



**South Bucks District Council**

**Internal Audit Progress Report 2019/20**

**Audit and Standards Committee – 23 October 2019**

**FINAL**

**2019/20**



## INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at Chiltern and South Bucks District Council as at 20 September 2019.

## PROGRESS AGAINST THE 2019/20 ANNUAL PLAN

2. Our progress against the Annual Plan for 2019 -20 is set out in Appendix A. The results of finalised audits both for 2018/19 and 2019/20 with Priority 1 or 2 recommendations are shown at Appendix B.

## EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

3. We have identified no 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

4. The table below sets out details of audits finalised since the previous meeting of the Audit and Standards Committee on 9 April 2019.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
<u>2018/19 Audit reports</u>								
Project Management	Substantial	18/04/19	03/07/19	08/07/19	-	-	1	-
ICT Annual Network Audit	Reasonable	08/04/19	01/07/19	09/07/19	-	5	-	-
ICT GDPR	Reasonable	03/05/19	Still at	Draft Report	-	3	-	-
ICT Customer Experience	Reasonable	July 2019	Still at	Draft Report	-	3	-	-
Housing Section 106	Reasonable	25/04/19	01/07/19	02/07/19	-	3	-	-
New Chiltern Car Park	Reasonable	05/04/19	15/08/19	20/08/19	-	-	4	-

Planning Development and Enforcement	Reasonable	25/04/19	Still at	Draft Report	-	3	1	2
<u>2019/20 Audit Reports</u>								
Car Parking	Substantial	03/09/19	04/09/19	10/09/19	-	-	-	-
Disabled Facilities Grant	Substantial	13/06/19	27/06/19	01/07/19	-	-	2	-
Stores, Shop and Bar at Golf club	Reasonable	03/07/19	16/07/19	18/07/19	-	1	-	-

\*OEM = Operational Effectiveness Matters (these are good practice suggestions that have arisen during the audit)

Copies of the finalised reports (recommendations only) where priority one or two recommendations have been made are attached at Appendix B.

## CHANGES TO THE ANNUAL PLAN 2019/20

6. The following changes have been made to the Annual Internal Audit Plan for 2019/20:
  - 1) Delete Equalities – 8 days (Audit not a priority in 2019/20)
  - 2) Add Contractor Health and Safety audit – 8 days

## FRAUDS/IRREGULARITIES

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

## LIAISON

8. We liaise with EY and provide reports and working paper files, as required.  
We have regular client meetings with the Audit, Fraud and Error Reduction Manager and Head of Finance.

## **PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS**

9. We have not made any Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report

## **RESPONSIBILITY/DISCLAIMER**

10. 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 2019/20

System	Planned Quarter	Days	Current Status	Comments
Governance	3	8		
Complaints and Compliments	2	6	In progress	
Performance Management/Efficient Working	1	8	In progress	
Contracts	1	9		<b>This will be a Quarter 4 audit</b>
Information Governance/Data Quality	3	8	In progress	
Subject Access Requests	2	8	Draft report issued 11 September 2019	
Emergency Planning	2	8		<b>Start date 23 September 2019</b>
Health and Safety – Internal Arrangements	2	7		<b>This will be a Quarter 3 audit</b>
Purchase Cards	1	8	Draft report issued 11 September 2019	
Expenses	1	8	In progress	
Main Accounting	3	7		<b>Start date 7 October 2019</b>
Payroll	3	11		<b>Start date 11 November 2019</b>
Accounts Receivable (Debtors)	3	8		<b>Start date 21 October 2019</b>
Accounts Payable (Creditors)	3	8		<b>Start date 21 October 2019</b>
Benefits	1	13	CDC – final report issued 15 July 2019. SBDC – in progress.	
Council Tax Support	1	13	CDC – final report issued 15 July 2019. SBDC – in progress.	
Council Tax and NDR	1	25	CDC – draft report issued 9 August 2019. SBDC – in progress.	
Cash and Bank	3	7		<b>Start date 9 December 2019</b>

System	Planned Quarter	Days	Current Status	Comments
Treasury Management	3	7		Start date 19 November 2019
ICT – Annual Network Audit	2	6		
ICT – Network Infrastructure	2	6	Draft report issued 2 September 2019	
ICT – Information Management	2	6	Draft report issued 30 August 2019	
Housing Allocations and Homelessness/Temp Accommodation	2	8	In progress	
Disabilities Facilities Grant	1	5	Final report issued 1 July 2019	
Leisure Contract	2	8		This will be a Quarter 3 audit
Waste services (Chiltern, Wycombe and South Bucks)	2	11		This will be a Quarter 3 audit
Car Parking	2	7	Final report issued 10 September 2019	
Commercial Rents/debt recovery	1	8		This will be a Quarter 3 audit
Equalities	3	0(8)		Audit Cancelled
Contractor Health & Safety audit	3	8		Start date 23 September 2019  This provides risk management assistance to officers throughout the year including risk workshops
Risk Management Assistance	1-4	15		
<b><u>Farnham Park</u></b>				
Farnham Park Leases	1	6	Draft report issued 11 September 2019	
Stores, Shop and Bar at Golf Club	1	6	Final report issued 18 July 2019	

**KEY:**

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

## Recommendations – Priority 1 and 2 Only

Audit Report: ICT Annual Network Audit (2018/19 audit)  
 Report Issued: 9 July 2019

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	<p>An Intrusion Prevention System (IPS) monitors network activity to identify and block any security threats or malicious activity.</p> <p>A new Juniper firewall platform had been deployed to protect the Chiltern and South Bucks domain. The juniper appliance included an IPS module. However, at the time of the review the IPS system had yet to be configured to automatically block all malicious network traffic.</p> <p>Technical support for the Council's network infrastructure is provided by MLL Telecom. It was advised by the Infrastructure Manager that a quote would be requested from MLL Telecom on the cost to set up and configure the IPS signature database.</p>	Management to ensure that the IPS system is configured to automatically block at source all malicious network traffic.	2	<p><i>Quote was received / accepted and work commissioned. Service now partially in place.</i></p> <p><i>After commissioning on the 10<sup>th</sup> of May it was found that the recommended policy was impacting traffic to the DMZ so this had to be rolled back. Meeting in the diary for early July to discuss with MLL how to take this forward. The main internet traffic is being monitored.</i></p>	<p><i>24/04/19 – Licence activated and signatures downloaded</i></p> <p><i>10/05/19 – Go live</i></p> <p><i>TBC – complete DMZ filtering</i></p>	ICT Security & Compliance Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	<p>Firewall rules determine the source, destination and type of network traffic permitted through the Council's firewall.</p> <p>Technical support for the Juniper firewall platform has been contracted out to MLL Telecom. All changes to firewall rules must be documented and authorised. However, at the time of the review no process existed to ensure that firewall rules were subject to regular and evidenced review.</p> <p>The failure to regularly review and validate firewall rules increases the risk of denial of service attack through the existence of insecure or unencrypted network services.</p>	Management to ensure that firewall rules are subject to regular and evidenced review.	2	<i>Read only access to the firewall has been provided to CDC (October 2018). As a result the Security &amp; Compliance Manager can now review the rule base and is correcting (where appropriate) as this is also a requirement for PCI-DSS compliance.</i>	Ongoing	ICT Security & Compliance Manager
3	Compliance	<p>Firewall administrators have the ability to create, amend, delete or export firewall rules. All firewall administrators should be assigned individual and unique firewall accounts. At the time of the review, TIAA were unable to obtain a list of Juniper firewall administrator accounts.</p>	Management to ensure Firewall administration access rights are subject to regular review. Administration access rights be restricted to valid and uniquely identifiable user accounts.	2	<i>Read only access to the firewall has been provided to CDC (October 2018). As a result the Security &amp; Compliance Manager can review certain administration details. As this is a managed service MLL have their own policies of which we have obtained copies.</i>	Completed	ICT Security & Compliance Manager



Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Compliance	<p>Robust password and account lockout policies should be invoked on all firewall appliances to prevent unauthorised access and/or changes to firewall security settings.</p> <p>TIAA were unable to obtain sight of the Juniper password policy.</p>	Management to ensure that robust password policies are enforced to prevent unauthorised access to the live firewall application.	2	<i>Read only access to the firewall has been provided to CDC (October 2018). As a result the Security &amp; Compliance Manager can review certain administration details. As this is a managed service MLL have their own policies of which we have obtained copies.</i>	Completed	ICT Security & Compliance Manager
5	Compliance	<p>Responsibility for patching of the Council's firewall estate has been devolved to MLL Telecom. Audit testing on the Juniper system disclosed that the firewall was last patched in March 2018.</p> <p>The failure to regularly identify and apply security patches contravenes CES guidelines and heightens the risk of unauthorised access to the Council's network domain.</p>	Management to ensure that the Juniper firewall platform is subject to regular security patching.	2	<i>Copy of the MLL policy on patching obtained and reviewed. A recent planned upgrade had to be rolled back due to a technical issue which is now with Juniper. Read only access to the firewall has been provided to CDC (October 2018). As a result the Security &amp; Compliance Manager can review certain administration details and will monitor the patch status.</i>	Completed	ICT Security & Compliance Manager

**Audit Report: Housing Section 106 (2018/19 audit)**  
**Report Issued: 2 July 2019**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	At the time of the previous review, there was no single officer assigned responsibility for monitoring section 106 agreements and financial contributions. It was noted that a post has now been created within the Planning Enforcement team, although at the time of this review this post was vacant and the position was being covered by other members of the team. When the previous audit of this area was carried out, a draft procedure note was in place with respect to the responsibilities of individual officers and departments for managing agreements and the monitoring of financial contributions. Discussions with officers indicated that these procedures were never finalised; at present, while in practice there are a number of standardised elements to the processes involved, there is no formally documented process to be followed and roles and responsibilities are not clearly defined.	Procedure notes be finalised with respect to the responsibilities of individual officers and departments for managing Section 106 Agreements and Affordable Housing Contributions.	2	<i>Agreed recommendation plus an additional action proposed to undertake recruitment to the vacant S106 officer role within the same timescale.</i>	End September 2019	Planning Enforcement Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	A review of the section 106 master monitoring spreadsheets highlighted that these were very large documents, with the majority of columns not being used in practice. Sample testing also highlighted inconsistencies in the level of detail being recorded on these spreadsheets in relation to financial contributions. The Uniform system also has the functionality to record details in relation to legal agreements that are entered into, including the contributions expected and received. However, this functionality is only being used in a very limited manner at present, and has not been incorporated into any standard processes for section 106 agreements.	Section 106 master spreadsheets be reviewed and rationalised to ensure that these are user friendly and capture all relevant monitoring data, with Uniform functionality to be explored to assess its effectiveness in recording and monitoring section 106 obligations.	2	<i>Agreed recommendation. The role of the s106 post is to ensure an up-to-date record of the s106 agreements is kept and maintained.</i>	December 2019	Section 106 Officer
3	Compliance	Sample testing highlighted one case where the payment date had passed, however no action had yet been taken to recover the amounts due. As there are a number of different triggers for payment and these are not always being recorded within the master monitoring spreadsheets, the risk of payments becoming overdue without action being taken is increased.	Action be taken to ensure that payment triggers are appropriately recorded in order to allow for prompt quick recovery action when payments from developers become overdue.	2	<i>Agreed recommendation – As above the role of the s106 post is to ensure an up-to-date record of the s106 agreements is kept and maintained and that the date of payment is recognised, diarised, pursued and that enforcement action be instigated where necessary.</i>	December 2019	Section 106 Officer

**Audit Report: Stores, Shop and Bar at the Golf Club**  
**Report Issued: 18 July 2019**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	The year-end stock count of the Golf shop was carried out on 28th March 2019. A review of the stock take report highlighted that a variance of £1,007 was recorded compared with a total stock value of £14,415, i.e.7% of total stock value.	The processes for reconciling physical shop stock with ESP stock balance be more regularly carried out to ensure that stock variances are eliminated.	2	<p><i>Additional stock checks will take place 3 times per year to be carried out by Golf staff</i></p> <p><i>Random stock checks of a minimum of 5 items will be checked against ESP figures</i></p>	<p>31.07.19</p> <p>31.10.19</p> <p>31.01.20</p> <p>31.08.19</p> <p>30.09.19</p> <p>30.11.19</p> <p>28.02.20</p>	<p><i>Operations Manager</i></p> <p><i>Operations Manager</i></p>