



South Derbyshire District Council – Internal Audit Progress Report

Audit Sub-Committee: 15th June 2016



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.co.uk

Contents

Page

Summary	3
Audit Coverage	4
Audit Performance	12
Audit Performance	14
Recommendation Tracking	15



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 2016.

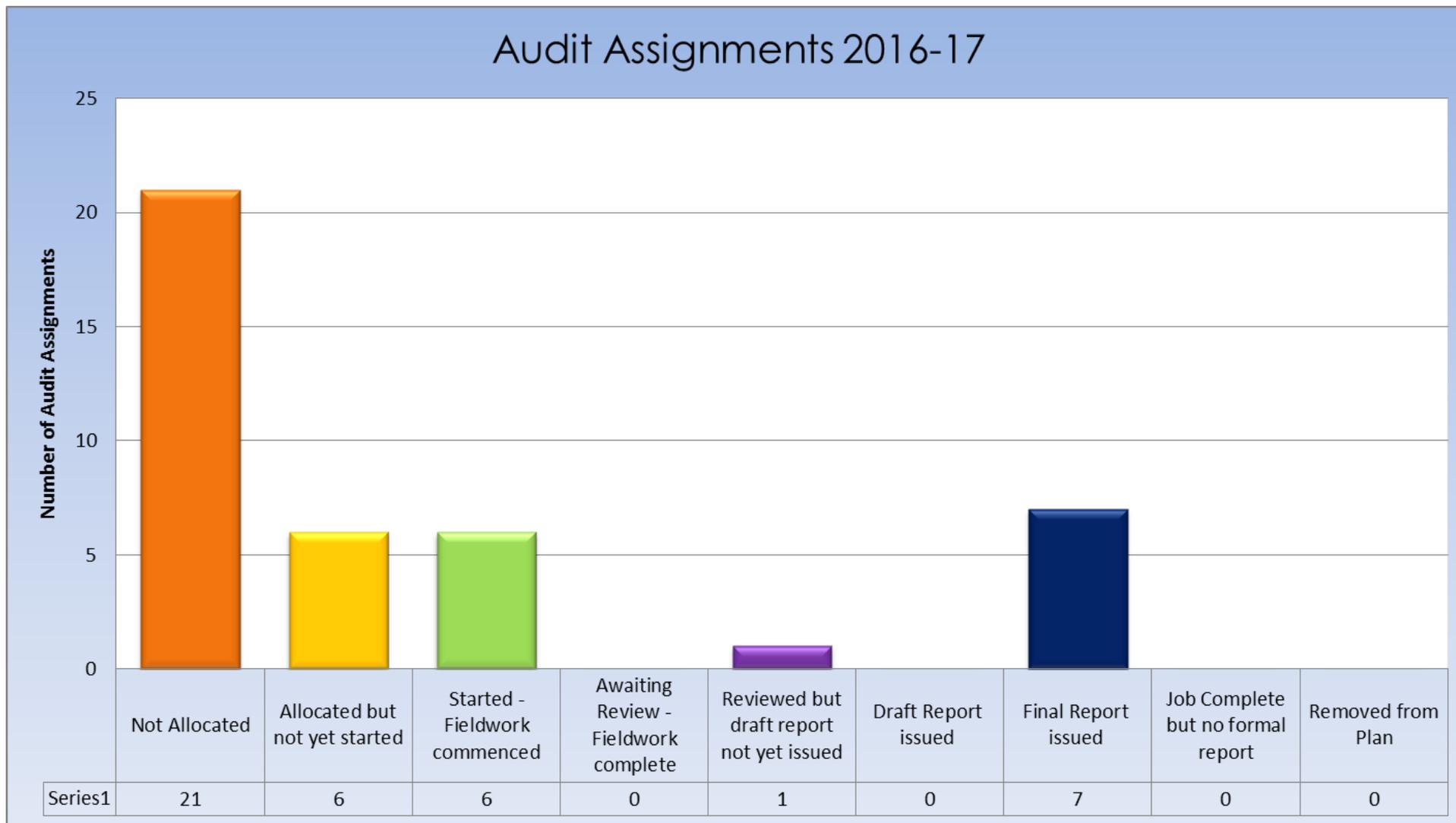
Audit Plan Assignments	Type of Audit	Current Status	% Complete
South Derbyshire – Council Tax 2016-17	Key Financial System	Allocated	0%
South Derbyshire - Records Management	Governance Review	Allocated	5%
South Derbyshire - Data Quality & Performance Management	Governance Review	Allocated	0%
South Derbyshire - Safeguarding	Governance Review	Allocated	0%
South Derbyshire - Land Charges	Key Financial System	Allocated	10%
South Derbyshire - Cleaning Services	Key Financial System	In Progress	20%
South Derbyshire - Pest Control	Key Financial System	In Progress	60%
Whistleblowing Investigation	Investigation	In Progress	45%
South Derbyshire - Main Accounting System (MTFP) 2015-16	Key Financial System	In Progress	70%
South Derbyshire - Council Tax / NNDR / Cashiering 2015-16	Key Financial System	Final Report	100%
South Derbyshire - Housing Benefits & Council Tax Support 2015-16	Key Financial System	Final Report	100%
South Derbyshire - Creditors / Debtors 2015-16	Key Financial System	Final Report	100%
South Derbyshire - Information@Work	IT Audit	Final Report	100%
South Derbyshire - Change & Configuration Management	IT Audit	In Progress	75%
South Derbyshire - Client Monitoring - Corporate Services Contract	Procurement/Contract Audit	Allocated	10%
South Derbyshire - Corporate Governance	Governance Review	Final Report	100%
South Derbyshire - Petty Cash & Inventories	Systems/Risk Audit	Reviewed	90%
South Derbyshire - Fixed Assets 2015-16	Key Financial System	In Progress	60%
South Derbyshire - Members' Allowances	Systems/Risk Audit	Draft Report	95%
South Derbyshire - Rosliston Forestry Centre	Systems/Risk Audit	Final Report	100%

Another 21 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 2016 and 31st May 2016, the following audit assignments have been finalised since the last Progress Report was presented to this Committee (the overall control assurance rating is shown in brackets):

- Payroll / Officers Expenses & Allowances 2015-16 **(Comprehensive)**.
- Land Sales **(Comprehensive)**.
- Development Control **(Comprehensive)**.
- Rent Accounting **(Reasonable)**.
- Council Tax / NNDR / Cashiering 2015-16 **(Reasonable)**.
- Housing Benefits & Council Tax Support 2015-16 **(Reasonable)**.
- Creditors / Debtors 2015-16 **(Reasonable)**.
- Information@Work **(Reasonable)**.
- Corporate Governance **(Comprehensive)**.
- Rosliston Forestry Centre **(Limited)**.

The Rosliston Forestry Centre audit attracted a 'Limited' control assurance rating and as such it is necessary to bring that particular assignment to the Sub-Committee's attention.

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

Payroll / Officers Expenses & Allowances 2015-16

Overall Control Assurance Rating: **Comprehensive**

This audit focused on ensuring that robust systems were in place regarding the payment of expenses and allowances claimed for reimbursement by officers at the Council.

From the 11 key controls evaluated in this audit review, 8 were considered to provide adequate control and 3 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:

- Personal and sensitive information on employees was being saved on the Finance network (S\Finance\payroll) that was not suitably restricted and could be accessed by members of the Finance team who did not require this for work purposes. **(Low Risk - Risk accepted)**
- Periodic reconciliation between the Payroll and the Human Resources systems were not being undertaken to ensure that the two records of employees agreed. **(Low Risk - Risk accepted)**

Both of the control issues raised within this report were accepted, but Management has decided not to take any mitigating action and has chosen to accept the risk.

Land Sales

Overall Control Assurance Rating: **Comprehensive**

This audit focused on the processes in place to approve the sale of land, ensuring sales were achieved to maximise income for the Council at their highest value and that all details of transactions were being appropriately recorded.

From the 12 key controls evaluated in this audit review, 10 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:

- We confirmed that there was no procedural guidance in place to support the process to dispose of land. Although there were

South Derbyshire District Council – Internal Audit Progress Report

some procedures specific to domestic land, there was no overarching procedural guidance. (Low Risk)

- The Council had identified all land surplus to requirements and had created a Portfolio of Land. The document was last reviewed in July 2015. The Corporate Asset Manager had not set a timeframe for review for this document. (Low Risk)

Both of the control issues raised within this report were accepted and positive actions were agreed to address each of these by 1st August 2016.

Development Control

Overall Control Assurance Rating: **Comprehensive**

This audit focused on ensuring that Planning Enforcement activities were dealt with effectively, were adequately documented and controlled, and, that appropriate enforcement action had been taken where necessary.

From the 17 key controls evaluated in this audit review, 16 were considered to provide adequate control and 1 contained a weakness. The report contained 1 recommendation, which was considered a low risk. The following issues were considered to be the key control weaknesses:

- Although checks were undertaken on outstanding enforcement case files, these were not carried out on a regular basis and no evidence was available to demonstrate that these checks had been performed. (Low Risk)

The issue raised within this report has been accepted and action will be taken to address this by 31st March 2016.

Rent Accounting

Overall Control Assurance Rating: **Reasonable**

This audit focused on ensuring that the annual rent increase had been correctly applied in accordance with Council policy. The audit also sought to ensure that regular reconciliations were being undertaken

between the Council's housing system (Orchard) and other key financial systems. Finally, the audit reviewed the system in place surrounding rent accounts with credit balances.

From the 13 key controls evaluated in this audit review, 7 were considered to provide adequate control and 6 contained weaknesses. The report contained 6 recommendations, all 6 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- The calculation of the annual rent increase to be charged to Council tenants had not been signed and dated by the officer undertaking the calculation. (Low Risk)
- The calculation record of gross rents was not subject to a check by a second officer within Finance. (Low Risk)
- Computer generated control totals from the gross rent calculation record were not being used to ensure that the correct number of properties had been updated with the correct rental values. (Low Risk)
- Documentary evidence was not available to confirm that checks had been undertaken on tenants rent accounts to ensure they had been updated correctly with the annual rental increase charge. (Low Risk)
- Reconciliations between the Council's Orchard Housing system, Agresso Finance system and cash receipting system were not always completed in a timely manner and did not record the name of the officer preparing the reconciliation, the name of the officer reviewing the reconciliation or the dates when it had been prepared and reviewed. (Low Risk)
- Although weekly reviews were in place to check the housing benefit payments up-loaded to the interface with the Orchard system, no checks were in place to make sure the correct amounts had been actually posted to the Orchard housing system. (Low Risk - Risk accepted)

All 6 issues raised within this report have been accepted. Action will be taken to address 5 of the issues raised by 31st March 2016. In respect of

South Derbyshire District Council – Internal Audit Progress Report

the remaining issue, officers have chosen to accept the risk as an alternative compensating control is in operation.

Council Tax / NNDR / Cashiering 2015-16

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 the Council that these key systems were operating effectively and correctly.

From the 63 key controls evaluated in this audit review, 55 were considered to provide adequate control and 8 contained weaknesses. The report contained 9 recommendations, 6 of which were considered a low risk and 3 a moderate risk. The following issues were considered to be the key control weaknesses:

- The Council was relying on the Valuation Office Agency (VOA) to process all Council Tax reports submitted in a timely manner and were not asking for long outstanding items to be prioritised. (Low Risk)
- Recovery of Council Tax debt was being hindered as data on Council Tax accounts were not being cleansed, to maintain relevance and accuracy. It was not immediately obvious which debts were longstanding irrecoverable debts on indefinite hold (which could be written off) and which were current debts on hold that needed to be progressed. (Moderate Risk)
- Attachments of earnings orders were not being effectively monitored to identify when payments were not forthcoming from employers. (Low Risk)
- The team were relying on the VOA to process all Non-Domestic Rates reports submitted in a timely manner and were not verifying if this work was being done. (Low Risk)
- Non-Domestic rate Arrears which could have been collected were not being pursued because holds had been left on accounts and not subjected to review. (Moderate Risk)
- Permanent recovery holds were in place on accounts for precepting bodies which prevented simple reminders being

issued when a debt remained unpaid. As recovery action was not taking place, the accounts should have been subject to review and any unpaid amounts pursued. (Moderate Risk)

- Decisions of actions to be taken, agreed at performance monitoring meetings with the Enforcement Agents were not being formally minuted and the meetings were being held quarterly instead of monthly as stipulated in the agreement. (Low Risk)
- Regular reconciliations were not being promptly undertaken between caseload listings held by the Council and the Enforcement Agents records, to ensure a coherent response to debtor queries. (Low Risk)
- Old Non-Domestic Rates account balances, where there was no potential for income, had been left on the system. This does not follow the corporate debt recovery policy which states "that prompt and regular write off of such debts is good practice as it maintains the accuracy of the collection databases." (Low Risk)

All 9 issues raised within this report have been accepted and action was agreed to address 6 of the issues by the end of June 2016, a further 2 by the end of October 2016, with the 1 remaining action to be taken by 28th February 2017.

Creditors / Debtors 2015-16

Overall Control Assurance Rating: **Reasonable**

This audit focused on the controls in operation over the creditors and debtors functions of the Council, covering security of cheques, amendments to supplier details and the approval of invoices. We also covered debts raised by the Council, how these were monitored and debt recovery procedures.

From the 29 key controls evaluated in this audit review, 23 were considered to provide adequate control and 6 contained weaknesses. The report contained 4 recommendations, all 4 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

South Derbyshire District Council – Internal Audit Progress Report

- Spoilt cheques were being recorded and retained by the Finance Section instead of destroying them. (Low Risk)
- The system flag which identified existing customers in debt was easily disregarded and two examples were identified where customers had continued to accumulate debt and use the Council's facilities whilst recovery action was being taken against them. (Low Risk)
- We confirmed with the Finance Section that there was no second independent check on what reminder letters were being suppressed. (Low Risk)
- We confirmed that two direct debit payments had payment request forms in place, but had not been approved by a budget manager. (Low Risk)

Positive action was agreed for each of the 4 issues raised. Three recommendations had already been implemented with the remaining issue due for implementation by 1st July 2016.

Creditors / Debtors 2015-16

Overall Control Assurance Rating: **Reasonable**

This audit focused on the security, configuration and management of the Council's live Information@Work application and supporting server infrastructure.

From the 59 key controls evaluated in this audit review, 45 were considered to provide adequate control and 14 contained weaknesses. The report contained 9 recommendations, all 4 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- There were 224 accounts within the SDDC\Domain Images and/or SODOR\Domain Images groups which did not have an active application account in Information@Work. This could be exploited to bypass the application and expose the highly personal and sensitive documents stored on the Images\$ share (D:\Images) on the document cache server to unauthorised access. (Moderate Risk)

- The local SDDC-VM-IAWCH-L\Images group had FULL control over the directory which stored the Information@Work documents on the document cache server. Such elevated access could be misused to allow a user to maliciously or inadvertently add users to the access control list, exposing the highly personal and sensitive data within the documents to unauthorised access leading to privacy violations. In addition, a user could maliciously remove genuine access from users and administrators, or service accounts, such as those associated with virus scanners and backup applications. (Moderate Risk)
- There were over 40 different combinations of security permissions assigned to users, and only 30 accounts were being granted permissions through a security profile (role based security model). Using roles allows for group management of privileges assigned by function and reduces the likelihood of wrongfully assigned privileges which may expose the integrity, availability and confidentiality of documents processed by the application. (Low Risk)
- 6 of the SQL authentication accounts with access to the live Information@Work database server were not subject to either password complexity or expiry policies. Furthermore, 2 of the accounts had weak corresponding passwords. Weak password policies give rise to weak password selections, and weak passwords are a primary target to gain unauthorised access to service critical database servers. (Moderate Risk)
- The MSSQLServer and SQLServer agent services were both running under the security context of a local administrator account (sddc\svc_iawservice). Were there a bug in the service code, malicious users could exploit this to gain administrator permissions over the Information@Work database server, which could affect the integrity, availability and confidentiality of the System. (Low Risk)
- The GUEST account was enabled in all system and user databases on the Information@Work database server. This can expose the data within these databases to unauthorised access, potentially leading to privacy violations. (Low Risk)

South Derbyshire District Council – Internal Audit Progress Report

- The system database 'model' had never been backed up on the live Information@Work database server. If this database were damaged with no backup at all available, any specific template information would be lost and would need to be recreated manually, potentially affecting the availability of the System, or the recoverability of the system in disaster scenarios. (Low Risk)
- 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. (Low Risk)
- A number of user and system databases on the live Information@Work database server had never had a successful DBCC CHECKDB. It is a mandatory DBA task to run this regularly to catch any database corruption as soon as possible before it poses a data loss or availability risk to the Information@Work application. (Low Risk)

All 9 of the issues raised were accepted and 1 of the issues had already been addressed. Positive actions were agreed to address the remaining 8 issues by the end of October 2016, subject to external confirmation from the application development specialists.

Corporate Governance

Overall Control Assurance Rating: **Comprehensive**

This audit focused on reviewing the effectiveness of controls within:

- The process for compilation of the Council's Annual Governance Statement.
- The communications protocol for ensuring proper scrutiny of the Council's functions.
- The process for ensuring Member and officer training with regard to governance.

From the 13 key controls evaluated in this audit review, 11 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:

- Formal written procedural guidance had not been produced to support the process for completing the Annual Governance Statement. (Low Risk)
- We confirmed there that was no process of monitoring to ensure that mandatory and other training courses were being undertaken by staff and managers. (Low Risk)

Both of the control issues raised within this report were accepted and positive actions were agreed to address these control issues by 30th June 2016 and 1st October 2016.

Rosliston Forestry Centre

Overall Control Assurance Rating: **Limited**

This audit focused on existing and developing arrangements at the Centre, including:

- The re-contracting the management of the Centre.
- The programme for repairs and maintenance at the site.
- The monthly payments and reconciliations of financial data from the Management Company.
- Income collected by Council Officers at the Centre and how this is stored, recorded and paid in.

From the 22 key controls evaluated in this audit review, 6 were considered to provide adequate control and 16 contained weaknesses. The report contained 11 recommendations, 8 of which were considered a low risk and 3 a moderate risk. The following issues were considered to be the key control weaknesses:

- No firm decisions had been taken about the running of Rosliston Forestry Centre when the current management contract comes to an end. (Moderate Risk)
- There was no action plan in place to facilitate officers with the ending of the current management arrangements at Rosliston

South Derbyshire District Council – Internal Audit Progress Report

Forestry Centre and to have the new management arrangements in place by the required date. (Moderate Risk)

- Formal decisions regarding procurement activity in respect of the future management arrangements at Rosliston Forestry Centre had not been agreed between the Partners. (Low Risk)
- There was not a regular programme of building and site inspections at the Centre. (Low Risk)
- There was not a maintenance plan in place for Rosliston Forestry Centre. Historic inspections and Condition Surveys flagged multiple issues at the site over a number of years, but these were not addressed due to financial restrictions. (Moderate Risk)
- There were modest budgets for repairs and maintenance of the Rosliston Forestry Centre site. The budgets only covered responsive repairs and the 2014-15 expenditure on maintenance exceeded the budget provision. (Low Risk)
- There were insufficient procedures in place that covered the checking and reconciling of data in the Monthly Analysis Control Sheets. (Low Risk)
- The Management Company were providing electronic and hard copy versions of the Monthly Analysis Control Sheets to the Council on a timely basis, however, officers of the Council were not signing them to demonstrate that the payments in respect of the contract were legitimate. We also noted two instances where the hard copy sheets that had been signed by the Management Company and their Accountant had not been forwarded to the Accountancy team. (Low Risk)
- Officers at the Council were not checking the accuracy of the Monthly Analysis Control Sheet figures as they had not been provided with supporting documentation from the Management Company. Through the work of Internal Audit, minor issues were noted on the spreadsheets that informed the Monthly Analysis Control Sheets which led to omissions and in one case overstatement of an expenditure transaction. (Low Risk)

- Income could take up to a month from being received to being paid in. Additionally, officers based at Rosliston Forestry Centre had not been issued with paying in books yet to enable them to make deposits via the Post Office. (Low Risk)
- Insurance limits for storing cash and cheques in a locked drawer had been exceeded for one service area in July and August 2015. (Low Risk)

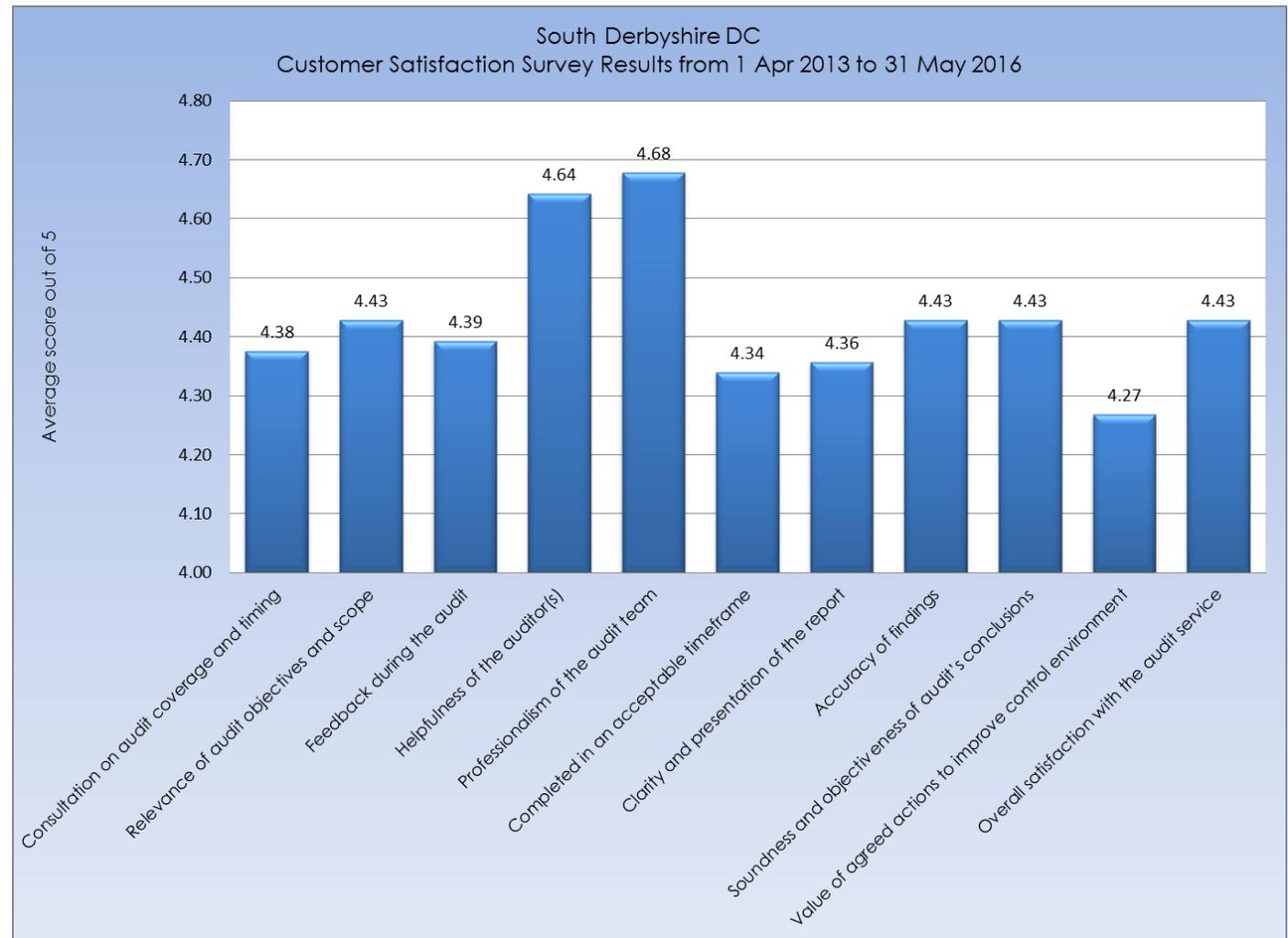
All of the issues raised within this report were accepted. Management had taken action to address 4 of the recommendations at the time of finalising this report. Management agreed to take actions to address 2 of the recommendations by 30th April 2016, 1 of the recommendations by 31st May 2016, 1 of the recommendations by 30th June 2016, 1 of the recommendations by 31st August 2016, 1 of the recommendations by 30th September 2016 and the final recommendation by 31st October 2016.

South Derbyshire District Council – Internal Audit Progress Report

Audit Performance

Customer Satisfaction

The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. The chart across summarises the average score for each question from the 56 responses received between 1st April 2013 and 31st May 2016. The overall average score from the surveys was 48.8 out of 55. The lowest score received from a survey was 40, whilst the highest was 55 which was achieved on 7 occasions.



South Derbyshire District Council – Internal Audit Progress Report

Audit Performance

Customer Satisfaction

Since 1st April 2013, we have sent 87 Customer Satisfaction Surveys (CSS) to the recipients of audit services. Of the 87 sent we have received 56 responses.

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

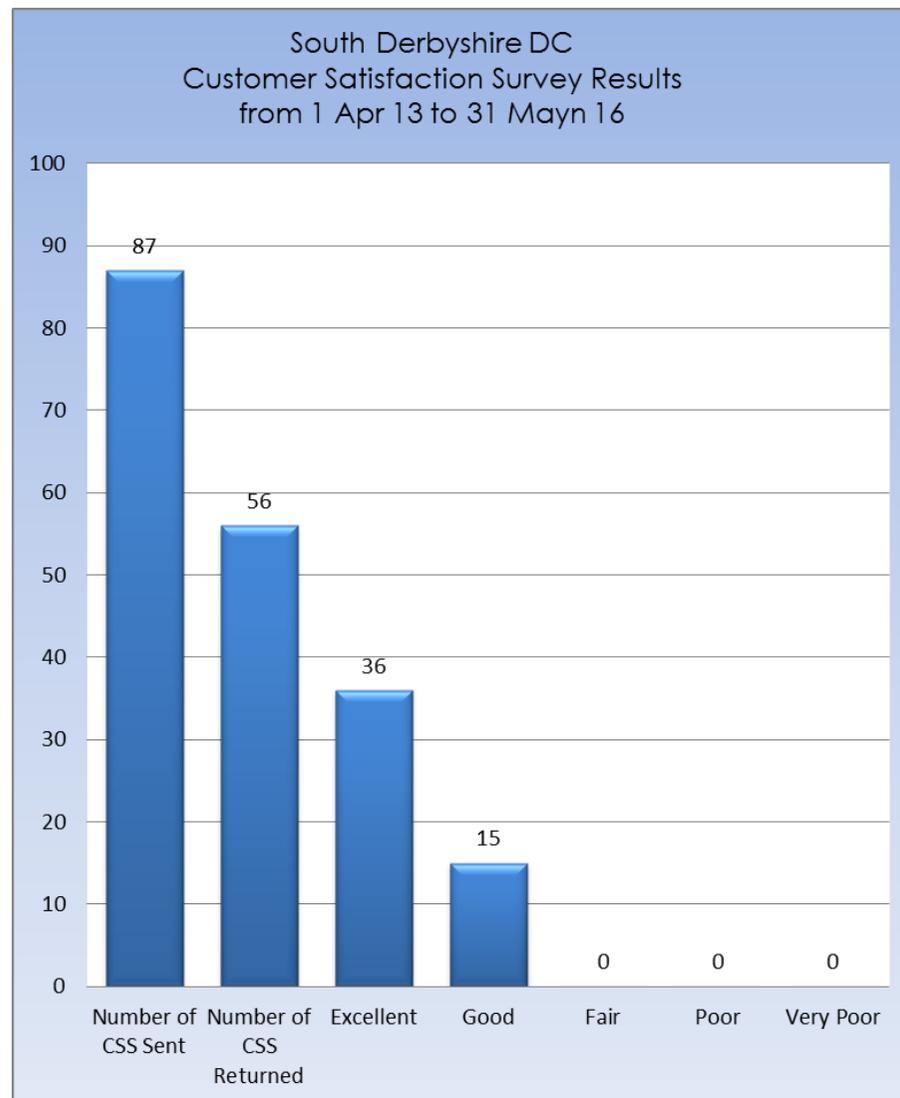
The following Customer Satisfaction Surveys have yet to be returned:

Job Name	CSS Sent	Officer
Payroll / Officers Expenses 2015-16	07-Mar-16	Director of Finance & Corporate Services
Data Quality 2015-16	08-Jan-16	Head of Policy and Communications
Income & Tenancy Management	06-Nov-15	Housing Operations Manager
People Management	24-Sep-15	Director of Finance & Corporate Services
Land Sales	02-Feb-16	Corporate Asset Manager
Safer Neighbourhood Wardens	25-Nov-15	Environmental Health Manager
Treasury Management / Insurance 2015-16	28-Jan-16	Director of Finance & Corporate Services
Rosliston Forestry Centre	29-Apr-16	Cultural Services Manager
Creditors / Debtors 2015-16	12-Apr-16	Financial Accountant
Council Tax / NNDR / Cashiering 2015-16	09-May-16	Client Services Manager
Housing Bens & C Tax Support 2015-16	12-Apr-16	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 40 of 56 responses categorised the audit service they received as excellent, another 16 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

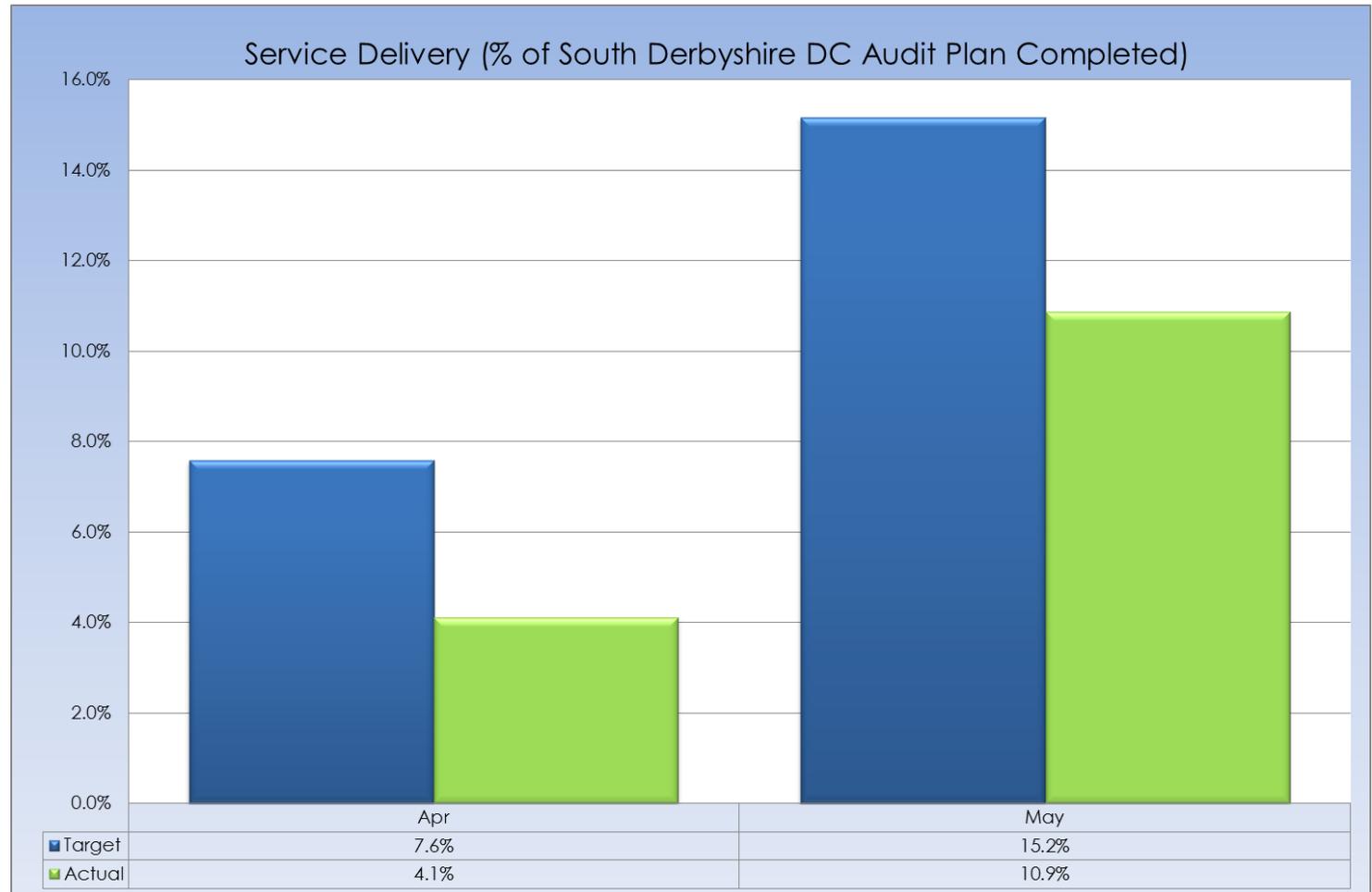
Audit Performance

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 2016-17 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:

- **Action Due** = Action is due and Audit has been unable to ascertain any progress information from the responsible officer.
- **Future Action** = Action is not due yet, so Audit has not followed up.
- **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	Action Due	Future Action	Total
Low Risk	406	21	13	6	1	36	483
Moderate Risk	87	6	1	4	0	8	106
Significant Risk	7	0	0	0	0	0	7
Critical Risk	0	0	0	0	0	0	0
	500	27	14	10	1	44	596

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

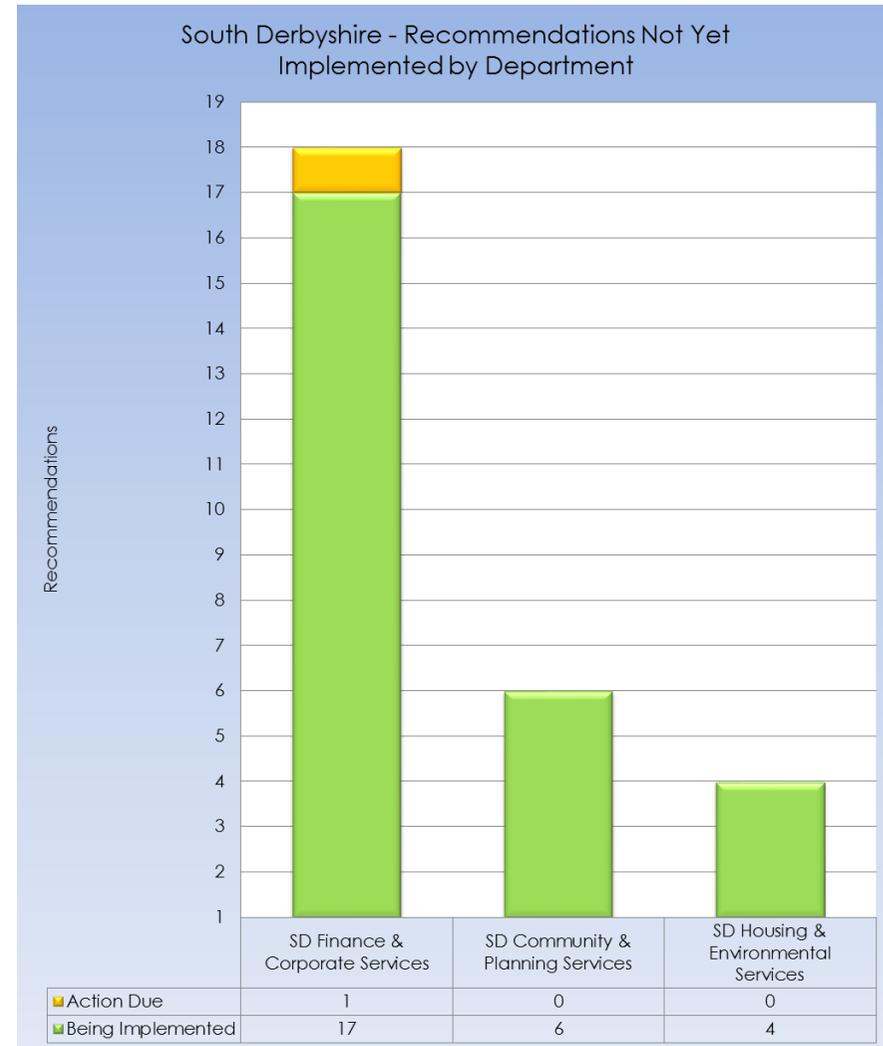
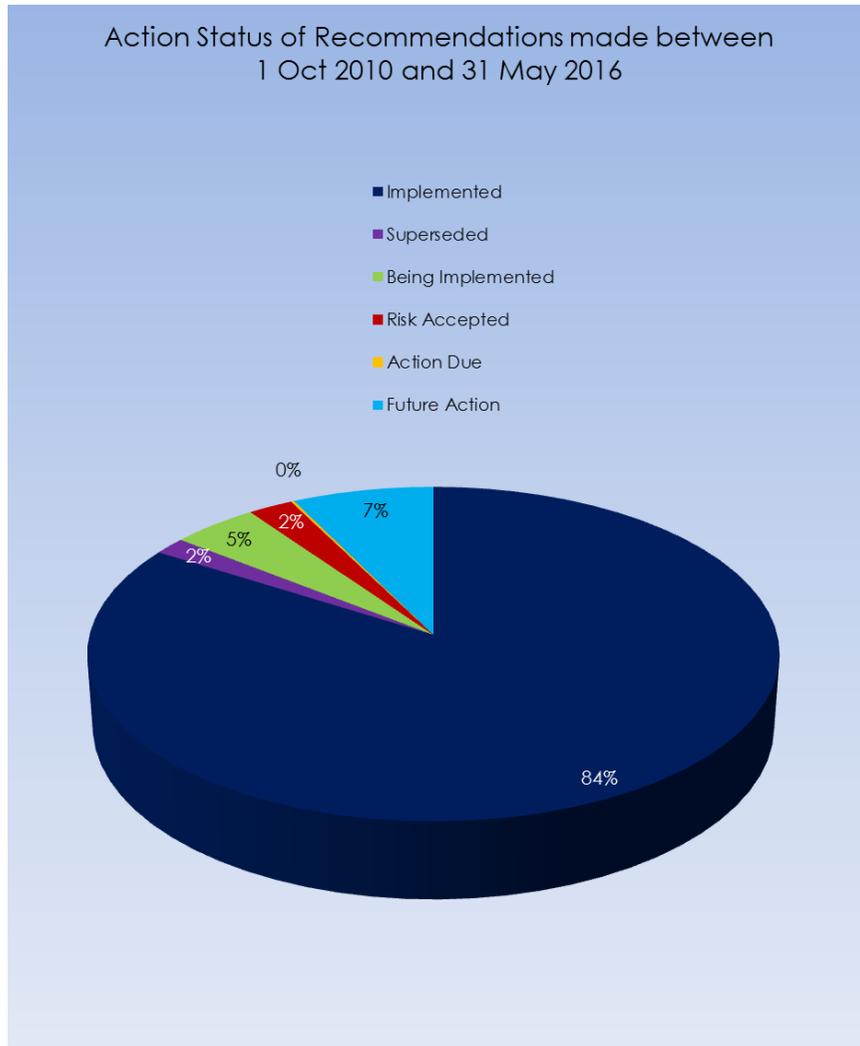
Recommendations Not Yet Implemented	Corporate Services	Community & Planning Services	Housing & Environmental Services	TOTALS
Being Implemented	17	6	4	27
Action Due	1	0	0	1
	18	6	4	28

Internal Audit has provided Committee with summary details of those recommendations still in the process of 'Being Implemented' and those that have passed their due date for implementation. As stated earlier in this report, we will now only provide full details of each moderate, significant or critical risk issue where management has decided not to take any mitigating actions (shown in the 'Risk Accepted' category above). All the risk accepted issues shown above 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

At the last meeting we agreed that we would no longer bring every outstanding recommendation in detail to this Committee. Instead we have sought to highlight those which we believe deserve Committee's attention, either through the level of risk associated with the control issue or the length of the delay in implementing agreed actions or our inability to obtain satisfactory progress information from Management. Accordingly, the following are detailed for Committee's scrutiny:

Corporate Services

Car Allowances

Control Issue 4 - A neighbouring Authority has revised its car user allowance scheme and introduced a new scheme which has removed the essential user lump sum and pays one mileage rate to both types of user. This will enable the Authority to make significant savings in future years.

Risk Rating – Low Risk

Status Update - This will be considered as part of the pay and grading review in 2016/17.

Original Action Date 30 Jun 11 **Revised Action Date** 1 Apr 17

Council Tax / NNDR / Cashiering 2013-14

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

Risk Rating – Low Risk

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

Original Action Date 31 Dec 14 **Revised Action Date** 30 Jun 16

Data Protection & Freedom of Information

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

Risk Rating – Moderate Risk

Status Update – Following the replacement of mobile devices with smartphones and tablets, Procurement is currently undertaking a final evaluation of 2 suppliers to supply an application fairly similar to that used for i-pads. The preferred system will then be selected and implemented.

Original Action Date 29 Oct 15 **Revised Action Date** 1 Jun 16

South Derbyshire District Council – Internal Audit Progress Report

Control Issue 6 – There were no formal review and verification procedures in operation for ensuring that access to directories on the Council's file servers was restricted to authorised users only. This can lead to inappropriate access provision to personal or sensitive data leading to privacy violations.

Risk Rating – **Low Risk**

Status Update – The relevant information assets have been identified and liaison is now taking place with service managers to assign owners. An outline template for the documentation has been drawn up and once this has been completed, it will be held centrally by the IT Helpdesk to ensure that updates to the information are properly controlled and authorised

Original Action Date 26 Feb 15 **Revised Action Date** 1 Aug 16

Capacity Management

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

Risk Rating – **Moderate Risk**

Status Update – We still have some servers in this audit recommendation that are subject to refresh, so I cannot say that we have addressed all issues.

Original Action Date 30 Oct 15 **Revised Action Date** 29 Jul 16

Control Issue 2 – The Council had not established capacity management plans for all critical IT services. Without establishing capacity plans for critical IT services, there is a risk that the Council could run out of capacity resources leading to service outages of critical IT services, or unacceptable performance, impacting service delivery.

Risk Rating – **Moderate Risk**

Status Update – The current process in place is being formally documented.

Original Action Date 26 Mar 16 **Revised Action Date** 30 Jun 16

Members Allowances

Control Issue 27 – Key financial rules and procedures documents had not been issued to Aurora.

Risk Rating – **Low Risk**

Status Update – No Response Received.

Original Action Date 1 May 16 **Revised Action Date** n/a

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 – Live implementation of new system will be approx June 2016.

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

Control Issue 3 – There were a number of configurations and maintenance issues exposing the SQL Server to serious performance and reliability issues.

South Derbyshire District Council – Internal Audit Progress Report

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 – Live implementation of new system will be approx June 2016.

Original Action Date 31 Aug 15 Revised Action Date 30 Jun 16

Business Continuity

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

Risk Rating – **Moderate Risk**

Status Update – Following computer virus affecting the council the list of services has been reviewed and BIA are partly completed at this time (some services to finalise). The countywide model is being used.

Original Action Date 30 Sep 15 Revised Action Date 30 Jun 16

Data Quality & Performance Management 2014-15

Control Issue 6 – There was no documented methodology for producing the Speed of Planning Applications performance figures.

Risk Rating – **Low Risk**

Status Update – The Council's position is that we have a contract with Northgate PS to supply the software to undertake this task. Currently the software does not do this correctly. As such the Planning Section are waiting for Northgate to deal with this issue so that we can log the process as it should operate rather than logging the current process which will otherwise be irrelevant. We DO NOT have a date for when this issue will be resolved.

Original Action Date 1 Jul 15 Revised Action Date 1 Jan 16

Housing & Environmental Services

Vehicles, Plant & Equipment

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

Risk Rating – **Moderate Risk**

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

Original Action Date 30 Nov 14 Revised Action Date 16 Dec 16

Community & Planning Services

Bereavement Services

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

Risk Rating – **Low Risk**

Status Update – I can confirm that the updating and pulling together of procedures is currently having to fit around day to day tasks and additional priorities so I envisage completion by 31 March 2016. Burial Procedural Document currently part written. Completion aimed for Audit Sub-Committee 15 June 2016.

Original Action Date 31 Mar 15 Revised Action Date 20 Jun 16

South Derbyshire District Council – Internal Audit Progress Report

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 – A policy decision from members would be required as to a charge being set as not one currently listed in the Fees & Charges structure. We will include a charge in this year's budget setting, web site has been updated and policy and charges will be updated once formalised. Seeking advice on policies and pricing through APSE. Once feedback/advice has been received a new policy will be written on the extension of Grants. Hopefully this will ready Sept/Oct to be included within the fee setting programme for 2017/18.

Original Action Date 31 Mar 15 **Revised Action Date** 1 Dec 16

Planning & Building Control Fees

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

Risk Rating – Low Risk

Status Update – NGPS call logged but no suitable / practical solution provided.

Original Action Date 31 Jul 15 **Revised Action Date** 31 Dec 16
