |
| Data Quality & Perf. Management 2019-20 | Draft Report | 95% | |
| Rent Accounting 2019-20 | Final Report | 100% | Reasonable |
| Former Tenants Arrears 2019-20 | Allocated | 5% | |
| Council House Sales - Right To Buy 2019-20 | In Progress | 75% | |
| Grounds Maintenance | Not Allocated | | |
| Improvement Grants (Disabled Facilities Grant) | Not Allocated | | |
| Bereavement Services 2019-20 | Not Allocated | | |
| Electoral Services 2019-20 | Allocated | | |
| Economic Development 2019-20 | Not Allocated | | |

| B/Fwd Jobs | Status | % Complete | Assurance Rating |
|---|--------------|------------|------------------|
| Information Governance | Draft Report | 95% | |
| Capital Programme | In Progress | 75% | |
| Payroll 2018-19 | Final Report | 100% | Reasonable |
| Creditors 2018-19 | Final Report | 100% | Reasonable |
| Revenue Systems 2018-19 | Final Report | 100% | Comprehensive |
| Housing Benefit & Council Tax Support 2018-19 | Final Report | 100% | Comprehensive |
| File Server Security | Final Report | 100% | Reasonable |
| Development Control | In Progress | 60% | |
| Food Safety 2018-19 | Final Report | 100% | Reasonable |
| Active Communities & Health | In Progress | 40% | |
| Rosliston Forestry Centre | Final Report | 100% | Comprehensive |
| Maintenance of Public Buildings | Final Report | 100% | Limited |
| Housing Safety Inspections | Final Report | 100% | Limited |
| Community Safety Partnership 2018-19 | In Progress | 75% | |
| Corporate Governance 2018-19 | Final Report | 100% | Reasonable |

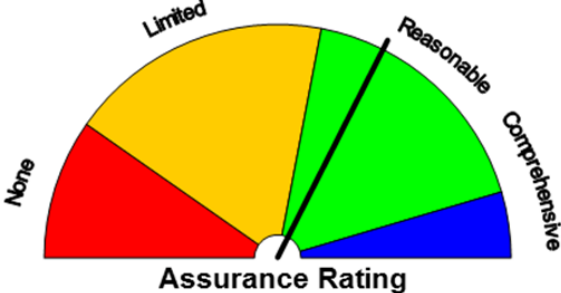
South Derbyshire District Council – Audit Progress Report

AUDIT COVERAGE

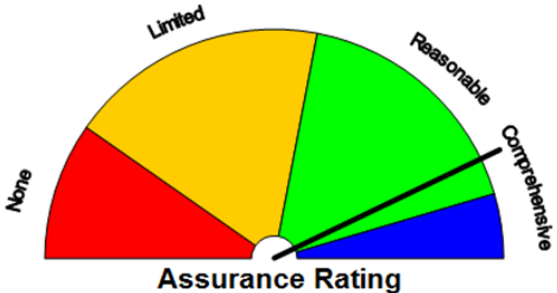
Completed Audit Assignments

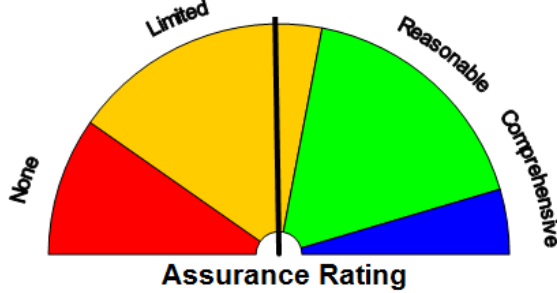
Between 17th July 2019 and 6th September 2019, the following audit assignments have been finalised since the last Progress Report was presented to this Sub-Committee.

| Audit Assignments Completed in Period | Assurance Rating | Recommendations Made | | | | % Recs Closed |
|---------------------------------------|------------------|----------------------|------------------|---------------|----------|---------------|
| | | Critical Risk | Significant Risk | Moderate Risk | Low Risk | |
| Payroll 2018-19 | Reasonable | | 1 | 2 | 1 | 50% |
| Rent Accounting 2019-20 | Reasonable | | | 1 | 3 | 0% |
| Maintenance of Public Buildings | Limited | | | 4 | 5 | 22% |
| Corporate Governance 2018-19 | Reasonable | | | 1 | 5 | 50% |

| Payroll 2018-19 | |  | | | |
|--|--------------------|---|-----------------------------|---------------|--|
| Control Objectives Examined | Controls Evaluated | Adequate Controls | Partial Controls | Weak Controls | |
| Permanent changes to the payroll, within the approved establishment, were only being actioned following the receipt of an appropriately authorised instruction. | 6 | 4 | 1 | 1 | |
| Payroll payment runs were only completed after being checked and appropriately authorised. | 4 | 2 | 2 | 0 | |
| Statutory returns to HMRC were being made as required. | 4 | 4 | 0 | 0 | |
| TOTALS | 14 | 10 | 3 | 1 | |
| Summary of Weakness | | Risk Rating | Agreed Action Date | | |
| 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. | | Moderate Risk | 01/10/2019 Future Action | | |
| Access rights on the Resource Link system did not enforce separation of duties between officers maintaining personnel / establishment records and officers processing the payroll. | | Significant Risk | Implemented | | |
| We found that the Council had insufficient resilience in the BACS payment process to ensure that there was someone available who could access the BACS system at all times. | | Moderate Risk | Implemented | | |
| We found that there was no control in place for the independent comparison of BACS payment confirmation reports to the BACS payment requests. | | Low Risk | 01/10/2019 Future Action | | |

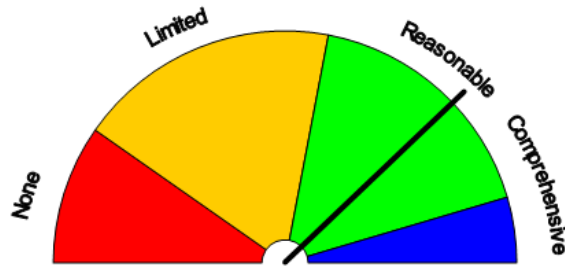
South Derbyshire District Council – Audit Progress Report

| Rent Accounting 2019-20 |  | | | |
|---|--|-------------------|-----------------------------|---------------|
| Control Objectives Examined | Controls Evaluated | Adequate Controls | Partial Controls | Weak Controls |
| The annual rental increase has been accurately applied to tenants rent accounts and is in accordance with approved policy. | 8 | 6 | 2 | 0 |
| Regular reconciliations are undertaken between the Councils housing system and other relevant systems, and issues identified are promptly remedied. | 4 | 1 | 3 | 0 |
| TOTALS | 12 | 7 | 5 | 0 |
| Summary of Weakness | | Risk Rating | Agreed Action Date | |
| Procedures had not been reviewed since 2011, and they omitted the annual rental change process. | | Low Risk | 31/10/2019 Future Action | |
| Checks, reconciliations and movements were not being consistently signed and dated by the preparer, or checked by a Senior Officer. | | Low Risk | 31/12/2019 Future Action | |
| The interface file between the Housing Benefits system (Academy) and the Housing system (Orchard) was being manually manipulated to ensure that data being transferred was as accurate as practicably possible. | | Moderate Risk | 31/12/2019 Future Action | |
| Historical suspense account postings had not been investigated and appropriately cleared. | | Low Risk | 30/09/2019 Future Action | |

| Maintenance of Public Buildings |  | | | |
|--|--|-------------------|-----------------------------|---------------|
| Control Objectives Examined | Controls Evaluated | Adequate Controls | Partial Controls | Weak Controls |
| A comprehensive and budgeted programme of planned maintenance is in place. | 10 | 3 | 2 | 5 |
| Responsive repair work is properly procured and documented. | 4 | 0 | 0 | 4 |
| TOTALS | 14 | 3 | 2 | 9 |
| Summary of Weakness | | Risk Rating | Agreed Action Date | |
| The Corporate Asset Management Plan only covered the period 2012-2017 and was therefore out-of-date. | | Low Risk | 31/07/2020 Future Action | |
| The Council did not have a good understanding of the condition of its Public Buildings because stock condition surveys were out-of-date and there was no formal programme of site inspections. | | Moderate Risk | 31/07/2020 Future Action | |
| There was no programme of planned maintenance in place for Public Buildings and the available budget was therefore not aligned with known cyclical maintenance activities or | | Moderate Risk | 31/07/2020 Future Action | |

South Derbyshire District Council – Audit Progress Report

| | | |
|---|---------------|-----------------------------|
| maintenance planned. | | |
| There was no system in place to ensure that statutory compliance activities were being undertaken, as a result of this Fire Risk Assessments were not up-to-date for all Public Buildings. | Moderate Risk | 31/07/2020 Future Action |
| There was no system in place to monitor tenants' compliance with Health and Safety legislation, where such issues were identified to be the responsibility of the tenants in the respective leases. | Low Risk | Risk Accepted |
| Suitable repair logs were not being maintained for responsive repairs, to record ongoing issues with the building(s). | Low Risk | 31/07/2020 Future Action |
| There was no clear structure to the storage of data, pertaining to procurement of works for Public Buildings and Health and Safety compliance activities for Public Buildings. | Low Risk | 31/01/2020 Future Action |
| There was no clear process or policy for the reporting or completing of repairs at the Civic Offices. | Low Risk | 31/12/2019 Future Action |
| Repairs and maintenance work was not being procured in line with the Council's Contract Procedure Rules and could be non-compliant with Procurement Regulations. | Moderate Risk | 20/08/2019 Implemented |

| Corporate Governance 2018-19 | |  <p>Assurance Rating</p> | | |
|--|--------------------|---|-----------------------------|---------------|
| Control Objectives Examined | Controls Evaluated | Adequate Controls | Partial Controls | Weak Controls |
| The Local Code of Governance is adequate | 9 | 6 | 1 | 2 |
| The Annual Governance Statement is fit for purpose | 11 | 2 | 5 | 4 |
| Members are adequately informed and sufficiently trained in order to promote and agree on Governance matters. | 4 | 1 | 2 | 1 |
| TOTALS | 24 | 9 | 8 | 7 |
| Summary of Weakness | | Risk Rating | Agreed Action Date | |
| Different versions of the Local Code of Governance and the Annual Governance Statement existed on the Council's website and search results on both the website and intranet failed to locate the latest documents. | | Low Risk | Implemented | |
| The Members' Code of Conduct had not been reviewed since 2014, and was found to be out-of-date. | | Low Risk | 31/12/2020 Future Action | |
| The Annual Governance Statement 2017/18 made general references to issues raised by Internal Audit in the Annual Audit Opinion, amongst others. However, these issues were not clearly detailed in the appended Work Plan for 2018/19 and the issues that had been raised, had not been subject to a risk assessment to identify their significance. | | Low Risk | Implemented | |
| The Annual Governance Statement did not provide an overall Opinion and contained a lot of detail on the Governance arrangements in place, rather than the outcomes and effectiveness of those arrangements. Furthermore, the outcomes were not directly aligned to the key principles of governance. | | Moderate Risk | Implemented | |
| Members had not received training or guidance specific to the creation and content of the Annual Governance Statement and training records on the Council's Committee Management Information System (CMIS) had not been updated with details of mandatory training undertaken. | | Low Risk | 30/09/2019 Future Action | |
| Annual Reports produced by the Overview & Scrutiny Committee had not been clearly signposted from the Council's Committee Management Information System (CMIS) so they could be readily located. | | Low Risk | 31/10/2019 Future Action | |

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 |
| 29-Aug-19 | Corporate Governance 2018-19 | Reasonable | | | 3 |
| 21-Aug-19 | Maintenance of Public Buildings | Limited | | | 7 |
| 24-Jul-19 | Rent Accounting 2019-20 | Reasonable | | | 4 |
| 23-Jul-19 | Payroll 2018-19 | Reasonable | | | 2 |
| 03-Jul-19 | Housing Safety Inspections | Limited | 1 | | 6 |
| 25-Jun-19 | Rosliston Forestry Centre 2018-19 | Comprehensive | | | |
| 16-May-19 | Housing Ben & CTax Support 2018-19 | Comprehensive | | | 2 |
| 16-May-19 | Food Safety 2018-19 | Reasonable | | | 1 |
| 08-May-19 | Creditors 2018-19 | Reasonable | | | 2 |
| 16-Apr-19 | Revenue Systems 2018-19 | Comprehensive | | | 4 |
| 08-Apr-19 | File Server Security | Reasonable | | | 2 |
| 31-Mar-19 | Orchard IT Application | Limited | 2 | 1 | 10 |
| 26-Mar-19 | Fleet Management | Reasonable | 1 | | 3 |
| 14-Feb-19 | Allocations & Homelessness 2018-19 | Reasonable | 1 | 2 | |
| 12-Feb-19 | PCI Compliance 2018-19 | Reasonable | | 5 | 1 |
| 25-Jan-19 | Section 106 Agreements 2018-19 | Reasonable | | 2 | |
| 10-Jan-19 | Health & Safety | Reasonable | | | 2 |
| 19-Dec-18 | Sheltered Housing / Careline | Reasonable | 1 | 1 | 1 |
| 18-May-18 | Sharpes Pottery | Comprehensive | | 1 | |
| 25-Apr-18 | Organisational Culture & Ethics | 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 | |
| 06-Jun-17 | Leisure Centres 2016-17 | Reasonable | | 1 | |
| | | TOTALS | 6 | 21 | 50 |

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 |
| Maintenance of Public Buildings | | | | | | |
| Housing Safety Inspections | | | 1 | | | |
| Rosliston Forestry Centre 2018-19 | | | | | | |
| Food Safety 2018-19 | | | | | | |
| Orchard IT Application | | | 2 | | | 1 |
| Fleet Management | | | 1 | | | |
| Allocations & Homelessness 2018-19 | | | 1 | | | 2 |
| PCI Compliance 2018-19 | | | | | 1 | 4 |
| Section 106 Agreements 2018-19 | | | | | | 2 |
| Sheltered Housing / Careline | | | 1 | | | 1 |
| Sharpes Pottery | | | | | | 1 |
| Organisational Culture & Ethics | | | | | 1 | |
| Tenants Arrears 2017-18 | | | | | | 3 |
| Rent Accounting 2017-18 | | | | | | 1 |
| Officers Expenses & Allowances | | | | | 1 | |
| Parks & Open Spaces | | | | | | 2 |
| Leisure Centres 2016-17 | | | | | 1 | |
| TOTALS | | | 6 | | 4 | 17 |

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 |
| <p>Following further investigation a PCI Compliance Self-assessment is in progress to validate current compliance status, as it now appears that fees referred to in report were not for non-compliance, but related to a separate monthly contractual payment card service cost.</p> <p>The Council are looking to implement 'call secure' which will ensure telephone payments taken via paye.net are handled securely however as the position of Head of Customer Services is currently vacant, we request that the implementation dates for the outstanding recommendation be extended to the end of October 2019, as it is expected that the post will be filled within the next 3 months.</p> | 01/11/2019 |

| 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 |
| There is a restructure report tabled to Members at the Finance and Management Committee this week. Following the outcome of that, the post to drive this matter forward will be identified. Management therefore propose to delay this | 30/09/2019 |

South Derbyshire District Council – Audit Progress Report

recommendation until 30th September 2019.

| Leisure Centres | Rec No. 2 |
|---|---------------|
| Summary of Weakness / Recommendation | Risk Rating |
| <p>The Council had not undertaken inspections on the exterior fabric of the building as per the contract summary of maintenance responsibilities.</p> <p>We recommend that the Council fulfil its obligations in respect of those areas which it has responsibility for maintaining. Inspections should be undertaken on a regular basis, in accordance with any relevant legislation and properly documented.</p> | Moderate Risk |
| Management Response/Action Details | Action Date |
| Programme of inspections to be agreed with Building Maintenance Officer | 01/10/2017 |
| Status Update Comments | Revised Date |
| <p>Our public building officer resigned several months ago and has not been replaced pending both a housing services and Council wide restructure. Once responsibility for this area of work is identified in the final structure and someone in post we will be able to commence the required inspections. Given the uncertainty suggest a revised compliance date of 31st January 2018</p> <p>The long term future of the Public Building Officer post has still not been settled and an interim arrangement has recently been implemented with a temporary 6 month appointment. Suggest a revised date of the end of September 2018.</p> <p>Request made to interim public buildings officer to assist. Answer pending. Anticipate should be able to close out by 31st December 2018.</p> <p>Responsibilities are being addressed but not in the systematic way required. The Public Building Officer situation has still not been properly resolved and capacity issues has meant he hasn't had time to devote to this issue. Suggest a revised date of 31st March 2019 and will pursue support with him and other colleagues.</p> <p>A temporary appointment has been made to the Public Buildings Officer role who is tasked with undertaking the requisite inspections. A meeting has been held with the new estates team. A summary of actions confirms that a programme of inspections has been agreed. Plans are in place to complete the first inspection by Friday the 27th September</p> | 15/10/2019 |

| 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 |
| 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 30 th September 2019. | 30/09/2018 |
| Status Update Comments | Revised Date |
| The Head of Organisational Development advised that the date for this has action has now been moved to 31/03/2020 as part of a wider corporate approach being considered by the Council. | 31/03/2020 |

South Derbyshire District Council – Audit Progress Report

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. 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 |
| Workflows completed for secure and introductory tenancies, letters still to be finalised. Next step in Project is to review workflows for temporary accommodation, licenses and garages (review letters thereafter). Then any unused codes will be deleted. System Procedure manuals to be reviewed to reflect new workflows thereafter. | 30/09/2019 |

| Rent Accounting 2017-18 | Rec No. 3 |
|---|--------------|
| Summary of Weakness / Recommendation | Risk Rating |
| <p>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.</p> <p>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.</p> | Low Risk |
| 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. A decision concerning the implementation of the interface by March 2020 will be taken shortly, so that the Council is able to address both matters together. | 01/04/2020 |

South Derbyshire District Council – Audit Progress Report

| 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 |
| <p>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.</p> | |
| 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 | 31/07/2019 |
| <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> | |

| Parks & Open Spaces | Rec No. 7 |
|---|--------------|
| Summary of Weakness / Recommendation | Risk Rating |
| 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. | Low Risk |
| <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> | |
| Management Response/Action Details | Action Date |
| Review of signage to be undertaken. New signage to be designed and approved. New signs to be installed on all Council operated play areas – NOTE: subject to budget/cost constraints | 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 | 31/07/2019 |

South Derbyshire District Council – Audit Progress Report

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.

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.

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.

| | | |
|--------------------------------|--|------------------------------|
| REPORT TO: | AUDIT SUB-COMMITTEE | AGENDA ITEM: 7 |
| DATE OF MEETING: | 18th September 2019 | CATEGORY: DELEGATED |
| REPORT FROM: | STRATEGIC DIRECTOR (CORPORATE RESOURCES) | OPEN |
| MEMBERS' CONTACT POINT: | KEVIN STACKHOUSE (01283 595811) Kevin.Stackhouse@southderbyshire.gov.uk | DOC: |
| SUBJECT: | COMMITTEE WORK PROGRAMME | REF: |
| WARD(S) AFFECTED: | ALL | TERMS OF REFERENCE: G |

1.0 Recommendations

1.1 That the Committee considers and approves the updated work programme.

2.0 Purpose of Report

2.1 The Committee is asked to consider the updated work programme.

3.0 Detail

3.1 Attached at Annexe 'A' is an updated work programme document. The Committee is asked to consider and review the content of this document.

4.0 Financial Implications

4.1 None arising directly from this report.

5.0 Background Papers

5.1 Work Programme.

Audit Sub-Committee: Work Programme 2019/20

| Work Programme Area | Date of Committee meetings | Contact Officer (Contact details) |
|--|----------------------------|---|
| Reports Previously Considered By Committee | | |
| Local Government Audit Committee Briefing | 29 May 2019 | Jason Burgess (Assistant Manager) EY Jburgess3@uk.ey.co |
| Internal Audit Progress Report | 29 May 2019 | Adrian Manifold (Audit Manager) Adrian.manifold@centralmidlandsaudit.co.uk |
| Internal Audit Annual Report 2018/19 | 29 May 2019 | Adrian Manifold (Audit Manager) Adrian.manifold@centralmidlandsaudit.co.uk |
| Local Code of Corporate Governance Review 2019/20 | 29 May 2019 | Ardip Kaur (Head of Legal and Democratic Services) Ardip.kaur@south-derbys.gov.uk |
| Annual Governance Statement 2018/19 | 29 May 2019 | Ardip Kaur (Head of Legal and Democratic Services) Ardip.kaur@southderbyshire.gov.uk |
| Anti-Fraud and Corruption Plan 2019/20 | 29 May 2019 | Kevin Stackhouse (Strategic Director Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk |
| Audit Results Report (ISA 260) for the year ending 31 st March 2019 (Note: This report has been deferred to later in the year as notified to the Committee on 29 May 2019) | 24 July 2019 | Jason Burgess (Assistant Manager) EY Jburgess3@uk.ey.co |

| | | |
|--|-------------------------------|---|
| Internal Audit Progress Report | 24 July 2019 | Adrian Manifold (Audit Manager) Adrian.manifold@centralmidlandsaudit.co.uk |
| Internal Audit Progress Report | 18 September 2019 | Adrian Manifold (Audit Manager) Adrian.manifold@centralmidlandsaudit.co.uk |
| External Audit Report for the Year Ending | 28 November 2019 (Special) | Jason Burgess (Assistant Manager) EY Jburgess3@uk.ey.co |
| Local Government Audit Committee Briefing | 11 December 2019 | Jason Burgess (Assistant Manager) EY Jburgess3@uk.ey.co |
| Internal Audit Progress Report | 11 December 2019 | Adrian Manifold (Audit Manager) Adrian.manifold@centralmidlandsaudit.co.uk |
| Local Code of Corporate Governance Review 2019/20 | 11 December 2019 | Ardip Kaur (Head of Legal and Democratic Services) Ardip.kaur@southderbyshire.gov.uk |
| Local Government Audit Committee Briefing | 19 March 2020 | Jason Burgess (Assistant Manager) EY Jburgess3@uk.ey.co |
| Internal Audit Progress Report | 19 March 2020 | Adrian Manifold (Audit Manager) Adrian.manifold@centralmidlandsaudit.co.uk |

| | | |
|--|---------------|---|
| Certification of Claims and Returns Report 2018/19 | 19 March 2020 | Jason Burgess (Assistant Manager) EY Jburgess3@uk.ey.co |
| External Audit Planning Report for the year ending 31 st March 2020 | 19 March 2020 | Jason Burgess (Assistant Manager) EY Jburgess3@uk.ey.co |
| Internal Audit Plan 2019/20 and Audit Charter | 19 March 2020 | Adrian Manifold (Audit Manager) Adrian.manifold@centralmidlandsaudit.co.uk |