



South Bucks District Council

Follow Up Review

2014/15

FINAL

August 2015

Follow Up Review

Executive Summary

INTRODUCTION

1. This follow up review by TIAA established the management action that has been taken at South Bucks District Council in respect of the priority 1, 2 and 3 recommendations arising from the internal audit reviews listed below, which were finalised during the 14/15 financial year. The review was carried out in May and June 2015.

Figure 1 – Reviews followed up

Review	Year	Date Final Report Issued
Homelessness & Housing Allocations	2013/14	16 th April 2014
Debtors	2013/14	28 th April 2014
Revenues (Council Tax & NDR)	2013/14	27 th May 2014
Car Parks – Management and Monitoring (Joint with CDC)	2013/14	28 th May 2014
ICT Web Services	2013/14	22 nd July 2014
Licensing (Joint with CDC)	2014/15	31 st October 2014
Environmental Services	2013/14	20 th November 2014
Absence Management	2014/15	27 th November 2014

Creditors (Joint with CDC)	2014/15	8th December 2014
Main Financial Accounting (Joint with CDC)	2014/15	18th December 2014
Debtors (Joint with CDC)	2014/15	27th January 2015
Shared Services (Joint with CDC)	2014/15	24th March 2015

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

Evaluation	Number of Recommendations
Implemented	26
In Process of Being Implemented	7
Revised Target Date	2
Considered but not Implemented	2
No Longer Applicable	4
Not Implemented	4

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.

RELEASE OF REPORT

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

Figure 3 - Report History

Date draft report issued:	
Date management responses recd:	
Date final report issued:	

Detailed Report

FOLLOW UP

7. 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:

System: Homelessness & Housing Allocations – 13/14

From the review of the documentation and checks carried out the assessment is:

Implemented	3	Considered but not Implemented	-
In Process of Being Implemented	2	No Longer Applicable	2
Revised Target Date	-	Not Implemented	-

Recommendation:

Priority: 2

The Homelessness Strategy 2014-2019 should be finalised at the earliest opportunity in order to comply with legislative requirements.

Action taken:

In Process of Being Implemented.

Audit Observation:

Discussions with the Housing Manager confirmed that an interim Homelessness Strategy had not been produced for South Bucks DC due to an increased workload associated with implementing the shared housing service. Work is commencing shortly to develop a joint Homelessness Strategy for Chiltern and South Bucks District Councils and this is targeted to be completed by December 2015.

Recommendation:	Priority: 2
<p><i>Payments should only be made with respect to claims where the Guarantee is still enforceable. Formal written evidence should be retained in all cases where Guarantees are extended beyond the standard one year term.</i></p>	
<p>Action taken: In Process of Being Implemented.</p>	
<p>Audit Observation: The existing tenants and guarantees for the South Bucks DC RDGS have not been reviewed due to the increased workload associated with the implementation of the shared housing service from 1st April 2014. The review is scheduled to take place during 2015 as part of the overall review of both Councils' work within the private rented sector.</p>	

System: Revenues (Council Tax & NDR) – 2013/14

From the review of the documentation and checks carried out the assessment is:			
Implemented	-	Considered but not Implemented	-
In Process of Being Implemented	-	No Longer Applicable	1
Revised Target Date	-	Not Implemented	3

Recommendation:	Priority: 3
<p><i>Documentation should be retained on file in order to evidence that VO reconciliations have been undertaken as part of the annual billing update process.</i></p>	

Action taken:

Not Implemented.

Audit Observation:

This was reviewed again as part of the 2014/15 audit. It was found that a complete annual billing file was not in place and thus the recommendation was restated.

Recommendation:

Priority: 3

Sample testing of refunds should be recorded in order to evidence that a formal review has been undertaken.

Action taken:

Not Implemented.

Audit Observation:

This was assessed again during the 2014/15 review. The recommendation had not been implemented and thus was restated.

Recommendation:

Priority: 3

Procedure note to be developed to ensure clarity surrounding the controls in place for the processing of refunds

Action taken:

Not Implemented.

Audit Observation:

This was assessed again during the 2014/15 review. The recommendation had not been implemented and thus was restated.

System: Car Parks – Management and Monitoring – 13/14

From the review of the documentation and checks carried out the assessment is:

Implemented	-	Considered but not Implemented	-
In Process of Being Implemented	-	No Longer Applicable	-
Revised Target Date	1	Not Implemented	-

Recommendation:

Priority: 3

Members and/or management should specify what car park monitoring data is required and the purpose of the request. Depending upon the availability of the data a cost benefit analysis may be required before monitoring data is produced.

Action taken:

Revised Target Date – 30/08/2015.

Audit Observation:

The Parking Manager stated that no direction was received from Members regarding data requirements however discussions have taken place between the Parking Manager and the Head of Environmental Services to decide on what data should be collected and how it will be presented.

System: ICT Web Services – 13/14

From the review of the documentation and checks carried out the assessment is:

Implemented	4	Considered but not Implemented	1
In Process of Being Implemented	2	No Longer Applicable	-
Revised Target Date	1	Not Implemented	-

Recommendation:

Priority: 2

A business case and project plan be produced, based on the Council's business objectives, to be used as a vehicle to prioritise future developments and to detail proposals for the moved towards shared services with Chiltern District Council.

Action taken:

In Process of Being Implemented.

Audit Observation:

A draft shared ICT strategy & shared Business Support business case was produced but put on hold pending contract negotiations with Steria. Both documents are scheduled to be presented to the Joint Committee on 20th July 2015.

Recommendation:

Priority: 2

The Council adopts recognised standards for IT Security, for example ISO 17799, and more specifically as regards this review, say, the OWASP Application Security Verification 3 Standard, as a basis for the provision of shared services and to ensure the application of consistent standards by third party suppliers.

Action taken:

In Process of Being Implemented.

Audit Observation:

A program to converge systems to the CDC network is underway. As systems are moved the supplier relationship, in regard to technology & security, moves to ICT. Part of the shared ICT strategy is to move to move to one IT network.

Recommendation:

Priority: 3

The feasibility of incorporating additional validation checks within WorldPay or its successors, for example, by means of look-up tables or real time interfacing with host systems, be investigated.

Action taken:

Revised Target Date.

Audit Observation:

Management agreed that the recommendation will be implemented when the joint council cash receipting system is put in place. As this is still yet to be implemented (it is predicted to be in place during January 2016) the recommendation target date has been revised.

System: Licensing (Joint with CDC) – 14/15

From the review of the documentation and checks carried out the assessment is:

Implemented	1	Considered but not Implemented	1
In Process of Being Implemented	1	No Longer Applicable	-
Revised Target Date	-	Not Implemented	-

Recommendation:

Priority: 3

SBDC Hackney Carriage and Private Hire policy to be reviewed and updated in accordance with the designated review schedule.

Action taken:

In Process of Being Implemented.

Audit Observation:

The review of the policy has started however is still in its early stages.

System: Creditors (Joint with CDC) – 14/15

From the review of the documentation and checks carried out the assessment is:

Implemented	-	Considered but not Implemented	-
In Process of Being Implemented	-	No Longer Applicable	-
Revised Target Date	-	Not Implemented	1

Recommendation:

Priority: 3

The verification of supplier amendments, due to change of bank account or changes of supplier address, is to be clearly documented with sufficiently detailed audit evidence and staff signature.

Action taken:

Not Implemented.

Audit Observation:

This recommendation was due to be implemented by the Finance Officer. The Finance Officer has since left the Council and the recommendation has now been passed on to the Finance Manager. This will be reviewed again as part of the 15/16 annual internal audit review of the Creditors processes.

19.

System: Main Financial Accounting (Joint with CDC) – 14/15

From the review of the documentation and checks carried out the assessment is:

Implemented	4	Considered but not Implemented	-
In Process of Being Implemented	1	No Longer Applicable	1
Revised Target Date	-	Not Implemented	-

Recommendation:

Priority: 2

For both CDC and SBDC reconciliations between the Integra sales ledger and the Integra General Ledger debtor control account to be undertaken regularly and reviewed by the Principal Accountant.

Action taken:

In Process of Being Implemented.

Audit Observation:

The Finance Manager confirmed that the CDC reconciliation is up to date for the year end and was completed as part of the monthly closing process. The SBDC reconciliation is still being compiled. This will be reviewed again as part of the 15/16 annual internal audit review of the Main Financial Accounting processes.

System: Debtors (Joint with CDC) – 14/15

From the review of the documentation and checks carried out the assessment is:			
Implemented	5	Considered but not Implemented	-
In Process of Being Implemented	1	No Longer Applicable	-
Revised Target Date	-	Not Implemented	-

Recommendation:	Priority: 3
<i>Register of all irrecoverable debts to be introduced in accordance with the Joint Financial Procedure Rules.</i>	
Action taken: In Process of Being Implemented.	
Audit Observation: This is in the process of being compiled and discussions are being held with Legal about compiling a policy for debt recovery. This will be reviewed again as part of the 15/16 annual internal audit review of the Debtors processes.	
