



**South Bucks District Council**

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**Internal Audit Progress Report**

**2016/17**

**Audit Committee – 29 September 2016**

## INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at South Bucks District Council as at 5 September 2016.

## PROGRESS AGAINST THE 2016/17 ANNUAL PLAN

2. Our progress against the Annual Plan for 2016-17 is set out in Appendix A.

## EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

4. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation.

## AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE 2015/16

5. The table below sets out details of audits finalised since our last report to the Audit Committee for the year 2015/16. Final reports with priority 1 and 2 recommendations are shown at Appendix B.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM*
ICT – Data Protection	Reasonable	10 June 2016	1 September 2016	2 September 2016	-	2	1	4
ICT - Udata	Limited	22 June 2016	6 September 2016	7 September 2016	-	3	2	1
ICT - Project Management (Network Transfer Project)	Substantial	24 May 2016	1 September 2016	7 September 2016	0	0	0	0
Governance	Reasonable	3 May 2016	6 September 2016	7 September 2016	-	1	--	2

\*Operational Effectiveness Matters

**AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE 2016/17**

5. The table below sets out details of audits finalised since our last report to the Audit Committee for the year 2016/17. Final reports with priority 1 and 2 recommendations are shown at Appendix B.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM*
Disabled Facilities Grants	Substantial	19 July 2016	19 July 2016	20 July 2016	0	0	0	0

**\*Operational Effectiveness Matters**

**CHANGES TO THE ANNUAL PLAN 2016/17**

6. The following audits are additional to the annual plan:

- Purchasing Cards
- Contractor Health and Safety – follow on from 15/16 audit
- Expenses

The following audit is deleted from the annual plan:

- Individual Electoral Registration (audit undertaken in later part of 2015/16)
- Farnham Park – Academy (Academy now closed)

**FRAUDS/IRREGULARITIES**

7. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

**LIAISON WITH EXTERNAL AUDIT**

8. We liaise with EY and provide reports and working paper files, as required.

**PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS**

9. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report.

**FOLLOW UP MATTERS ARISING**

10. At the last Audit and Standards Committee at Chiltern Council Members requested a response to the following matters arising from the TIAA follow up report on recommendations:

10.1 ***An update on the review of all active supplier accounts with a view to deleting/deactivating those that were no longer required on a regular basis.***

All the suppliers for both Councils that have not been used since December 2014 have been deactivated in Integra. There are a few with open orders on the account that couldn't be de-activated. These are being progressed with the staff concerned to check whether these orders can be closed.

10.2 ***An update on the progress of collating the monitoring information in respect of the key procurement indicators.***

The monitoring spread sheet is being completed each month and reviewed at the Senior Finance Officers meetings. Reporting to Members on this monitoring data is being progressed.

10.3 ***An update on completing the work to bring up to date documenting the processes for treasury management activities reflecting current job roles etc.***

Treasury Management Practices have been documented and approved by the Head of Finance.

In addition, comparison can now be made between Chiltern DC and South Bucks DC as a weighted average figure has been added to the quarterly Treasury Management reporting.

10.4 ***There was further work being carried out by officers to review the incorrect coding of income into Building Control accounts. Members would be provided with information on numbers of transactions and values in order to judge the materiality of the issue.***

The Finance Manager and Building Control Manager have met to discuss this issue and it was agreed that since the implementation of the new banking arrangements and the implementation of Cash Receipting for South Bucks this issue has been satisfactorily resolved.

10.5 ***A review of the Housing Strategy was currently underway and the Chairman requested that relevant officers attend the next meeting to update on the process of the review, timescales and the member governance involved.***

The Private Sector Housing Strategy has been drafted and was reported to Members at the PAG and Services Overview Committee before Cabinet considered it on 28<sup>th</sup> June 2016 and authorised the Head of Healthy Communities to publish and implement a final joint strategy and associated policies in consultation with the Portfolio Holder for Community, Health and Housing. As this is a joint strategy between Chiltern DC and South Bucks DC, Housing Officers are having to co-ordinate this with both Councils' Members as well and are currently undertaking consultation with Members. Officers are aiming to get the Private Sector Housing Strategy finalised and adopted by October/November 2016.

Officers are currently developing the other strands of the Council's Housing Strategy which will cover Homelessness/Housing Need and Housing Enabling. Officers are planning to present draft proposals to Members at Chiltern DC and South Bucks DC during October/November 2016 and this is in the Forward Plan.

## RISK MANAGEMENT

11. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager have met to discuss progressing Risk Management for both Councils.

The current Risk Procedures/Guidance for Risk Management is being reviewed and progress is being made to display appropriate information on Risk Management throughout both Councils. This will include posters on all notice boards at the main civic offices for South Bucks and Chiltern Councils, as well as data on the Councils intranet and regular items within the Councils all staff Newsletter.

Appropriate training will also be developed and delivered during 2016/17 on "Risk Management in a Changing Environment" for all middle managers. This will be incorporated into the current personnel training programme for staff.

## DISCLAIMER

12. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Progress against the Annual Plan for 2016/17

System	Planned Quarter	Days	Current Status	Comments
Performance Management/Efficient Working	1	10	Planned start now September 2016	Audit delayed
Purchasing Cards	1	11	Final report issued June 2016	Additional Review to 2016/17 plan
Contractor Health and Safety – follow on	1	5	In progress	Additional Review to 2016/17 plan
Property and Asset Management	1	8	Draft report issued 20 July 2016	
Information Governance/Data Quality	1	9	Draft report issued 31 August 2016	
Health & Safety – internal arrangements	1	8	In progress	
Licensing	1	10	Draft report issued 17 June 2016	
Environmental Health	1	10	In progress	
Absence Management	1	8	Postponed to Quarter 4	Request by Head of Service to postpone
Expenses	1	8	In progress	Additional Review to 2016/17 plan
ICT - Controls over access to the internet	2	6	Planned start 4 <sup>th</sup> July 2016	Audit delayed – trying to progress with Head of ICT
Individual Electoral Registration	2	8	Cancelled	An audit of this system was undertaken during 2015/16 and a further audit is not required at this time
Recruitment	2	8	Postponed to Quarter 4	Awaiting implementation of new IT system
Leisure Contracts	2	8	In progress	
Waste-Joint Service Chiltern and Wycombe	2	8	Postponed to Quarter 4	Awaiting follow up audit to be completed by Wycombe Council
Budgetary Control	2	8	Planned start date 26 September 2016	
ICT - Information risk management	2	10	Awaiting agreement to commence from Head of ICT	

System	Planned Quarter	Days	Current Status	Comments
ICT - Network project implementation	3	10	Ditto	
ICT - Mobile / agile working	3	10	Ditto	
Main Accounting	3	8	Planned start date 3 October 2016	
Governance	3	9	Start to be arranged	
Procurement	3	8	Planned start date 21 November 2016	
Debtors	3	10	Planned start date 21 November 2016	
Council Tax and NDR	3	20	Planned start date January 2017	
Cash and Bank	3	9	Planned start date January 2017	
Benefits	3	10	Planned start date 5 December 2016	
Council Tax Support	3	10	Planned start date 5 December 2016	
Creditors	3	10	Planned start date 15 November 2016	
Payroll	3	13	Planned start date January 2017	
Complaints and Compliments	3/4	6		
Follow up	4	10		
Car Parking	4	11		
Counter Fraud	4	8		
Disabled Facilities Grants	TBA	5	Final Report issued 20 July 2016	
Housing DECC Grants – energy efficiency	TBA	15	In progress	Additional 5 days agreed
<u>Farnham Park Trust</u>				
Bar	1	5	In progress	

System	Planned Quarter	Days	Current Status	Comments
Academy	1	0		Audit Cancelled
Stores/Shop	1	5	In progress	
Contingency		2		Time spent with Farnham Park Manager on control, risk and governance issues

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued



## Audits Finalised since last Audit Committee

Title of review: **ICT Data Protection (2015/16 audit)**

Date issued: **September 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	There is a possible lack of information sharing agreements between the shared service councils.	The need for information sharing protocols between Chiltern and South Bucks Councils be investigated and addressed.	2	<i>A data sharing conference was held in September 2012 to launch the Bucks Overarching Data Sharing Protocol. Data sharing training is scheduled for Q3 and Q4.</i>	12/10/16	<i>Corporate Information Manager</i>
3	Operational	Possible missed deadlines for subject access requests	Additional resource be identified for managing subject access requests as a backup or for managing peaks in this activity.	2	<i>In May 2016 we began piloting the processing of SARS by Housing Manager and the verification is carried out by the Corporate Information Manager to mitigate delays. Housing clients corporately generate the most SARS. More SARS training will be developed to corporately increase the skill set</i>	18/05/16	<i>Corporate Information Manager</i>

Title of review: **ICT Updata (2015/16 audit)**

Date issued: **September 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Operational	Despite repeated requests, little or no management reporting about the contract and its key elements is being received from the main contractor or the provider resulting in lack of awareness of whether value for money is being obtained under the contract.	C/SB ICT shared services formally request regular management reporting to identify work done and actions taken under the framework by BCC, and to better inform its own internal management discussions about the adequacy of the overall contract and its component parts and the performance thereof. Future non provision of this basic information be viewed as a contract non/under-performance matter and legal advice sought.	2	<p><i>.Agreed. Repeated requests have been made to Updata for base WAN documentation and performance statistics.</i></p> <p><i>The contract was signed in Sept 2012 and service was initially delivered over existing BCC infrastructure. Updata said they needed to assimilate the estate before providing management reporting.</i></p> <p><i>Migration to new infrastructure did not happen until SBDC Nov2013, CDC Feb 2014. Updata said all migrations needed to complete before providing management reporting.</i></p> <p><i>Sept 2014 Updata advised the WAN needed to be redesigned with the addition of a 2<sup>nd</sup> firewall.</i></p> <p><i>May 2015 WAN audit begun. Updata not in possession of WAN base documentation. Unable to provide reports. Results of audit not shared with stakeholders</i></p> <p><i>Sept 2015 CSB migration to single network begun. Significant changes</i></p>	<i>Will depend on discussions with Updata over coming weeks</i>	HoBS

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<p>to links</p> <p>Feb 2016 migration to 2<sup>nd</sup> firewall</p> <p>April 2016 2<sup>nd</sup> WAN audit begun. Updata not in possession of WAN base documentation. Unable to provide reports. Results of audit not shared with stakeholders yet</p>		
2	Operational	No forum to address or escalate contract performance issues.	A contract performance meeting with BCC and Updata be requested to discuss and formally raise the issues with an agreed response date	2	<p>Within the contract there is an escalation procedure which has been exhausted. Internally escalated to DoR who has called a meeting with CEO of Updata in September</p> <p>Payment is being withheld on a number of areas of the CSB contract due to not satisfactorily delivery of services.</p> <p>Alternative service provider for the CSB WAN will be considered if service does not start to improve before end of year.</p>	Oct 2016	DoR
5	Operational	Lack of change control documentation being provided by the contractor and/or the main contract management along with activity reporting	An activity report be obtained from BCC to indicate those actions undertaken on its behalf under the agreement, to include changes under a change management	2	<p>Evidence has been provided of change management documentation.</p> <p>Routine changes with little impact outside of the CSB WAN sector are</p>		HoBS

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
			<p>process (e.g. via service desk), and ad-hoc work such as firewall rule-set amendments whether these be accepted elements of the agreement or ad-hoc requests. This activity report could then feed into the management discussions as indicated above.</p>		<p><i>logged via service desk.</i> <i>Significant changes that could impact other stakeholders goes through a CAB process. A schedule of significant changes is distributed by Updata weekly on Fridays.</i></p>		

Title of review: **Governance (2015/16 audit)**

Date issued: **September 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	While both Councils are aware of the requirements of the Transparency Code 2015, their respective websites do not identify all areas that the Code requires disclosure of information on. Some areas are also not kept up to date. It would also be good practice to identify those areas of the Code that do not apply to either Council and to include some narrative on the website to that effect.	A web page specifically for the Transparency Code be developed by each council that lists all fifteen areas of the Code which either has links to other pages where the data can be found or explains why the data is not available.	2	<i>In conjunction with the Web Services Officer, a page has been created on both authorities' web sites. The Corporate Information Manager is working with the Data Owners (DO) and Information Asset Administrators (IAA) for all services to create data sources not only for the proscribed areas but all possible areas</i>	<i>Started June 2016. Now compliant with the 2015 code i.e. 15 proscribed areas.  Working towards the 2016-2018 code. Finalised code not produced by central government, therefore target date not possible to define currently</i>	<i>Shared with Corporate Information Manager and service Data Owners</i>