

central midlands audit partnership

# South Derbyshire District Council – Audit Progress Report

Audit Sub-Committee: 13<sup>th</sup> December 2017



## Contents

## Page

AUDIT DASHBOARD	3
AUDIT PLAN	4
AUDIT COVERAGE	6
RECOMMENDATION TRACKING	11

## 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

Adrian Manifold CMIIA, QIAL, CIA  
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

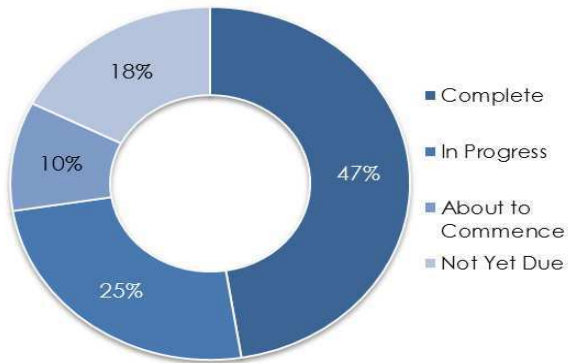
Jacinta Fru BA(Hons); FCCA  
Audit Manager  
c/o Derby City Council  
Council House  
Corporation Street  
Derby  
DE1 2FS  
Tel: 01332 643283  
Jacinta.fru@centralmidlandsaudit.co.uk



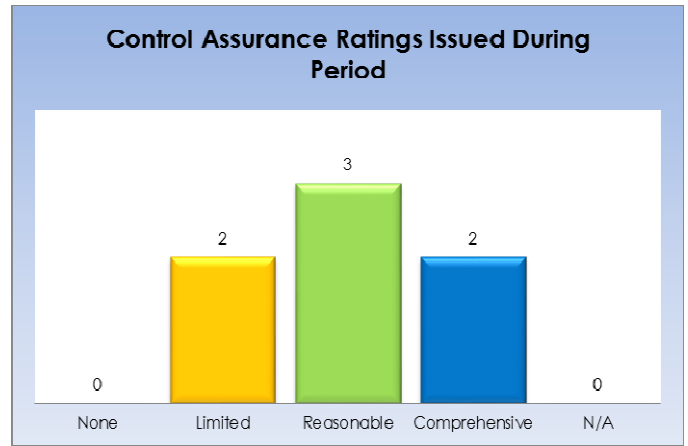
# South Derbyshire District Council – Audit Progress Report

## AUDIT DASHBOARD

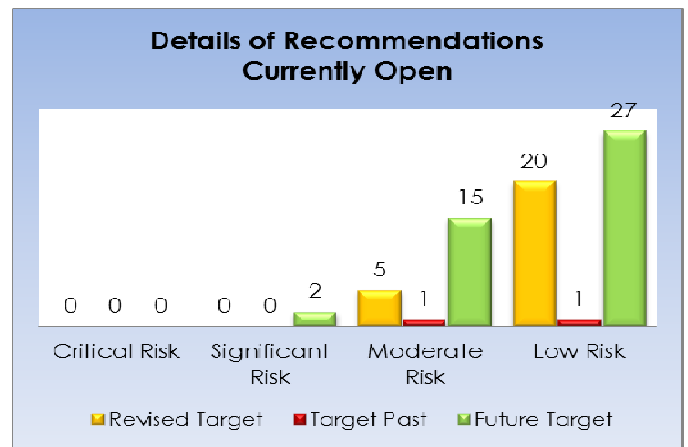
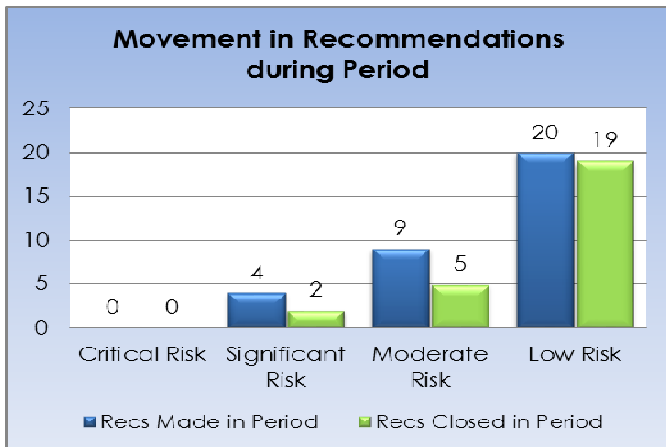
### Plan Progress



### Jobs Completed in Period

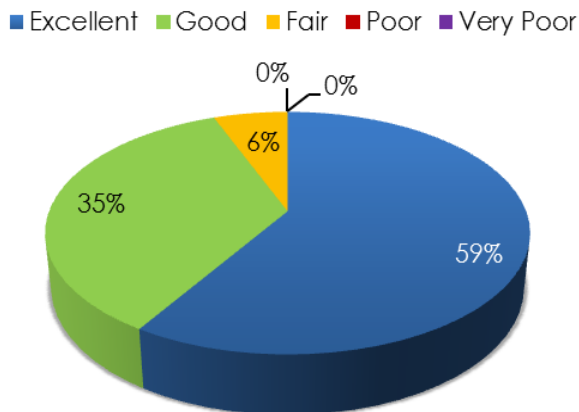


### Recommendation Tracking



### Customer Satisfaction

Dec 16 to Nov 17



### Continuous Improvement

1. Successfully trialled new "Agile" audit approach which has generally improved customer buy-in and engagement and has significantly improved assignment turnaround times.
2. Improvements are being made to Committee reports to reduce the quantity of information presented to better focus on the priority risks and issues.
3. We have been accepted as a member of the prestigious Partnership Collaboration Group "Audit Together". This is a collaboration of 9 public sector internal audit partnerships in the UK which covers 11 County, 11 Unitary, 5 London Boroughs, 31 Districts/Borough Councils, 7 Police & 4 Fire Authorities.

## South Derbyshire District Council – Audit Progress Report

### AUDIT PLAN

#### Progress on Audit Assignments

The following table provide Audit Sub-Committee with information on how audit assignments were progressing as at 30<sup>th</sup> November 2017.

2017-18 Jobs	Status	% Complete	Assurance Rating
Business Continuity & Emergency Planning	Final Report	100%	Comprehensive
Cashiering (Agile Audit)	Final Report	100%	Reasonable
Dry Waste Recycling Contract	Final Report	100%	Reasonable
Officers Expenses & Allowances	Final Report	100%	Reasonable
Backup Server Healthcheck	Final Report	100%	Limited
Waste Less, Save More	Final Report	100%	Comprehensive
People Management	In Progress	75%	
Backup Policy	In Progress	50%	
Sharpes Pottery	In Progress	35%	
Express Electoral System Security Assessment	In Progress	50%	
Organisational Culture & Ethics	In Progress	35%	
Rent Accounting	In Progress	30%	
Tenants Arrears	In Progress	20%	
New Build / Affordable Housing	Allocated	10%	
Licensing	Allocated	5%	
Health & Safety	Allocated	0%	
Followup of Whistleblowing Recommendations	Allocated	0%	
Main Accounting System 2017-18	Not Due Yet	0%	
Risk Management	Not Due Yet	0%	
Council Tax 2017-18	Not Due Yet	0%	
NDR 2017-18	Not Due Yet	0%	
Housing Benefit & Council Tax Support 2017-18	Not Due Yet	0%	
Payroll 2017-8	Not Due Yet	0%	
Capital Programme	Covered Elsewhere		
Procurement (Contracts Register)	Covered Elsewhere		
Data Protection & Freedom of Information	Deferred		
Records Management	Deferred		
PCI Compliance	Deferred		
Grant Certification	No Longer Needed		

2016-17 Jobs	Status	% Complete	Assurance Rating
Taxation	Final Report	100%	Comprehensive
Banking Services	Final Report	100%	Reasonable
Housing Benefit & Council Tax Support 2016-17	Final Report	100%	Reasonable
Creditors 2016-17	Final Report	100%	Reasonable
Data Quality & Performance Management	Final Report	100%	Reasonable
Fixed Assets 2015-17	Final Report	100%	Reasonable

## South Derbyshire District Council – Audit Progress Report

Leisure Centres	Final Report	100%	Reasonable
Parks & Open Spaces	Final Report	100%	Reasonable
Change & Configuration Management	Final Report	100%	Reasonable
Client Monitoring - Corporate Services Contract	Final Report	100%	Reasonable
Whistleblowing Investigation 2	Final Report	100%	Reasonable
Housing Contracts Review	Final Report	100%	Limited
Main Accounting System 2016-17	Draft Report	95%	
Debtors 2016-17	Fieldwork Complete	90%	
Payroll 2016-17	In Progress	75%	
Safeguarding	In Progress	75%	

### Audit Plan Changes

Following consultation with the Director of Finance & Corporate Services the Data Protection & Freedom of Information, Records Management and PCI Compliance planned audits have been deferred until 2018-19. The Council is currently in the process of sourcing a wider Information Governance Service from Derby City Council. A risk assessment has already been undertaken by Derby City ahead of the implementation of the new GDPR next May. It is perceived that any audits involving this new service will be more beneficial once the new service has had time to become embedded within the authority.

Also, the planned grant certification work is no longer required as the Council has not been awarded any new HCA Grant since last year.

## South Derbyshire District Council – Audit Progress Report

### AUDIT COVERAGE

#### Completed Audit Assignments

Between 1<sup>st</sup> September 2017 and 30<sup>th</sup> November 2017, 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	
Officers Expenses & Allowances	Reasonable	0	0	2	1	0%
Business Continuity & Emergency Planning	Comprehensive	0	0	0	2	50%
Cashiering (Agile Audit)	Reasonable	0	0	1	4	80%
Dry Waste Recycling Contract	Reasonable	0	1	1	3	100%
Backup Server Healthcheck	Limited	0	2	1	5	13%
Housing Contracts Review	Limited	0	1	4	3	13%
Waste Less, Save More	Comprehensive	0	0	0	2	100%

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

#### Officers Expenses & Allowances

**Overall Assurance Rating: Reasonable**

This audit focused on the claiming and payment of officers' expenses: to ensure that claims adhered to rules, policies and procedures, that adequate checking of claims took place, and that payments were accurate and that Income Tax and VAT were adequately accounted for.

From the 21 key controls evaluated in this audit review, 14 were considered to provide adequate control and 7 contained weaknesses. This report contained 7 recommendations, all of which were considered to present a low risk. Another 2 minor risk issues were also highlighted for management's consideration. The following issues were considered to be the key control weaknesses:

1. The guidance on how to complete an expenses claim was not being followed as scrupulously as required by the Policy by both staff and managers. (Moderate Risk)
2. The review of essential user allowances process, which was due to be carried out annually, had not been carried out. (Moderate Risk)
3. A reconciliation timetable was not operating in relation to payroll transactions impacting on the General Ledger. (Low Risk)

All three of the control issues raised in this report were accepted, one was to be implemented by 23<sup>rd</sup> February 2018 and the remaining two were to be addressed by 30<sup>th</sup> September 2018.

#### Business Continuity & Emergency Planning

**Overall Assurance Rating: Comprehensive**

This audit focused on the Council's fulfilment of its responsibilities under the Civil Contingencies Act 2004 in respect of Business Continuity and Emergency Planning.

From the 24 key controls evaluated in this audit review, 22 were considered to provide adequate control and 2 contained weaknesses. This report contained 2 recommendations, both of which were considered to present a low risk. The following issues were considered to be the key control weaknesses:

## South Derbyshire District Council – Audit Progress Report

1. The links from the Council website to documents held on external sites was not correct or had not been tested. (Low Risk)
2. Published policies had not been updated on the Derbyshire Prepared website, indicating that the entries on the website had not been kept under continuous review. (Low Risk)

Both Issues in this report were accepted and management agreed to take action to resolve both issues. Two aspects of issues raised will be address by 1<sup>st</sup> November 2017, but one aspect of the 2<sup>nd</sup> recommendation cannot be addressed until the Excess Deaths Plan is updated in 2018-19.

### Cashiering (Agile Audit)

#### Overall Assurance Rating: Reasonable

This audit focused on ensuring that adequate security measures are in place for the collection of income and that income transactions are processed accurately and promptly.

From the 14 key controls evaluated in this audit review, 9 were considered to provide adequate control and 5 contained weaknesses. This report contained 5 recommendations, 4 of which were considered to present a low risk and the other presenting a moderate risk. The following issues were considered to be the key control weaknesses:

1. A record was being maintained of who accessed the main safe and when but this was incomplete and not being updated to reflect all access made to the safe during the working day. (Low Risk)
2. Cash stored in the payment kiosk machines overnight was not covered by the Council's insurance policy. (Low Risk)
3. If a panic alarm is activated, the alarm company currently has to call through the customer service phone line to determine if there is a genuine need for assistance. This could delay the response for police attendance. (Moderate Risk)
4. Checks on the quality of CCTV records were not being documented so there was no evidence to demonstrate that this check was being undertaken. (Low Risk)
5. Cheques received through the post and handed in at Customer Services were not logged on receipt. (Low Risk)

All 5 issues raised within this report were accepted. Action was to be taken to address three of the issues raised by 30<sup>th</sup> September 2017 with action taken to address the remaining two issues by 31<sup>st</sup> October 2017.

### Dry Waste Recycling Contract

#### Overall Assurance Rating: Reasonable

This audit focused on the process around the award of the kerbside dry recycling, collection and reprocessing contract to the winning contractor and the management of the contract since award in 2013.

From the 24 key controls evaluated in this audit review, 13 were considered to provide adequate control and 11 contained weaknesses. This report contained 5 recommendations, 3 of which were considered to present a low risk, 1 a moderate risk and 1 a significant risk. The following issues were considered to be the key control weaknesses:

1. There was limited information available to support the tender evaluation process which could lead the contract award open to challenge. (Significant Risk)
2. There was no evidence that the Council had checked that the contractor had sufficient insurance in place, prior to the contract commencing. This could leave the Council liable for any claims that the contractor is unable to meet. (Low Risk)
3. The contract did not include an anti-corruption clause as required by the Council's Contract Procedure Rules. (Low Risk)

## South Derbyshire District Council – Audit Progress Report

4. The Dry Waste Recycling contract had not been signed by either party at the time of the audit. (Moderate Risk)
5. There were discrepancies in the information used to calculate performance and a key performance indicator was not being calculated in accordance with the contract. (Low Risk)

All 5 of the issues raised within this report were accepted and action had already been taken to address them by the end of the audit.

### Backup Server Healthcheck

**Overall Assurance Rating: Limited**

This audit focused on the network and physical security of the Council's Backup Exec servers and configurations. This was a reduced audit scope, as a more detailed review of the backup policies and procedures has been scheduled for September 2017.

From the 16 key controls evaluated in this audit review, 7 were considered to provide adequate control and 9 contained weaknesses. This report contained 8 recommendations, 5 of which were considered to present a low risk, 1 a moderate risk and 2 a significant risk. The following issues were considered to be the key control weaknesses:

1. Both versions of Backup Exec used in the network were now unsupported by the supplier, as the End of Support Life (EOSL) had passed. (Low Risk)
2. Both Backup Exec servers (as well as all other servers in the SODOR domain) were vulnerable to unauthorised access, as the SODOR\domain admins group contained a number of stale accounts (no recent login within a year), as well as some users in non IT roles. (Low Risk)
3. The Council was backing up the backup exec databases to the same drive where the backup exec databases reside. A secondary backup to write the SQL backups to other storage devices or infrastructure could not be located. (Low Risk)
4. A local administrator account on one of the Council's Backup Exec Server had a weak corresponding password which was representative of the word password with only minor character substitutes. Furthermore, this password had not been changed in 656 days. (Moderate Risk)
5. There were single points of failure in relation to SYSADMIN access of SQL Server instances in the SDDC domain, within the on-site team. (Low Risk)
6. Access to the server and communications room was vulnerable to unauthorised access as the code to one of the 2 doors was replicated on digital locks around the building, was set to an easily guessable value, and was also known to the cleaners (who had no duties for cleaning the server room). The room was also not covered by CCTV, and the code to either lock was not subject to change at pre-determined intervals. (Significant Risk)
7. The service description documents which detail the core IT services supporting server infrastructure, dependencies, support requirements and backup procedures, had not been revised in 2 years. In a number of cases these were referencing servers which either no longer existed, as they had been decommissioned, or had been replaced by new devices. (Low Risk)
8. Copies of revenues and benefits databases were accessible to every user in the network, exposing both residents' personal and financial data (BACS). (Significant Risk)

All 8 of the issues raised were accepted and positive actions were agreed to address one of the issues immediately, 3 of the recommendations by the end of January 2018, one of the recommendations by the end of February 2018, and the final 3 of the recommendations by the end of April 2018.

### Housing Contract Review

**Overall Assurance Rating: Limited**

Following on from the previous Whistleblowing investigations concerning the Housing Section, relating to procurement and contractual issues, the Director of Finance & Corporate Services requested a



## South Derbyshire District Council – Audit Progress Report

wider service review of the Housing Revenue Account (HRA) to provide assurance that these matters were not widespread.

This audit focused on the wider contractual and procurement related areas and took an investigative approach to evaluate the overall effectiveness of the systems in place. The objectives for this review were as follows:

- To review supplier spend on the HRA, to ensure that the necessary contractual arrangements and/or procurement practices were in place for the Council to be open and transparent.
- To ensure that tender evaluations had been suitably undertaken, with the decision process clearly documented, for Council contracts concerning the HRA.
- To ensure that there were suitable arrangements in place for the Council to actively monitor spend against contracts concerning the HRA, to confirm that both the level of spend and the goods, services or works procured were within the remit of the contract.
- To ensure that necessary quotes were undertaken for non-contract spend against the HRA, to provide for genuine competition when procuring goods, services or works and that suitable evidence had been retained.
- To review the Council's Register of Interests and scrutinise any entries which may affect, or be seen by others to affect, an officer's impartiality in any matter concerning the procurement of goods, services or works against the HRA.

This report contained 8 recommendations, 3 of which were considered to present a low risk, 4 a moderate risk and 1 a significant risk. The following issues were considered to be the key control weaknesses:

1. Supplier spend analysis was not being effectively undertaken to identify instances where corporate contracts or frameworks would be advantageous. **(Significant Risk)**
2. The Procurement Section were not taking an active role in enforcing annual contract reviews throughout the Council, to ensure that contracts were being legally managed and extended in accordance with legislation. **(Moderate Risk)**
3. Contract opportunities for adaptations (where collective works were over the £25,000 threshold) were not being advertised on the 'Contracts Finder' website, in line with the requirements of the Public Contract Regulations 2015. **(Moderate Risk)**
4. Periodic checks were not being undertaken of the Register of Disclosures to flag potential conflicts of interests by members and staff. **(Low Risk)**
5. The Procurement Contracts Register was found to be incomplete and out-of-date. As such this did not completely fulfil the purpose of a Contracts Register. **(Low Risk)**
6. Systems and procedures were not in place for managing the Contracts Register. **(Low Risk)**
7. Procurement Checklists were not being completed to ensure that the required procurement processes were being undertaken. **(Low Risk)**
8. The Council was not publishing the required data for contracts and other legally enforceable agreements, in line with the Local Government Transparency Code 2014. **(Low Risk)**

All 8 of the 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 1 recommendation has already been taken by the end of the audit, another recommendation was due to be addressed by 18<sup>th</sup> January 2018 and a further recommendation due to be addressed by 26<sup>th</sup> January 2018. 4 recommendations were due to be implemented by 30<sup>th</sup> March 2018, with the remaining issue due to be addressed by 27<sup>th</sup> April 2018.

### Waste Less, Save More

#### Overall Assurance Rating: **Comprehensive**

At the request of the Director of Finance & Corporate Services, we were asked to look into concerns in relation to the 'Waste Less, Save More' project, which was run by the Council in conjunction with

## South Derbyshire District Council – Audit Progress Report

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Sainsbury's Supermarket. Issues were raised when it became apparent that the Project Lead on the 'Waste Less, Save More' project had funds paid directly into their personal bank account by the overarching body responsible for payments. This in turn flagged further concerns with the management of the project and overall accountability.

Evidence suggested that the payment made directly into the personal bank account of the Waste & Transport Manager was outside of their control and a genuine error. Furthermore, upon realisation of this error the Waste & Transport Manager took appropriate action to rectify this matter and made an open declaration to the Council to this effect.

Overall, the 'Waste Less, Save More' project has been hailed a success by all of those involved and by the community at large.

During the course of our work we identified the following control weaknesses:

1. The grant bid for the 'Waste Less, save More' project was made without any prior approval from the Council's Senior Management or any relevant Committee. (Low Risk)
2. Monthly reconciliations between income and expenditure records, maintained by the Project Lead, and the general ledger were not undertaken for the 'Waste Less, Save More' project. (Low Risk)

Although weakness have been identified with the approval process for making the initial grant bid, and with reconciliations between expenditure records and the general ledger, this has not detracted from the good work undertaken in the local community and no evidence has been found of any irregularities.

Management accepted both issues raised within this report and positive action had already been taken to address both issues by the end of the audit.

## South Derbyshire District Council – Audit Progress Report

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### RECOMMENDATION TRACKING

#### Highlighted Recommendations

The following outstanding recommendations are detailed for Committee's scrutiny.

#### Corporate Services

##### CRM Security Assessment

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

**Risk Rating** – **Low Risk**

**Status Update** – Following a review of options and given the limited use of the current CRM system, it has been decided to replace the current CRM functionality for the sole user (Environmental Services) with a bespoke system written and maintained in-house. With the current server needing to be decommissioned for PSN purposes and the current system becoming unsupported in March 2018, there is now effectively a set deadline of February 2018. Although this will only act as an interim solution until Phase 2 of the website development is implemented, it will eliminate the current risks that were previously identified in the original audit.

**Original Action Date** 30 Apr 15      **Revised Action Date** 1 Mar 18

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

**Risk Rating** – **Moderate Risk**

**Status Update** - Following a review of options and given the limited use of the current CRM system, it has been decided to replace the current CRM functionality for the sole user (Environmental Services) with a bespoke system written and maintained in-house. With the current server needing to be decommissioned for PSN purposes and the current system becoming unsupported in March 2018, there is now effectively a set deadline of February 2018. Although this will only act as an interim solution until Phase 2 of the website development is implemented, it will eliminate the current risks that were previously identified in the original audit.

**Original Action Date** 31 Aug 15      **Revised Action Date** 1 Mar 18

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##### Risk Management

**Control Issue 4** – Although the FIU Annual Report acted as a Fraud Plan and an Internal Audit Plan was developed on an annual basis, there was not a clear link between the two, and officers working in the Fraud Investigation Unit indicated that there was opportunity for clo.

**Risk Rating** – **Low Risk**

**Status Update** – The DCC Fraud Service is in place but have yet to develop formal plans. Agreement between SDDC and Internal Audit that this will be picked up for the 2018-19 planning cycle to allow the Fraud Service an opportunity to develop a longer term plan and then align this with the work of Internal Audit. Fraud work stream within CMAP will also provide a closer link between Internal Audit and Counter Fraud team.

**Original Action Date** 31 Dec 15      **Revised Action Date** 31 Dec 17

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## South Derbyshire District Council – Audit Progress Report

### Information@Work

**Control Issue 8** – The page verification on a number of databases, including the live Images database, was TORN\_PAGE\_VERIFACATION. To effectively identify and deal with database corruption before the Council faces potential data loss situations, it is recommended that this configuration is set to CHECKSUM.

**Risk Rating** – Low Risk

**Status Update** – This call is sat with IT waiting to implement the details you sent us for the torn page setting.

**Original Action Date** 31 Oct 16      **Revised Action Date** 31 Oct 17

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### NDR 2016-17

**Control Issue 4** – Accounts put on hold were not being regularly reviewed and holds were not being removed where no longer required.

**Risk Rating** – Low Risk

**Status Update** The review has been put back two months as it was necessary to issue JEQs and grades for existing jobs to provide a baseline for transferred staff before moving on to the restructure . We are at the JEQ appeal stage now so will shortly be finalised.

**Original Action Date** 30 Sep 17      **Revised Action Date** 1 Jan 18

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### Housing Benefit & Council Tax Support 2016-17

**Control Issue 1** – The Council was not using all available exception reports in the Academy system to highlight potential areas of error and fraud.

**Risk Rating** – Low Risk

**Status Update** Implementation was subject to a Team restructuring that has been delayed (JEQs and grades only agreed in Nov 17).

**Original Action Date** 30 Nov 17      **Revised Action Date** 30 Mar 18

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**Control Issue 2** – Recovery rates quoted in the Housing and Council Tax Benefits Overpayments leaflet were out-of-date.

**Risk Rating** – Low Risk

**Status Update** Implementation was subject to a Team restructuring that has been delayed (JEQs and grades only agreed in Nov 17).

**Original Action Date** 30 Nov 17      **Revised Action Date** 30 Mar 18

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**Control Issue 3** – The Council was failing to pursue Housing Benefit overpayments in an efficient and timely manner which could contribute to the failure to recover money that it was owed.

**Risk Rating** – Moderate Risk

**Status Update** Implementation was subject to a Team restructuring that has been delayed (JEQs and grades only agreed in Nov 17).

**Original Action Date** 30 Nov 17      **Revised Action Date** 30 Mar 18

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## South Derbyshire District Council – Audit Progress Report

### Council Tax 2016-17

**Control Issue 2** – Older postings to the suspense accounts were not being resolved resulting in inaccurate data being held in the system.

**Risk Rating** – Low Risk

**Status Update** Date extended to the end of the year - majority are miscoded DWP payments so need to wait until year-end to resolve which are still due and which are not.

**Original Action Date** 30 Sep 17      **Revised Action Date** 31 Mar 18

### Change & Configuration Management

**Control Issue 4** – The Council had not defined key metrics specific to the change management processes such as change aging report, failed change report, or changes by lead time, and had not documented an effective reporting process for monitoring the service desk performance.

**Risk Rating** – Low Risk

**Status Update** - Action status revised to the end of January 2018.

**Original Action Date** 1 Nov 17      **Revised Action Date** 31 Jan 18

### Fixed Assets

**Control Issue 2** – The procedure for logging asset movements and notifying the responsible officer for updating the Real Asset Management database was not formally documented and could not be properly confirmed.

**Risk Rating** – Low Risk

**Status Update** – No Response Received.

**Original Action Date** 30 Sep 17      **Revised Action Date**

**Control Issue 3** – Periodic reconciliations were not being completed between the Fixed Asset Register and the General Ledger, prior to the year- end exercise.

**Risk Rating** – Moderate Risk

**Status Update** – No Response Received.

**Original Action Date** 1 Oct 17      **Revised Action Date**

### Cashiering (Agile Audit)

**Control Issue 5** – Cheques received through the post and handed in at Customer Services were not logged on receipt.

**Risk Rating** – Low Risk

**Status Update** – Proposed procedures are being reviewed.

**Original Action Date** 30 Sep 17      **Revised Action Date** 8 Jan 18

### Client Monitoring – Information Governance

**Control Issue 2** – The Information Governance function was still being determined within the Council.

**Risk Rating** – Moderate Risk

**Status Update** – We are now close to agreeing a service arrangement for Derby City Council to act as the Council's IG service provider on an on-going basis.

**Original Action Date** 30 Nov 17      **Revised Action Date** 22 Dec 17

## South Derbyshire District Council – Audit Progress Report

### Community & Planning Services

#### Bereavement Services

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

**Risk Rating** – Low Risk

**Status Update** – After seeking advice from other authorities, a proposal has been suggested to alter the procedure on extending Grants of Rights and to determine the fees payable. In line with other authorities we are proposing that it would become the responsibility of the Grant of Right holder or their 'successor in title' to extend/renew the grant at the end of the 50 year period. A proposed fee is to be included in our Fees & Charges review in October which will go through the Committee process with a view to coming into effect in April 2018. We are proposing that the 25 year extension to the Grant of Right be set at half the fee of the initial 50 year Grant. Will update the website/paperwork accordingly.

**Original Action Date** 31 Mar 15      **Revised Action Date** 1 Apr 18

#### Leisure Centres

**Control Issue 1** – The Contractor had not included all the areas which it was responsible for maintaining within the planned preventative maintenance schedule and this had not been highlighted by the Council.

**Risk Rating** – Moderate Risk

**Status Update** – Discussed at contract meeting and we are expecting transition by the end of Feb 2018.

**Original Action Date** 1 Oct 17      **Revised Action Date** 28 Feb 18

**Control Issue 2** – The Council had not undertaken inspections on the exterior fabric of the building as per the contract summary of maintenance responsibilities.

**Risk Rating** – Moderate Risk

**Status Update** – 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 31<sup>st</sup> Jan 2018

**Original Action Date** 1 Oct 17      **Revised Action Date** 31 Jan 18

**Control Issue 4** – Repairs and maintenance issues were being recorded in different places with no central register bringing all the issues together.

**Risk Rating** – Low Risk

**Status Update** – Active Nation are still working on transition to WAM - suggest revised date of end of Jan 2018.

**Original Action Date** 1 Oct 17      **Revised Action Date** 31 Jan 18

### Housing & Environmental Services

#### Whistleblowing Investigation

**Control Issue 1** – Housing works had not been procured in an open tender process, in line with the requirements of the Contract Procedure Rules.

**Risk Rating** – Low Risk

## South Derbyshire District Council – Audit Progress Report

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**Status Update** - This recommendation will be addressed with a series of refresher training and briefing sessions for staff following the resolution of the HR issues and the restructure of the Housing Department. This will, subject to approval by the Audit Sub-Committee, be referenced in the Governance Statement for 2016/17 as an action for 2017/18. In the meantime, relevant officers will be briefed to appraise them of the importance of complying with Council rules and regulations in this area.

This has largely been dealt with now through the Council's Formal Process; interim officers are aware of the situation and the recommendations.

The Director of Finance and Corporate Services has sent out a separate briefing note (7th September) to all senior officers (31 in total) across the Council to make them aware of the updated CPRs, pointing out provisions around extending contracts, exemptions, etc. Several of the issues have also been picked up by the interim Director as part of his responses to Whistleblowing 2.

There is an action in the Draft AGS for 2016/17 to run some briefing sessions later in the year and in particular when new appointments have been made in the Housing Department. I would expect this to have been completed by 31st January 2018.

**Original Action Date** 31 Jan 17      **Revised Action Date** 31 Jan 18

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**Control Issue 2** – Works had been awarded outside of a Council framework contract which should have been awarded to a contractor(s) on the framework.

**Risk Rating** – Low Risk

**Status Update** – See update comments for Recommendation 1.

**Original Action Date** 31 Jan 17      **Revised Action Date** 31 Jan 18

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**Control Issue 3** – Multiple quotes had not been sought for building works, in line with the requirements of the Contract Procedure Rules.

**Risk Rating** – Low Risk

**Status Update** – See update comments for Recommendation 1.

**Original Action Date** 31 Jan 17      **Revised Action Date** 31 Jan 18

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**Control Issue 4** – A mini-competition had not been run under the General Maintenance & Building Services framework contract for the awarding of larger works, not covered under direct award on a SoR basis.

**Risk Rating** – Low Risk

**Status Update** – See update comments for Recommendation 1.

**Original Action Date** 31 Jan 17      **Revised Action Date** 31 Jan 18

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**Control Issue 5** – Formal exemptions had not been raised to officially recognise the extenuating circumstances for not following Council rules and providing ratification of the actions taken.

**Risk Rating** – Low Risk

**Status Update** – See update comments for Recommendation 1.

**Original Action Date** 31 Jan 17      **Revised Action Date** 31 Jan 18

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**Control Issue 6** – Quotations for works had not been retained by the Housing Section.

**Risk Rating** – Low Risk

**Status Update** – See update comments for Recommendation 1.

**Original Action Date** 31 Jan 17      **Revised Action Date** 31 Jan 18

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## South Derbyshire District Council – Audit Progress Report

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**Control Issue 9** – The Council were using a contractor to deliver Council services on a regular basis without formalised contractual arrangements in place.

**Risk Rating** – Low Risk

**Status Update** - See update comments for Recommendation 1.

**Original Action Date** 30 Apr 17      **Revised Action Date** 31 Jan 18

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**Control Issue 15** – Contractors were not being correctly challenged on defective works.

**Risk Rating** – Low Risk

**Status Update** - This recommendation will be addressed with a series of refresher training and briefing sessions for staff following the resolution of the HR issues and the restructure of the Housing Department. This will, subject to approval by the Audit Sub-Committee, be referenced in the Governance Statement for 2016/17 as an action for 2017/18. In the meantime, relevant officers will be briefed to appraise them of the importance of complying with Council rules and regulations in this area.

**Original Action Date** 31 Jan 17      **Revised Action Date** 23 Feb 18

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### Whistleblowing Investigation 2

**Control Issue 2** – A formal process was not being followed for extending Housing Contracts.

**Risk Rating** – Low Risk

**Status Update** - We had expected to be able to demonstrate evidence of this by the end of October however the discussions about the appropriate course of action are still ongoing as the Council is still considering reviews of two specific contracts.

It is expected that these reviews will be completed before the end of this calendar year and at this point the evidence you require will be available.

**Original Action Date** 1 Sep 17      **Revised Action Date** 31 Dec 17

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