

Chiltern and South Bucks District Councils

Follow-up Review of 2015/16 Internal Audit Reports

2015/16

FINAL

June 2016

Follow-up Review of 2015/16 Internal Audit Reports

Executive Summary

INTRODUCTION

1. This follow up review by TIAA established the management action that has been taken in respect of the priority 1, 2 and 3 recommendations arising from the internal audit reviews listed below at Chiltern and South Bucks District Councils, which were finalised during 2015/16 (cut-off date being 6 May 2016). The review was carried out in May 2016.

Figure 1 – Reviews followed up

Review	Year	Date of Final Report
Payroll	2014/15	7 April 2015
Housing Benefits/Council Tax Support (CDC only)	2014/15	7 April 2015
Crematorium – Project Governance (CDC only)	2014/15	8 April 2015
Treasury Management (CDC only)	2014/15	13 April 2015
Cash, Bank & Treasury Management (SBDC only)	2014/15	13 April 2015
Grounds Maintenance (CDC only)	2014/15	20 April 2015
Contractor Health & Safety (CDC only)	2014/15	20 April 2015

Corporate Governance	2014/15	1 May 2015
Car Parking	2014/15	8 May 2015
Cash & Bank (CDC only)	2014/15	11 May 2015
Shared Service Arrangements	2014/15	15 May 2015
Council Tax & NDR (CDC only)	2014/15	27 May 2015
Housing Benefits/Council Tax Support (SBDC only)	2014/15	27 May 2015
Interim Review of DECC Grant	2014/15	28 May 2015
Council Tax & NDR (SBDC only)	2014/15	24 July 2015
ICT Risk Management	2014/15	30 July 2015
ICT Change Management	2014/15	30 July 2015
Programme Management/Project Control	2014/15	30 July 2015
ICT Strategy	2014/15	30 July 2015
Procurement Anti-Fraud (CDC only)	2014/15	31 July 2015
Procurement	2014/15	3 August 2015

Public Service Network	2014/15	27 August 2015
Crematorium (CDC only)	2015/16	22 June 2015
DEFRA Repair and Renew Grant	2015/16	23 July 2015
Disabled Facilities Grants	2015/16	4 August 2015
Housing Allocations and Homelessness	2015/16	21 October 2015
Community Grants	2015/16	6 November 2015
Budgetary Control	2015/16	9 November 2015
Main Accounting	2015/16	9 November 2015
Embedding Risk Management	2015/16	24 November 2015
Building Control	2015/16	1 December 2015
Creditors	2015/16	3 February 2016
Waste Collection (SBDC only)	2015/16	5 February 2016
Shared Services	2015/16	15 February 2016
Freedom of Information	2015/16	16 February 2016

Housing Benefits/Council Tax Support (SBDC only)	2015/16	2 March 2016
Debtors	2015/16	9 March 2016
Golf Club – Stock Control (SBDC only)	2015/16	11 March 2016
Treasury Management	2015/16	21 March 2016
Housing Benefits/Council Tax Support (CDC only)	2015/16	29 March 2016
Electoral Registration	2015/16	5 April 2016
Contracts	2015/16	8 April 2016
Council Tax & NDR (SBDC only)	2015/16	12 April 2016
Council Tax & NDR (CDC only)	2015/16	18 April 2016
Car Parking	2015/16	6 May 2016

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	67
In Process of Being Implemented	9
Revised Target Date	2
Considered but not Implemented	1
Implementation Date not yet reached	17
Management progress updates not received	5
No Longer Applicable	5
Not Implemented	0

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. At the time of completing this follow up review, management responses had not been fully received with respect to recommendations made in the following reviews: 14/15 Procurement (1 recommendation), 14/15 Procurement Anti-Fraud (1 recommendation), and 15/16 Freedom of Information (3



recommendations). These recommendations, along with those that had not reached their implementation date at the time of this review, will continue to be monitored during 15/16 and reported upon as appropriate.

5. 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
6. 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

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

Figure 3 - Report History

Date final report issued:	7 June 2016
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Detailed Report

FOLLOW UP

8. 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:

Review: 14/15 Procurement Anti-Fraud (CDC only)

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

Recommendation:

Priority: 3

Carry out a review of all active supplier accounts with a view to deleting/deactivating those that are no longer required.

Action taken:

In process of being implemented.

Audit Observation:

Confirmed by the Finance Officer that an X-Query report has been created and run for all active accounts with no transactions since 2013. All 200 CDC accounts have been reviewed, however Finance are still working through the 600 SBDC accounts. Once they have caught up to the current period this will be reviewed quarterly.

Review: 14/15 Procurement

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

Recommendation:	Priority: 3
Key Performance indicators to be monitored and reported annually to Members to ensure awareness of the Council's performance.	
Action taken: In process of being implemented.	
Audit Observation: Confirmed by the Principal Accountant that monitoring information is being collected monthly, however there are still a few gaps. In progress to get this information out of Integra for reporting.	

Review: 14/15 ICT Change Management

From the review of the documentation and checks carried out the assessment is:			
Implemented	1	Implementation Date not yet reached	-
In Process of Being Implemented	1	Management progress updates not received	-
Revised Target Date	-	No Longer Applicable	-
Considered but not Implemented	-	Not Implemented	-

Recommendation:	Priority: 3
Change Control procedures for Chiltern District Council be documented, and change authorisation formalised.	
<p>Action taken: In process of being implemented.</p>	
<p>Audit Observation: Confirmed by the Head of Business Support that the project to implement a shared network has not completed yet. Additionally, the post that was created in the new shared service to address harmonisation of procedures is still vacant.</p>	

Classification:
OFFICIAL-
SENSITIVE



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Review: 14/15 ICT Risk Management

From the review of the documentation and checks carried out the assessment is:			
Implemented	2	Implementation Date not yet reached	-
In Process of Being Implemented	1	Management progress updates not received	-
Revised Target Date	-	No Longer Applicable	-
Considered but not Implemented	1	Not Implemented	-

Recommendation:	Priority: 3
<p>The Council's "Joint Risk Management Strategy and Guidance" document be updated to describe the purpose and format of the three levels of risk register currently held, together with the responsibilities for maintaining them. In addition, ICT risks be more specifically highlighted in the document to increase awareness.</p>	
<p>Action taken: In process of being implemented.</p>	
<p>Audit Observation: Following the retirement of the Audit Manager, this action will be carried forward by the TIAA Audit Director in</p>	

conjunction with the Fraud and Compliance Manager.

Review: 14/15 Cash, Bank & Treasury Management (SBDC)

From the review of the documentation and checks carried out the assessment is:			
Implemented	-	Implementation Date not yet reached	-
In Process of Being Implemented	-	Management progress updates not received	-
Revised Target Date	1	No Longer Applicable	-
Considered but not Implemented	-	Not Implemented	-

Recommendation:	Priority: 3
The Treasury Management Practices to be reviewed annually in accordance with the Council's policy.	
Action taken: Revised Target Date.	
Audit Observation: This was tested again as part of the 2015/16 review and the TMPs still required updating. A revised implementation date of 30/09/16 was provided as part of the management comments in the 2015/16 Treasury Management report and this will be followed up by internal audit during the 2016/17 review of this area.	

Review: 15/16 Building Control

From the review of the documentation and checks carried out the assessment is:			
Implemented	2	Implementation Date not yet reached	-
In Process of Being Implemented	1	Management progress updates not received	-
Revised Target Date	-	No Longer Applicable	2
Considered but not Implemented	-	Not Implemented	-

Recommendation:	Priority: 3
A formalised process to be drawn up for identification and allocation of payments for building control applications that are made direct into the Council's bank account.	
Action taken: In process of being implemented.	
Audit Observation: Confirmed by the Building Control Manager that the discussions are ongoing with Finance but nothing has been finalised yet.	

Review: 15/16 Embedding Risk Management

From the review of the documentation and checks carried out the assessment is:			
Implemented	1	Implementation Date not yet reached	1
In Process of Being Implemented	1	Management progress updates not received	-
Revised Target Date	1	No Longer Applicable	-
Considered but not Implemented	-	Not Implemented	-

Recommendation:	Priority: 3
<p>The checklist of Risk Management responsibilities for staff and Managers be made into a poster and distributed on notice boards around both South Bucks and Chiltern Councils offices. Also used in other communication routes with staff, e.g. electronic newsletters.</p>	
<p>Action taken: In process of being implemented.</p>	
<p>Audit Observation: Following the retirement of the Audit Manager, this action will be carried forward by the TIAA Audit Director in</p>	

conjunction with the Fraud and Compliance Manager.

Recommendation:

Priority: 3

A training programme on Risk Management be developed as appropriate for staff who have risk management as one of the competencies in their roles.

Action taken:

Revised Target Date.

Audit Observation:

The original management comments stated that the review of the performance and development appraisal process will include this point about identifying risk management training needs. Based on the information from appraisal the training available on risk management will be reviewed. It was confirmed by the Principal Personnel Officer that the performance and development appraisal framework is scheduled for completion by the end of the year as part of the HR programme.

Review: 15/16 Housing Allocations and Homelessness

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

Recommendation:	Priority: 2
A current housing strategy to be developed for both Councils and presented to Cabinet for approval.	
Action taken: In process of being implemented.	
Audit Observation: Confirmed by the Housing Manager that a CDC/SBDC joint Member Housing Strategy workshop was postponed from November 2015 and instead took place on 3/2/16. The workshop identified and discussed key themes and issues that are now being taken forward by offices to develop a joint Housing Strategy. Officers will be bringing forward a draft joint strategy proposal to Members in September/October 2016.	

Recommendation:	Priority: 2
A current homelessness strategy to be developed for both Councils and presented to Cabinet for approval.	
Action taken: In process of being implemented.	
Audit Observation: Confirmed by the Housing Manager that the CDC/SBDC joint Member Housing Strategy workshop (see above) included homelessness issues. The development of the joint housing strategy includes an up to date Homelessness Strategy for both districts.	

Recommendation:	Priority: 2
A review of temporary accommodation capacity to be undertaken at the earliest opportunity.	
Action taken: In process of being implemented.	
Audit Observation: Confirmed by the Housing Manager that officers have continued to review, monitor and manage temporary accommodation on a regular basis. This has included continuing to put additional capacity in place when opportunities arise (e.g. use of vacant student accommodation in Wycombe). The Housing Manager is drafting a formal statement of TA provision for the two districts (highlighting current provision, decision making process and future needs). This will feed into the development of the updated Homelessness Strategy (see above).	