



# Follow Up Review of Internal Audit Recommendations

**Chiltern District Council**

# FINAL



**June 2014**

**2013/14**

## Follow Up Review of Internal Audit Recommendations

### - EXECUTIVE SUMMARY -

#### INTRODUCTION

1. This follow up review by TIAA established the management action that has been taken in respect of the recommendations arising from the internal audit reviews listed below which were completed to final report stage as at 31<sup>st</sup> March 2014 at Chiltern District Council. The review was carried out in April and May 2014.

*Figure 1 – Reviews followed up*

Review	Year	Final Report issued
Budgetary Control	2013/14	08/10/2013
Cash & Bank	2013/14	07/03/2014
Cemeteries	2013/14	10/10/2013
Contracts	2013/14	04/10/2013
Council Tax/NDR (Compliance)	2013/14	19/11/2013
Council Tax Support	2013/14	28/03/2014
Creditors	2013/14	17/01/2014
Crematorium	2013/14	18/09/2013
Data Quality	2013/14	27/09/2013
Emergency Planning	2013/14	07/08/2013
Environmental Health (Food Hygiene)	2013/14	18/09/2013
Housing Benefits	2013/14	31/03/2014
Joint Working with South Bucks	2013/14	19/11/2013
Main Accounting	2013/14	07/03/2014
Payroll	2013/14	20/02/2014
Recruitment	2013/14	18/10/2013
Risk Management	2013/14	28/03/2014
Treasury Management	2013/14	07/03/2014

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**KEY FINDINGS**

2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

*Figure 2 - Summary of the action taken on Recommendations made*

<b>Evaluation</b>	<b>Number of Recommendations</b>
<b>Implemented</b>	<b>48</b>
<b>In Process of Being Implemented</b>	<b>2</b>
<b>Revised Target Date</b>	<b>3</b>
<b>Considered but not Implemented</b>	<b>-</b>
<b>Not Applicable</b>	<b>11</b>
<b>Not Implemented</b>	<b>-</b>

**SCOPE AND LIMITATIONS OF THE REVIEW**

3. The review considers the progress made in implementing the recommendations made in the previous internal audit reports and to establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
4. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
5. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

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**RELEASE OF REPORT**

6. The table below sets out the history of this report.

<b>Date draft report issued:</b>	20 <sup>th</sup> June 2014
<b>Date management responses recd:</b>	30 <sup>th</sup> June 2014
<b>Date final report issued:</b>	30 <sup>th</sup> June 2014

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- DETAILED REPORT -

FOLLOW UP

Management representations were obtained on the action taken to address the recommendations. Only limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations that have not been fully implemented:

Title of review:	Assurance Review of Creditors
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Date issued:	17/01/2014
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Rec.	Original Finding	Original Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)	Current Status
1	It was evident from the walkthrough that there are a number of effective controls in place, and that there is a separation of duties with the Accounts Assistant being responsible for processing the payment run, and the Principal Accountants responsible for reviewing high value payments and authorising the final payments. It was noted, however, that there is no formalised practice within the procedure notes for the review or sign-off by senior members of the Finance team at key stages of the payment run process. A general review of the 15 relevant payment runs for the sample of 25 invoices selected under Control 4 indicated an inconsistent approach as to sign-offs,	Procedure notes should be reviewed to ensure that there is a clear control framework in place (reflecting current working practices) in relation to the review and sign-off by senior members of the Finance team at key stages of the payment run process. Officers should be reminded of the importance of signing off all documentation as evidence of review and authorisation.	2	<p>Agreed.</p> <p><i>Due to staff shortages and the introduction of Integra in April 2013, our working practices have consciously changed over time.</i></p> <p><i>Now that the systems have bedded in we will look to formalise the sign off procedures.</i></p>	January 2014	Principal Accountant (GM).	<p>Revised implementation date. (30.09.14)</p> <p><i>It was confirmed by the Principal Accountant that this area has been discussed with the members of the creditors team, and it is felt more appropriate to review this area following the implementation of the shared Finance team in August 2014.</i></p>

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Rec.	Original Finding	Original Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)	Current Status
	giving little assurance that items had been reviewed or authorised by a senior member of the Finance team prior to the payment run being finalised.						
2	It was noted that the Integra guidance note relating to new supplier set up does not include details as to the documentary evidence required by the Finance team (e.g. a letterhead or formal confirmation of address and bank details) prior to a new supplier being set up. With respect to amendments to supplier details, there is no guidance note in place which details the process to be followed. In practice, if bank account details are to be changed, a member of the finance team is required to substantiate such a change by contacting the company by telephone using a number obtained from previous correspondence or through directory enquiries.	Guidance notes should be expanded to include details as to evidence required for new supplier set up, and to formalise the process for substantiating supplier amendments, in order to ensure that a clear control framework is in place.	3	Agreed.	By the end of the financial year.	Principal Accountant (GM).	<b>Revised implementation date (30.09.14).</b>  It was confirmed by the Principal Accountant that this area has been discussed with the members of the creditors team and it is felt more appropriate to review this area following the implementation of the shared Finance team in August 2014.

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Title of review:	Assurance Review of Data Quality
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Date issued:	27/09/2013
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Rec.	Original Finding	Original Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)	Current Status
3	It was confirmed that there are information asset registers in place for each Service Area, which set out details of the types of records being held, the format, the officer with overall responsibility for each type of record, the retention period, and the location of the information (either physical or electronic). A review of the information asset registers for the Health and Housing, Finance, and Revenues and Benefits departments, along with discussions with officers from those departments, indicated a number of instances where the custodian identified was not up to date due to personnel changes, and also where the physical location of information was not up to date.	Information asset registers should be reviewed to ensure that they contain accurate and up to date information in relation to the retention of records.	2	We are working with the Audit Manager, and Head of Business Support to assess a timeframe in which to complete the review of the information asset registers.	31/10/13	Head of Business Support	<p><b>In process of being implemented.</b></p> <p>The overview of information asset registers rest with the Information Governance Group (IGG). The IGG is putting together an IG organisation chart to identify data owners and administrators.</p> <p>Once the individuals have been identified their responsibilities will be re-enforced around file management, data security, retention and disposal to ensure the registers are regularly reviewed.</p> <p>The IGG will continue to regularly remind the data owners and administrators to review registers. Training and other actions to embed the roles and</p>

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							<i>responsibilities will be part of the IGG's work.</i>
4	The Records Disposal Plan refers to biannual record disposal sessions in order to enable disposal activities to happen in a systematic, consistent way. Discussions with officers in the Health and Housing, Finance, and Revenues and Benefits departments indicated that such a consistent approach is not carried out as envisaged by the Records Disposal Plan. It was noted, however, that in the case of the Health and Housing department, the vast majority of information is now retained electronically and therefore such disposal sessions may no longer be relevant (at least in the case of paper records).	The Records Disposal Plan should be reviewed in order to ascertain if the procedures contained therein remain relevant and appropriate, and if so this should be communicated to all responsible officers in order to ensure that a consistent approach is adopted across the Council with respect to the disposal of records.	3	<i>The Information Governance Group (IGG) is responsible for reviewing the Records Disposal Plan and communicating any amendments. A review of the Records Disposal Plan has been added to the agenda for the next IGG meeting. At the IGG meeting we will set a timeframe in which to complete the review.</i>	31/10/13	<i>Head of Business Support</i>	<b>Revised implementation date (29/08/14).</b> <i>A review of the Records Retention and Disposal Policy has been scheduled into the IGG workplan. The policies for both Chiltern and South Bucks are due to be reviewed in July 2014. After the policy has been reviewed a record disposal session will be scheduled with relevant staff.</i>