tiaa

South Bucks District Council

Internal Audit Progress Report

2017/18

Audit Committee – 28 September 2017

FINAL

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 2017.

PROGRESS AGAINST THE 2017/18 ANNUAL PLAN

2.   Our progress against the Annual Plan for 2017-18 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

5.   The table below sets out details of audits finalised since our last report to the Audit Committee for the years 2016/17 and 2017/18. 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*
2016/17								
Contractor – Health and Safety Arrangements	Reasonable	17/05/17	12/07/17	14/07/17	-	1	2	2
ICT – Controls over Access to the Internet	Substantial	03/05/17	03/07/17	04/07/17	-	1	-	-
ICT – Information Risk Management Arrangements	Reasonable	04/05/17	03/07/17	04/07/17	-	2	2	-
ICT – Network Convergence Programme Arrangements	Substantial	08/05/17	03/07/17	04/07/17	-	-	-	1
ICT – Mobile/Agile Working	Substantial	04/05/17	03/07/17	04/07/17	-	1	-	-
2017/18								
Complaints and Compliments	Substantial	26/07/17	14/08/17	15/08/17	-	-	1	-

Disabled Facilities Grant	Substantial	30/06/17	03/07/17	04/07/17	-	-	-	-
Expenses	Substantial	05/07/17	06/07/17	07/07/17	-	-	-	1
Temporary Accommodation	Reasonable	17/08/17	21/08/17	21/08/17	-	3	6	2

CHANGES TO THE ANNUAL PLAN 2017/18

6.   The following changes have been made to the audit plan for 2017/18

- Temporary Accommodation – an additional 9 days to allow for additional work to be undertaken for this audit.

- Risk Management Assistance – an additional 5 days to allow risk workshops to take place during the year.

- Waste – Health and Safety – an additional 10 day audit

- Farnham Park – Bar – 5 day audit deleted

- Farnham Park – Shop and Stores – 5 Day audit deleted

- Farnham Park – Leases – an additional 6 day audit

<u>ICT Audits 2017/18</u>

Following discussions with the Director of Resources and the Head of Business Support, it was agreed that the audit plan should be split into three key areas and within those areas that audit inputs should focus on the immediate issue and risks. The areas are:-

- Technical (ICT) activities;

- ICT Investments; and

- Information governance and management.

The auditable areas will also utilise the joint business strategy for ICT 'Joint Working' to inform the audit work to be undertaken and the timings. It was also agreed that other assurance sources would be taken into account when developing audit activity, such as PSN accreditation. This approach ensures that the IT audit input works across both Councils and also focuses on both ICT activities and also the relevant business areas.

Using the above guidelines, for 2017-18, the following ICT audit work is proposed.

Audit	Outline Scope	Days	Priority (indicative Timing)
1. **Technical Areas (network infrastructure and associated activities including being fit for purpose and resilient)**			
Network Controls	A review of the operating controls over the network infrastructure, including password strength at Active Directory level to provide assurance that the PSN requirements are being met.	7	Q2
Telecomms	A review of the communications provision following the move to a new provider to evaluate the Wi-Fi and the wider WAN replacement.	7	Q3/4
2. **ICT Investment / projects (including benefits achievement and determining whether the expected value is being realised in the business)**			
Mobile / agile working	A review to identify that the pilot has completed successfully and a model is in place to roll-out to the rest of the business, and that benefits realisation is properly quantified and measured. This review may also include an element of identifying that HR policies, procedures and guidance have been reviewed in light of changes of working practice and staff performance management.	7	Q4
3. **Information Governance and Management (including information risk management, data ownership and management, structures and use of information)**			
Information and data storage	A follow up review of the manual and electronic data storage / structure mechanisms including the procedures for managing physical information and also that progress is being made on the identification and rationalisation of electronic data storage.	3	Q2
Total		**24**	

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.

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 has been developed and will be delivered but has been delayed due to staff absence until October/November 2017 on "Risk Management in a Changing Environment" for all middle managers. This is being incorporated into the current personnel training programme for staff.
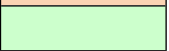
DISCLAIMER

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.

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Progress against the Annual Plan for 2017/18

System	Planned Quarter	Days	Current Status	Comments
Governance – Gifts and Hospitality	1	8	Draft report issued July 2017	
Disable Facilities Grants	1	5	Final report issued July 2017	
Cemeteries	1	8	Audit has commenced	In Progress
Harmonised Policies and Procedures	1	8	Draft report issued June 2017	
iTrent Payroll System (HR Module)	1	6	Draft report issued June 2017	
Crematorium - Annual Internal Audit	1	5	Final report issued July 2017	
Expenses	1	8	Final report issued July 2017	
Ground Maintenance	1	8	Audit has commenced	In Progress
Risk Management	1	8	Audit postponed to quarter 3	Audit delayed until after the risk workshops have been delivered
Complaints and Compliments	2	6	Final report issued August 2017	
Temporary Accommodation	2	18	Final report issued August 2017	
Absence Management	2	8	Planned start date 11/09/17	
Purchase Cards	2	8	Audit has commenced	In Progress
Recruitment	3	8	Planned start date 04/12/17	
Main Accounting	3	7	Planned start date 20/09/17	
Payroll	3	12	Planned start date 08/01/18	
Accounts Receivable (Debtors)	3	9	Planned start date 06/11/17	
Accounts Payable (Creditors)	3	9	Planned start date 06/11/17	

System	Planned Quarter	Days	Current Status	Comments
Contracts	3	10		
Information Governance/Data Quality	3	8		
Data Protection	3	8	**Audit has commenced**	**In progress**
Business Continuity	3	7		
Emergency Planning	3	6	**Draft report being quality reviewed**	
Benefits	3	13		
Council Tax Support	3	13		
Council Tax and NDR	3	20	**Planned start date 04/12/17**	
Cash and Bank	3	8	**Planned start date 20/11/17**	
Treasury Management	3	8	**Planned start date 29/01/18**	
ICT – Network Controls	2	7		
ICT - Telecomms	3/4	7		
ICT – Mobile/Agile Working	4	7		
ICT – Information and Data Storage	2	3		
Waste Services (Chiltern, Wycombe and South Bucks)	3	11		
Car Parking	4	7		
Farnham Park - Leases	3/4	6		**New Audit**
Farnham Park - Bar	3	0 (5)		**Audit deleted**
Farnham Park – Store and Shop	3	0 (5)		**Audit Deleted**
Follow up		10		
Risk Management Assistance	ongoing	15		

KEY:

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

Audits Finalised since last Audit Committee

Title of review:　　**Contractors Health and Safety**　　　　　　　　　　　Date issued:　　　**July 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	Since the last audit of this area, there has been considerable improvement in the obtaining of Contractor Health & Safety information and the storage of information. Sample testing of 20 contractors indicated that in the majority of cases, general Health and Safety documentation, up to date insurance policies and job specific information was available, and mostly in electronic form and stored on shared drives. However, there were still seven cases where documentation could not be located (including basic Health & Safety policies and/or insurance documentation), either electronically or hard copy.	Officers be reminded of the importance of gathering and appropriately storing all relevant contractor Health & Safety information prior to contractors starting work on site.	2	*Agreed – revised processes have now been implemented with all staff made aware.*	*Complete*	*Head of Environment*

Title of review: **ICT Controls over access to the Internet**   Date issued: **July 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Operational	At the time of our review, evidence of Netsweeper web filtering policies, patch status, administrative rights or appliance password security settings was not available as the Netsweeper utility is administered by a third party.	Management check that adequate security settings have been invoked on the Netsweeper system including web filtering policies, individual administration login credentials and adequate password security settings. Also that the Netsweeper appliance is patched up to date to address all known internet security threats.	2	*Accepted. Notice has been served on the current 3rd party supplier. Procurement is in progress to identify a new supplier.*	*30/11/17*	*HoBS*

Title of review: **ICT Information Risk Management**   Date issued: **July 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	The inclusion of non-electronic information in the process for data management and storage.	A project identified to manage non-electronic information include storage, retention, logging of content and destruction processes.	2	*Following the work to eliminate off site storage, rationalise and reorganise on site procedures have been put in place to log and control access to non-electronic information, including retention and disposal processes.*	*31/05/17*	*Facilities Manager*
3	Operational	The prevalence of unstructured data being stored in personal files / folders.	A project to sweep the personal files / folders to identify and quantify the extent of unstructured data be started with a view to clearing file space and educating users to store documents appropriately. The use of a tool such as SharePoint document management be considered.	2	*This is something that is on the forward work programme for IGG. Staff do receive training on appropriate storage of documents in all formats.* *Audits have been taken to quantify the extent of unstructured data being stored on the network.* *The use of a tool such as SharePoint is being considered but will be a large project to implement.*	*31/03/19*	*Head of Business Support*

Title of review: **ICT Mobile/Agile Working**   Date issued: **July 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	Examination of the MobileIron device security policy confirmed that password and account lockout settings were invoked on all mobile devices: However, for user access to the MobileIron master console, audit testing disclosed that the system was administered via a single generic 'admin' account, which contravenes CES security guidelines and removes any accountability for changes to iPad security settings.	MobileIron system administrators be allocated individual and uniquely identifiable userids.	2	*The ICT Service Desk Supervisor confirmed that MobileIron will only allow strong passwords and did not disclose the admin password during the audit.* *He confirmed that the admin id is being used generically and that individual admin equivalent ids will be created for all staff that requires access to the MobileIron console.*	*User id admin to be replaced by individual admin equivalent ids by 31.05.2017* *This has now been completed*	*ICT Service Desk Supervisor*

Title of review: **Temporary Accommodation**   Date issued: **August 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Compliance	Sample testing highlighted a number of cases where there were gaps with SBDC monthly rent statements not being issued to clients. It was indicated that this was due to a period of absence of the Finance Manager, with resources not available to cover this process in their absence.	SBDC rent statements to be issued on a monthly basis in all cases in accordance with agreed procedures. Action to be taken to ensure that appropriate resources are in place to cover periods of absence of key officers involved in the recovery process.	2	*Agreed.* *Cover arrangements are now in place.*	*Implemented*	*Finance Manager*
5	Compliance	There is no clear guidance in place as to the escalation mechanisms and the point at which SBDC will evict clients for non-payment of rent contributions. This is a complex decision making process and requires balancing with the Council's legal duties towards the clients and the individual circumstances of each case. However, without any clear guidance on when eviction can occur the accommodation costs incurred by the Council will continue to escalate with little or no contributions being made by clients.	Guidance to be developed in relation to eviction of SBDC clients with rent arrears to ensure that accommodation costs do not escalate with little prospect of recovering contributions from clients.	2	*Agreed.*	*30/09/17*	*Housing Manager*

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
9	Compliance	It was evident from reviewing the temporary accommodation processes that it is time consuming for all officers involved, particularly in relation to the South Bucks cost recovery process. Given the level of payments being recovered from clients, the costs incurred in recovering such payments should be subject to analysis to ensure that it is cost effective to pursue these debts.	Cost benefit analysis to be undertaken to ensure that it is cost effective to pursue B&B debts.	2	*Agreed.*	*30/09/17*	*Head of Finance*