



South Derbyshire District Council – Internal Audit Progress Report

Audit Sub-Committee: 18th June 2014



Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

Contacts

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

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

Contents

Page

Summary	3
Audit Coverage	4
Audit Performance	11
Recommendation Tracking	14



South Derbyshire District Council – Internal Audit Progress Report

Summary

Role of Internal Audit

The Internal Audit Service for South Derbyshire District Council is provided by the Central Midlands Audit Partnership (CMAP). The Partnership operates in accordance with standards of best practice applicable to Internal Audit (in particular, the Public Sector Internal Audit Standards – PSIAS). CMAP also adheres to the Internal Audit Charter.

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

Recommendation Ranking

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

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

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

Control Assurance Definitions

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

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

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

South Derbyshire District Council – Internal Audit Progress Report

Audit Coverage

Progress on Audit Assignments

The following table provide Audit Sub-Committee with information on how audit assignments were progressing as at 31st May 2014.

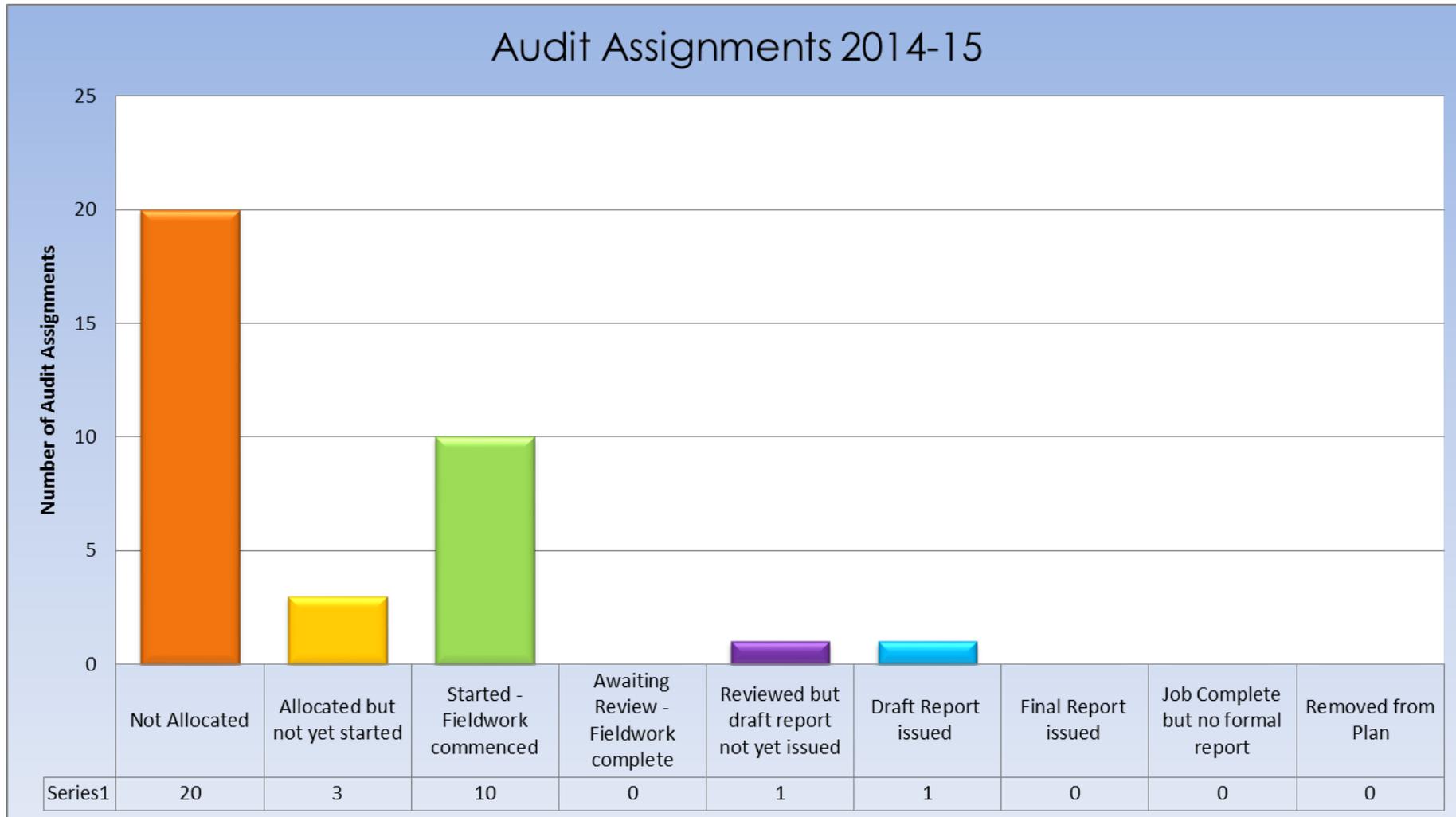
2014-15 Audit Plan Assignments	Type of Audit	Current Status	% Complete
PCI Compliance	Governance Review	In Progress	15%
Partnership Governance	Governance Review	In Progress	20%
Community Safety Partnership	Systems/Risk Audit	In Progress	60%
Housing Repairs (Planned & Responsive Maintenance)	Systems/Risk Audit	Allocated	10%
Fleet Management	Systems/Risk Audit	Allocated	0%
Improvement Grants (Energy, Disabled Facilities etc.)	Systems/Risk Audit	In Progress	25%
Pollution Control	Systems/Risk Audit	In Progress	60%
Food Safety	Systems/Risk Audit	In Progress	60%
Licensing	Systems/Risk Audit	In Progress	25%
B/Fwd - Creditors / Debtors 2013-14	Key Financial System	In Progress	75%
B/Fwd - Orchard IT Security	IT Audit	In Progress	75%
B/Fwd - Data Protection & Freedom of Information	Governance Review	In Progress	75%
B/Fwd - Business Continuity & Emergency Planning	Governance Review	Allocated	10%
B/Fwd - Tenants Arrears	Systems/Risk Audit	Draft Report	95%
B/Fwd - Service Contracts	Procurement/Contract Audit	Reviewed	90%

Another twenty planned assignments (not shown above) have not been allocated yet.

South Derbyshire District Council – Internal Audit Progress Report

Audit Coverage

Progress on Audit Assignments Chart



South Derbyshire District Council – Internal Audit Progress Report

Audit Coverage

Completed Audit Assignments

Between 1st February 2014 and 31st May 2014, the following audit assignments have been finalised since the last Progress Report was presented to this Committee:

- Main Accounting System 2013-14
- Treasury Management / Insurance 2013-14
- Council Tax / NNDR / Cashiering
- Housing & Council Tax Benefit 2013-14
- Virtualisation Management
- Data Quality 2013-14
- Rent Accounting 2013-14
- Email & Internet Services Healthcheck

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

Main Accounting System 2013-14

Overall Control Assurance Rating: **Comprehensive**

This audit focused on reviewing key controls in relation to the main accounting system which included the year end procedures and that key reconciliations were carried out on a regular basis, reconciling items were cleared and the reconciliation was subject to independent review. Also the audit sought to ensure that there was a robust system in place which allowed revenue budget monitoring to take place effectively and on a regular basis.

From the 25 key controls evaluated in this audit review, 20 were considered to provide adequate control and 5 contained partial weaknesses. The report contained 3 recommendations, all 3 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- Although the suspense account was regularly investigated there were a number of transactions from April 2013 that had not been resolved. (Low Risk)
- The reconciliation log did not clearly identify the officers responsible for performing and checking the control and balance sheet account reconciliations had been completed. (Low Risk)
- There were no formally recorded procedure notes that provided a guideline to the reconciliation process. (Low Risk)

All 3 of the control issues raised within this report were accepted and positive action had already been taken to address all 3 of the issues by the conclusion of the audit.

Treasury Management / Insurance 2013-14

Overall Control Assurance Rating: **Comprehensive**

This audit focused on investments, borrowing and the Council's management and monitoring arrangements for Treasury Management during 2013/14. The Council did not undertake any temporary borrowings during 2012/13 due to high levels of reserves and capital receipts. Therefore no detailed testing was performed on temporary borrowings during this audit. The audit also focused on the Council's insurance arrangements during the same period, the policies in place, the claims made and the premiums recharged.

From the 46 key controls evaluated in this audit review, 41 were considered to provide adequate control and 5 contained weaknesses. The report contained 5 recommendations, all 5 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- Investment records had not been updated to identify the officer processing chaps payments and in one case the officer

South Derbyshire District Council – Internal Audit Progress Report

authorising the transaction, leaving the Council without proof that separation of duties had been maintained. (Low Risk)

- There were instances where figures quoted on quarterly budget monitoring reports to Members were inaccurate. (Low Risk)
- The officer dealing with insurance matters had not received formal training in insurance and was lacking in expertise. (Low Risk)
- The “claims database” spread sheet had not been checked against the claims still classed as open by the insurers. (Low Risk)
- There was no regular following-up on claims submitted to the insurers. (Low Risk)

All 5 issues made within this report were accepted and action had already been taken to address 2 of the issues at the time of issuing the final report. A further 2 issues were agreed to be addressed by the end of August 2014, with the 1 remaining action to be taken by 1st February 2015.

Council Tax / NNDR / Cashiering 2013-14

Overall Control Assurance Rating: **Reasonable**

This audit focused on a number of elements within Council Tax, Non-Domestic Rates (NDR) and Cashiering, in order to give assurance to South Derbyshire District Council that these key systems were operating effectively and correctly.

From the 80 key controls evaluated in this audit review, 69 were considered to provide adequate control and 11 contained weaknesses. The report contained 11 recommendations, 10 of which were considered a low risk and 1 a moderate risk. The following issues were considered to be the key control weaknesses:

- The Council Tax System was not always updated promptly on receipt of Valuation list update schedules from the Valuation Office. (Low Risk)
- When a Council Tax account was found to be corrupted during the annual billing process, it was not rectified promptly. (Low Risk)

- The error reports and zero liability bills highlighted by the Council Tax billing runs had not been corrected. (Low Risk)
- Where Council Tax documents were returned by the Post Office marked 'gone away', the records relating to the post were not always dealt with appropriately. (Low Risk)
- The process of awarding Council Tax discounts and disregards was not being sufficiently scrutinised and a number of processing errors were found. (Low Risk)
- There had been no Disabled Banding Reduction reviews carried out in the recent past. (Low Risk)
- An incorrect payment method was annotated on two customers' accounts in relation to two bailiff payments. (Low Risk)
- Useful additional information provided with liability amendments to NDR customers' accounts was not being fully recorded on the system. (Low Risk)
- There was not a follow-up process for outstanding NDR VOA notifications. (Moderate Risk)
- The updating of NDR accounts for VO updates was not always completed promptly on receipt of the VOA schedule. (Low Risk)
- When the reason for a known over-banking was identified and the corresponding correction led to an under-banking, the correction of the customer's account was delayed as Northgate believed the decision should be made by the Council. (Low Risk)

All 11 issues made within this report were accepted and action had already been taken to address 1 of the issues at the time of issuing the final report. A further 3 issues were agreed to be addressed with immediate effect, 2 by the end of March 2014, 1 by 1st April 2014, 1 by 31st May 2014, 1 by 30th June 2014, 1 by 30th September 2014 and the 1 remaining action to be taken by 31st December 2014.

South Derbyshire District Council – Internal Audit Progress Report

Housing & Council Tax Benefit 2013-14

Overall Control Assurance Rating: **Comprehensive**

This audit focused on ensuring that the Council's Local Council Tax Support Scheme had been correctly applied and that appropriate controls were in place in respect of benefit expenditure. The audit also looked at benefit cases in payment and notifications of changes to benefit, including those received from the Department for Work and Pensions. Finally, the audit reviewed the procedures in place for dealing with significant birthdays, child care payments and the recording of income that is disregarded for the purposes of calculating benefit.

From the 30 key controls evaluated in this audit review, 28 were considered to provide adequate control and 2 contained weaknesses. The report contained 1 recommendation which were considered a low risk. The following issue was considered to be the key control weakness:

- Checks were not being undertaken to ensure that all childcare providers were registered with the appropriate regulatory body. (Low Risk)

The issue raised within this report was accepted and positive action had already been taken to address the issue raised by the end of the audit.

Virtualisation Management

Overall Control Assurance Rating: **Reasonable**

This audit focused on the Council's virtual server infrastructure. At the time of the audit, this comprised of 63 active virtual servers, 14 inactive virtual servers, 1 datastore cluster, 33 datastores, 4 hosts, and 1 vCenter server appliance.

From the 30 key controls evaluated in this audit review, 23 were considered to provide adequate control and 7 contained weaknesses. The report contained 6 recommendations, 3 of which were considered a low risk and 3 a moderate risk. The following issues were considered to be the key control weaknesses:

- The VCSA (vCenter Server appliance) was not being backed up at the time of the audit, which could have a significant impact

on the Council's backup and restore requirements (recovery point objectives and recovery time objectives). (Moderate Risk)

- The root account on the VCSA (which had full administrator authority over the virtual server infrastructure) had a default password, making the virtual server infrastructure vulnerable to significant security and availability issues. (Moderate Risk)
- A number of production virtual servers had less than 10% disc space available, and in some cases less than 1% disc space available, making the servers prone to data loss and performance and availability issues. (Moderate Risk)
- 9 virtual servers (5 live, 4 inactive) were still running Windows 2000 Server, an unsupported, and therefore unsecure operating system. Extended support for Windows 2000 Server ended in 2010. (Low Risk)
- All 4 hosts in the virtual server infrastructure were missing numerous security updates. The patch status of the hosts was only current as of March 2012. (Low Risk)
- The VMware compliance checker for vSphere identified many non-complaint security settings on all 4 hosts joined to the Council's virtual server infrastructure. This increases the hosts attack surface and makes the security and availability of the systems more. (Low Risk)

All 6 of the issues raised were accepted and positive actions were agreed to address all of the control weakness by the end of April 2014.

Data Quality 2013-14

Overall Control Assurance Rating: **Comprehensive**

An audit of Data Quality was included in the 2013/14 Audit Plan. The Government require Councils to have effective arrangements in place for the monitoring and review of data quality.

Of the Council's 33 performance indicators, 17 were identified to be low risk during the previous Self-Assessment conducted in 2010/11.

Accordingly, only the 16 remaining indicators were re-examined in this latest Self-Assessment. These 16 indicators were being produced from 11 different performance reporting systems. From our evaluation of these

South Derbyshire District Council – Internal Audit Progress Report

11 processes, we determined that 10 now posed a low risk and provided a good level of control. The 1 remaining performance indicator ('LM 08 - Reduction in the Council's Energy Consumption') was examined in greater depth.

From the 17 key controls evaluated in this audit review, 6 were considered to provide adequate control and 11 contained weaknesses. The report contained 5 recommendations, all 5 of which were considered a low risk. The following issues were considered to be the key control weaknesses with the performance indicator 'LM 08 - Reduction in the Council's Energy Consumption':

- Reported performance figures were found to be incorrect and were subsequently re-calculated by the Council. However, the revised performance figures had not been reported to the relevant Council Committee. (Low Risk)
- The performance figures had not been accurately calculated. (Low Risk)
- There was a documented methodology in place for this performance indicator. However, this did not clearly describe the method and format of data collection, the exact requirements for calculating the performance figure or detail the data source of the 'total gross useable floor space' used in the calculation. (Low Risk)
- Energy data had been incorrectly transferred to the Calculation Spreadsheet for 5 out of 18 entries sampled. (Low Risk)
- The integrity of performance data had not been maintained throughout the process for calculating the performance figures. (Low Risk)

All 5 control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Positive action in respect of 2 recommendations had already been taken and the remaining 3 recommendations were due to be addressed by 1st April 2014.

Rent Accounting 2013-14

Overall Control Assurance Rating: **Comprehensive**

This audit focused on the controls over the housing stock records, rent and suspense accounts.

From the 22 key controls evaluated in this audit review, 20 were considered to provide adequate control and 2 contained weaknesses. The report contained 2 recommendations, both of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- There was no warning of any handling charge when paying housing rent by credit card via the internet. Paypoint and bank payment options were not available to tenants. (Low Risk)
- A number of tenant accounts were found to have high credit balances and had not been considered for a refund. (Low Risk)

Both of the control issues raised within this report were accepted and positive action was agreed to be taken to address 1 issue by the 1st April 2014, with the remaining issue to be addressed by 1st January 2015.

Email & Internet Services Healthcheck

Overall Control Assurance Rating: **Reasonable**

This audit focused on the security, configuration and management of the Council's email infrastructure. At the time of the audit this comprised of 2 Exchange Servers in a database availability group, and a virtual email filtering appliance (Sophos email appliance).

From the 42 key controls evaluated in this audit review, 38 were considered to provide adequate control and 4 contained weaknesses. The report contained 4 recommendations, 1 of which was considered a low risk and 3 a moderate risk. The following issues were considered to be the key control weaknesses:

- The Exchange Servers were missing 33 security updates which exposed the systems to unauthorised access and availability issues. (Moderate Risk)

South Derbyshire District Council – Internal Audit Progress Report

- At the time of conducting the audit testing, the SDDC-DB01 mailbox database had not been subject to a full online backup for 11 days. (Moderate Risk)
- The global incoming and outgoing message size limit was set to 40MB, which exposes the systems to reliability and mail delivery issues. (Low Risk)
- We found that the Council had only purchased 1 Exchange Server enterprise licence, despite Exchange Server being installed on 2 servers as part of the database availability group. (Moderate Risk)

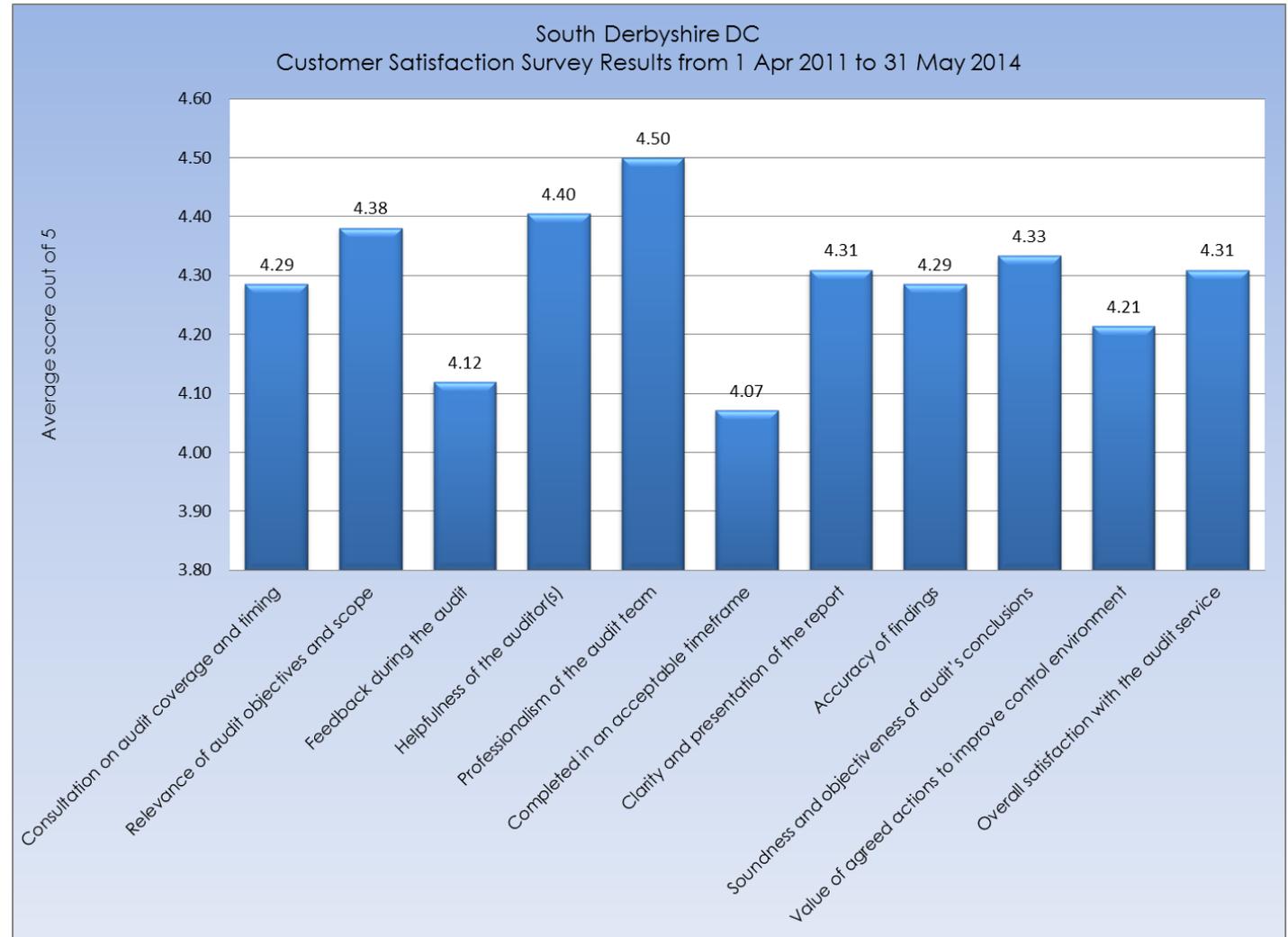
All 4 of the issues raised were accepted and 2 of these have already been implemented. Positive actions have been agreed to address the final 2 control weakness by the end of February 2014.

South Derbyshire District Council – Internal Audit Progress Report

Audit Performance

Customer Satisfaction

The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. The chart across summarises the average score for each question from the 42 responses received between 1st April 2011 and 31st May 2014. The overall average score from the surveys was 47.2 out of 55. The lowest score received from a survey was 40, whilst the highest was 55 which was achieved on 2 occasions.



South Derbyshire District Council – Internal Audit Progress Report

Audit Performance

Customer Satisfaction

Since 1st April 2011, we have sent 52 Customer Satisfaction Surveys (CSS) to the recipients of audit services. Of the 52 sent we have received 42 responses.

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

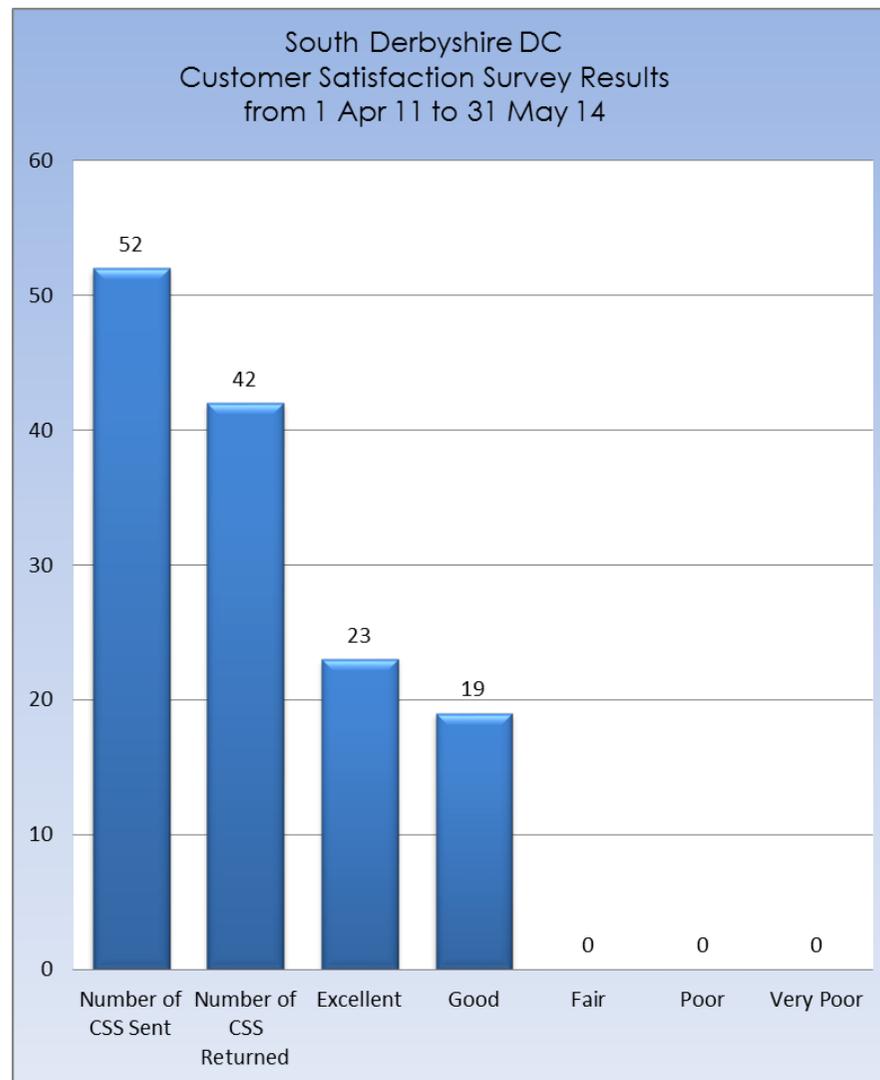
The following three Customer Satisfaction Surveys have yet to be returned:

Job Name	CSS Sent	Officer
Data Quality 2013-14	04-Feb-14	Head of Policy and Communications
Main Accounting System 2013-14	12-Feb-14	Director of Finance & Corporate Services
Housing & Council Tax Benefit 2013-14	26-Feb-14	Client Services Manager

The overall responses are graded as either:

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

Overall 23 of 42 responses categorised the audit service they received as excellent, another 19 responses categorised the audit as good. There were no overall responses that fell into the fair, poor or very poor categories.



South Derbyshire District Council – Internal Audit Progress Report

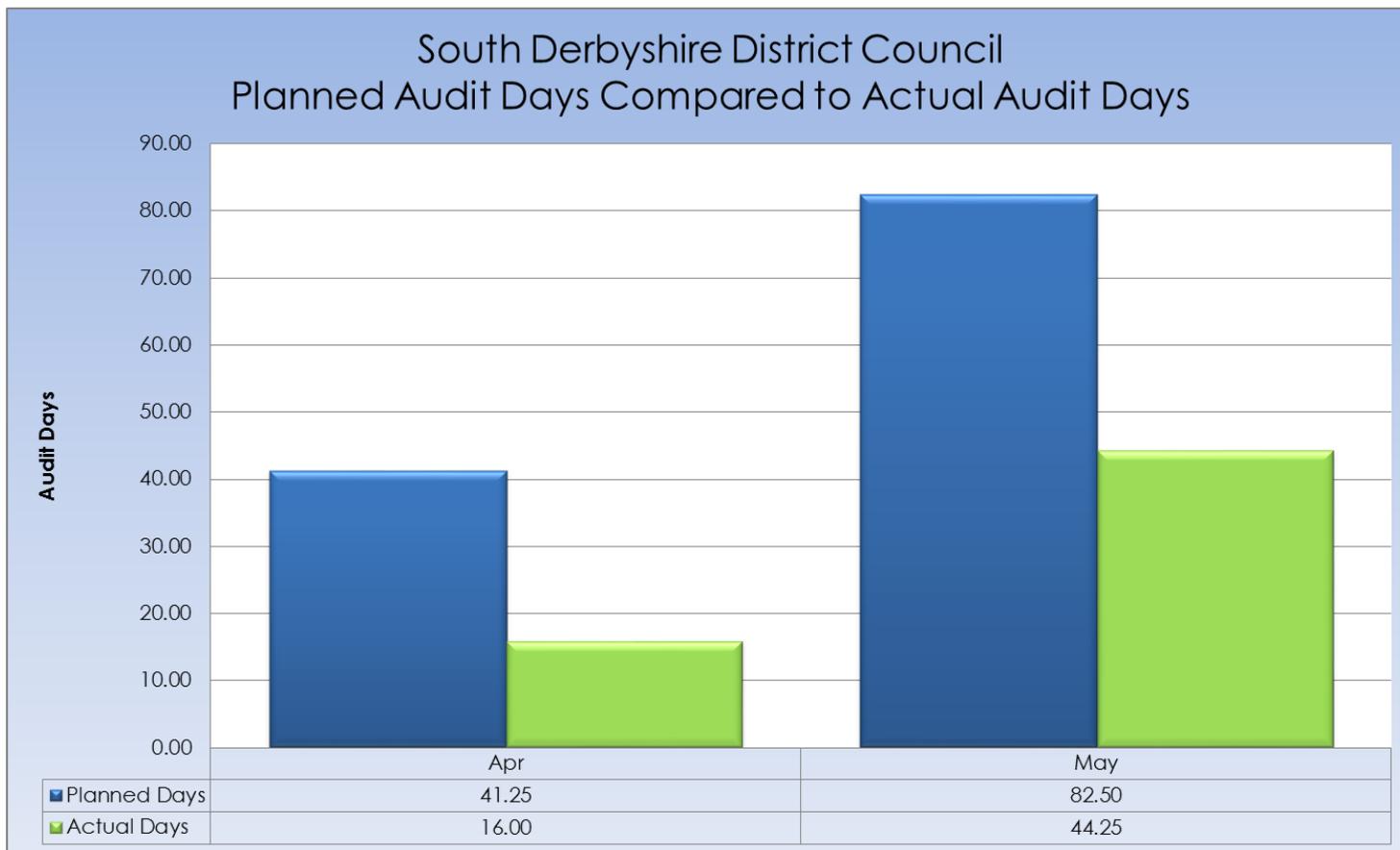
Audit Performance

Service Delivery (% of Audit Plan Completed)

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

Shown across is the estimated percentage complete for South Derbyshire's 2014-15 Audit Plan (including incomplete jobs brought forward) after 2 months of the Audit Plan year.

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



South Derbyshire District Council – Internal Audit Progress Report

Recommendation Tracking

Follow-up Process

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

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

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

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

Implementation Status Details

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

	Implemented	Being implemented	Risk Accepted	Superseded	Due, but unable to obtain progress information	Hasn't reached agreed implementation dates	Total
Low Risk	167	13	3	5	0	7	195
Moderate Risk	41	3	0	3	0	0	47
Significant Risk	8	0	1	0	0	0	9
Critical Risk	0	0	0	0	0	0	0
	216	16	4	8	0	7	251

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

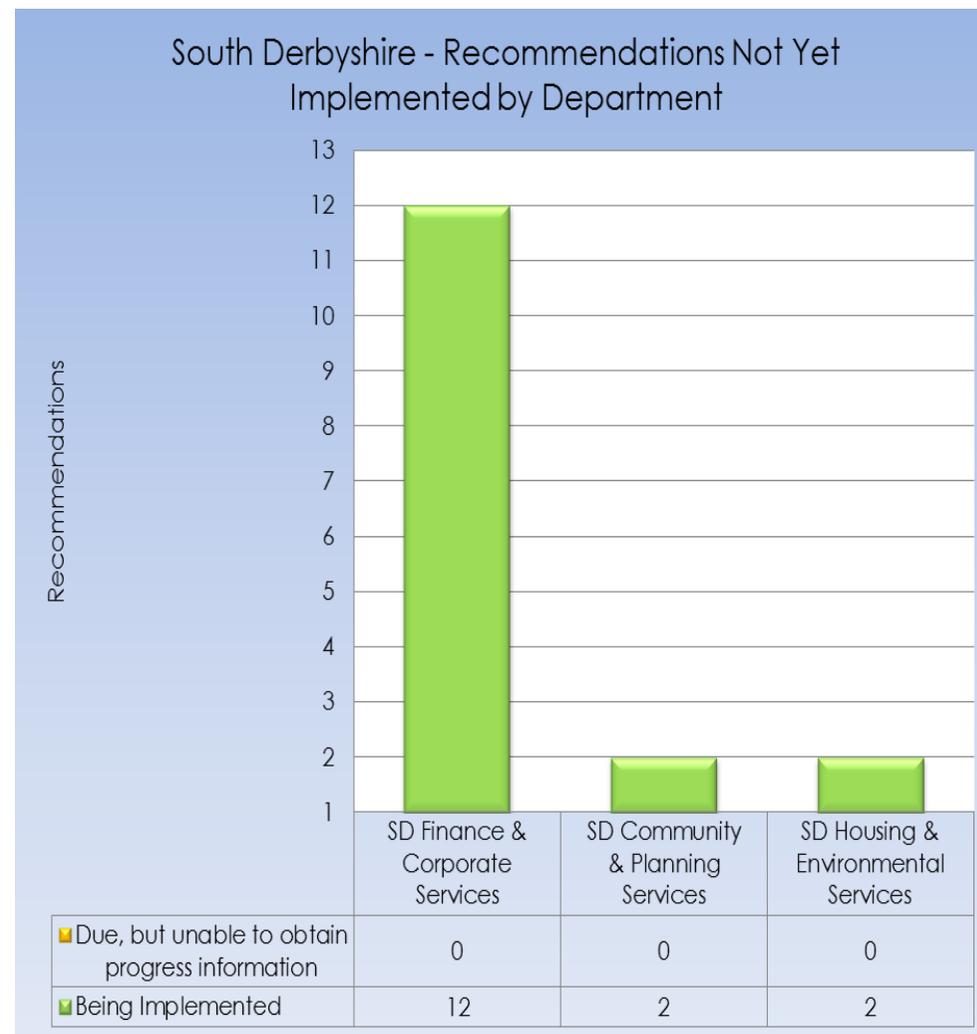
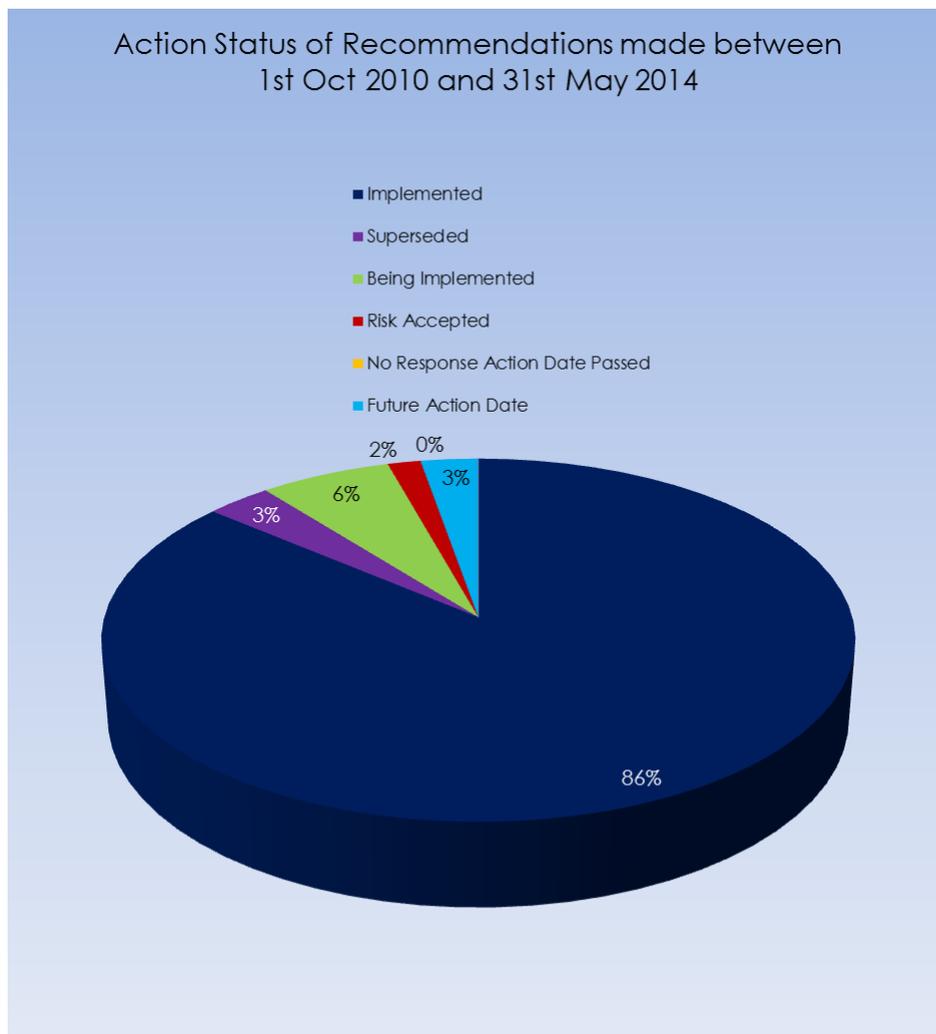
Recommendations Not Yet Implemented	Corporate Services	Community & Planning Services	Housing & Environmental Services	TOTALS
Being implemented	12	2	2	16
Due, but unable to obtain progress information	0	0	0	0
	12	2	2	16

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

South Derbyshire District Council – Internal Audit Progress Report

Recommendation Tracking

Implementation Status Charts



South Derbyshire District Council – Internal Audit Progress Report

Recommendation Tracking

Recommendations Not Yet Implemented

Corporate Services

Car Allowances

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

Risk Rating – Low Risk

Status Update - Following the Budget Round for 2013/14 and the Council Restructure, it was anticipated that the Single Status Steering Group would be reconvened in 2013. This item will be considered, as planned, as part of the pay and grading review. A revised review date of March 2014 was given, but no action was taken during the year. The Council has recently approved to review its approach during 2014/15.

Original Action Date 30 Jun 11 **Revised Action Date** 31 Mar 15

Records Management

Control Issue - Records were being held off-site as part of arrangements made by the Council. However, the age, nature and quantity of records being held could not be confirmed, as there were no logs available in all cases.

Risk Rating – Low Risk

Status Update – The issue of off-site storage needs to be examined separately and the implementation date will have to be delayed.

Original Action Date 31 May 13 **Revised Action Date** 31 Jul 14

Council Tax / NNDR / Cashiering 2012-13

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

Risk Rating – Low Risk

Status Update - Final communications within the Council so that all staff are aware of the change to the closing time of the enquiry and payments counter are taking place and the changes to the processes will be implemented on Monday 16th June. This had been delayed due to the pressure of customer enquiries.

Original Action Date 15 Jul 13 **Revised Action Date** 16 Jun 14

Legal & Democratic Services

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

Risk Rating – Low Risk

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

Original Action Date 30 Nov 12 **Revised Action Date** 31 Mar 15

South Derbyshire District Council – Internal Audit Progress Report

Corporate Governance

Control Issue – The Member and Officer Relations protocol document did not include the responsibility of officers to provide training and development to Members and to respond in a timely manner to queries raised by Members. The document had not been reviewed since 2003.

Risk Rating – **Low Risk**

Status Update – This will be included in a wider review of the whole Constitution to bring it up to date.

Original Action Date 1 Feb 14 **Revised Action Date** 31 May 14

Data Quality 2013-14

Control Issue – There was a documented methodology in place for this performance indicator. However, this did not clearly describe the method and format of data collection, the exact requirements for calculating the performance figure or detail the data source of the ‘total gross useable floor space’ used in the calculation.

Risk Rating – **Low Risk**

Status Update – This relates to the recording and reporting of a National Indicator regarding energy consumption. Following the Audit, a review is being undertaken regarding the data recorded and submitted into this indicator by external organisations who manage facilities on the Council's behalf. This has proved to be more of an issue than anticipated. This will be corrected for the half yearly performance monitoring reports post September 2014

Original Action Date 1 Apr 14 **Revised Action Date** 30 Sep 14

Control Issue – Energy data had been incorrectly transferred to the Calculation Spreadsheet for 5 out of 18 entries sampled.

Risk Rating – **Low Risk**

Status Update – This relates to the recording and reporting of a National Indicator regarding energy consumption. Following the Audit, a review is being undertaken regarding the data recorded and submitted into this

indicator by external organisations who manage facilities on the Council's behalf. This has proved to be more of an issue than anticipated. This will be corrected for the half yearly performance monitoring reports post September 2014

Original Action Date 1 Apr 14 **Revised Action Date** 30 Sep 14

Control Issue – The integrity of performance data had not been maintained throughout the process for calculating the performance figures.

Risk Rating – **Low Risk**

Status Update – This relates to the recording and reporting of a National Indicator regarding energy consumption. Following the Audit, a review is being undertaken regarding the data recorded and submitted into this indicator by external organisations who manage facilities on the Council's behalf. This has proved to be more of an issue than anticipated. This will be corrected for the half yearly performance monitoring reports post September 2014

Original Action Date 1 Apr 14 **Revised Action Date** 30 Sep 14

Virtualisation Management

Control Issue – The VCSA (vCenter Server appliance) was not being backed up at the time of the audit, which could have a significant impact on the Council's backup and restore requirements (recovery point objectives and recovery time objectives).

Risk Rating – **Moderate Risk**

Status Update – IT plan to migrate the vCenter Server from an Appliance to a Virtual Server to mirror the other vCenter Server, which will then be subject to routine backups.

Original Action Date 30 Apr 14 **Revised Action Date** 31 Aug 14

South Derbyshire District Council – Internal Audit Progress Report

Control Issue – The root account on the VCSA (which had full administrator authority over the virtual server infrastructure) had a default password, making the virtual server infrastructure vulnerable to serious security and availability issues.

Risk Rating – **Moderate Risk**

Status Update – IT plan to migrate the vCenter Server from an Appliance to a Virtual Server to mirror the other vCenter Server, subsequently, the root account will no longer exist.

Original Action Date 30 Apr 14 **Revised Action Date** 31 Aug 14

Control Issue – 9 virtual servers (5 live 4 inactive) were still running Windows 2000 Server, an unsupported and therefore vulnerable operating system. Extended support for Windows 2000 Server ended in 2010.

Risk Rating – **Low Risk**

Status Update – Only 1 Windows 2000 server remains that will be decommissioned during June/July

Original Action Date 30 Apr 14 **Revised Action Date** 31 Jul 14

Control Issue – All 4 hosts in the virtual server infrastructure were missing numerous security updates. The patch status of the hosts was only current as of March 2012.

Risk Rating – **Low Risk**

Status Update – This patching was delayed slightly whilst ESXi 5.5 was going through being accredited for PSN as the plan was to upgrade at the same time. Due to this still not being complete the updates and patching will be applied to the most up to date level but not 5.5.

Original Action Date 30 Apr 14 **Revised Action Date** 31 Aug 14

Community & Planning Services

Leisure Centres

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

Risk Rating – **Moderate Risk**

Status Update – A revised and final contract had been sent by the Council to the Active Nation solicitors in early 2014 and that there was on-going dialogue between each parties' legal reps. Active Nation have requested face to face meetings to finally resolve this issue and the meeting date is being set.

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

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

Risk Rating – **Low Risk**

Status Update - This had been discussed at the KPI review meeting and the formal request regarding documenting methodologies will be contained within the upcoming KPI variation letter. Sample checking support from accountancy already requested and agreed.

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

South Derbyshire District Council – Internal Audit Progress Report

Housing & Environmental Services

Housing Allocations

Control Issue - The Homefinders guidance informed applicants who disagreed with the banding allocated to them, that there was a Right to a Review leaflet, but no such document existed.

Risk Rating – Low Risk

Status Update - The whole Homefinders policy is being relaunched and will include guidance on reviews. The expected publication date for the Homefinders guidance is 31 August 2014.

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

Control Issue - Unsuccessful applicants are not notified of the reason why their bids for tenancies have failed. Without knowing why they have been unsuccessful, applicants may continue to bid for inappropriate properties.

Risk Rating – Low Risk

Status Update - Partially complete, as Homefinders now shows the number of bidders for recently advertised properties. The second phase, the publication of the number of each successful bidder will be published in a quarterly report. This is part of the new homefinders policy with an expected publication date of 31 August 2014.

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