

Cherwell District Council

Internal Audit Progress Report

January 2020



cw audit
internal audit services

Section Page

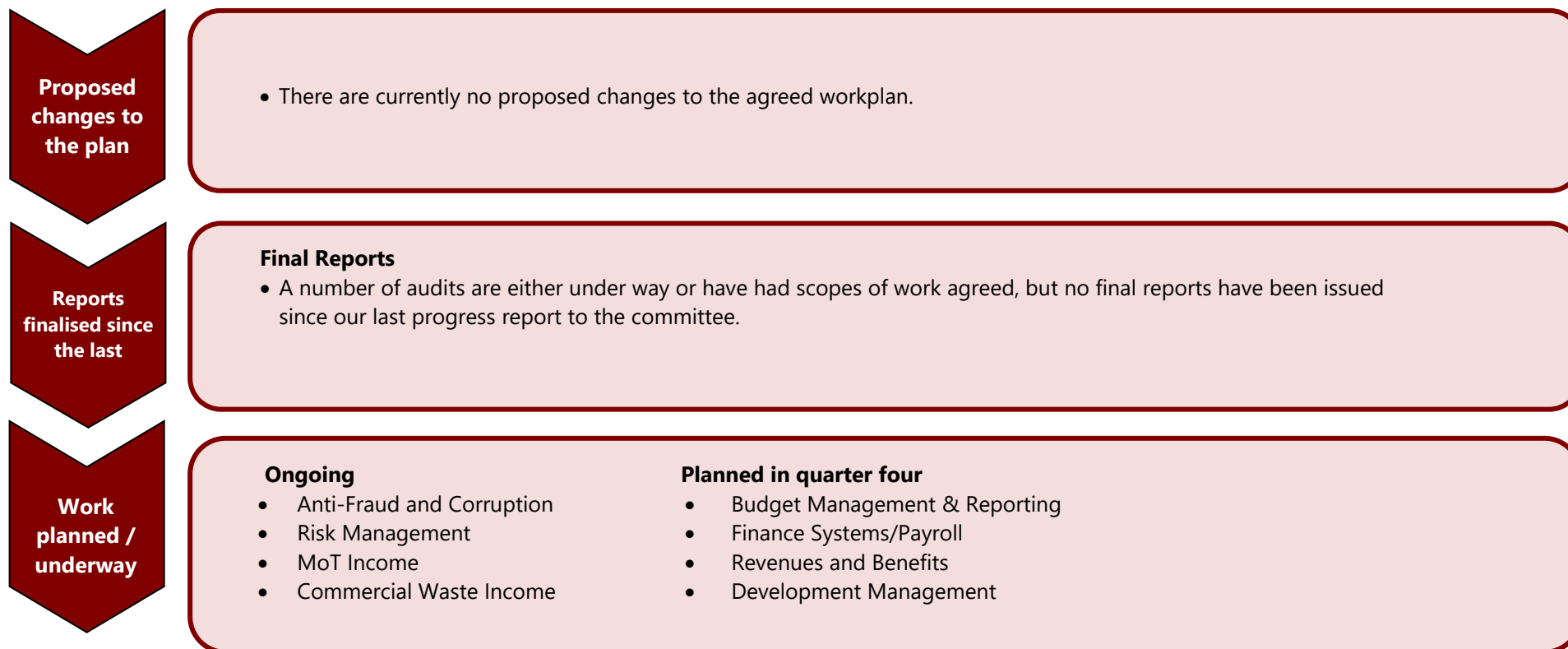
1. Progress against our agreed audit plan.....3
2. Implementation of agreed actions4
3. Internal Audit Plan and Profile.....5

Appendix 1: Summary of recommendations

Appendix 2: Definition of our assurance levels and risk rankings

1. Progress against our agreed audit plan

The purpose of this report is to update the Audit Committee on progress made in delivering the 2019/20 audit plan to the end of December 2019. As previously reported, the 2019/20 plan of 163 days relates solely to Cherwell District Council, having previously been a joint plan with South Northamptonshire Council. Section 3 provides details of the audit assignments included in the plan and an update on progress where assignments have commenced.



2. Implementation of agreed actions

Recommendations arising from finalised Internal Audit reports are uploaded to a web-based tracking database. The Council has access to this system allowing recommendation 'owners' to view their recommendations and perform a self-assessment of the status of these recommendations (e.g. provide status updates, revise implementation dates or mark them as implemented once agreed action has been taken). The table below shows the status of recommendations that were due to be implemented by the **31st December 2019**.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due for implementation by 31 st December 2019	-	11	49	7	67
Implemented	-	-	3	-	3
Outstanding	-	11	46	7	64
Of these:					
- Overdue based on original due date (no deferral date set)	-	11	39	6	56
- Overdue based on revised deferral date set	-	-	6	1	7
- Deferred to future date (date not yet due)	-	-	1	-	1

A summary of the overdue/deferred recommendations is shown in Appendix One.

Responsible recommendation owners are now being actively chased for updates and it is intended that an updated table will be prepared and tabled at the meeting of the Committee.

3. Internal Audit Plan and Profile

Area	Assignment	Scheduled				Status	Level of assurance
		Qtr1	Qtr2	Qtr3	Qtr4		
Governance and Risk	Risk Management			✓	✓	Fieldwork ongoing	
	MoT Income			✓	✓	Fieldwork ongoing	
	Commercial Waste Income			✓	✓	Fieldwork ongoing	
	Development Management				✓		
Financial Assurance	Budget Management & Reporting				✓	Scoping	
	Payroll				✓	Scope to be agreed	
	Financial Systems				✓	Scope to be agreed	
	Revenues and Benefits				✓	Scoping	
	Anti-Fraud & Corruption			✓	✓	Fieldwork ongoing	
	Disabled Facilities Grant Certification		✓			Final	N/a
	Homes England Grant Certification	✓				Audit Compliance Checklist submitted.	N/a
Follow up	Follow up and recommendation tracking	✓	✓	✓	✓	Throughout year	

Appendix 1: Summary of recommendations

Overdue – based on original due date (where no deferral) or deferral date where deferred

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
Revenues & Benefits	Sundry debtors - corporate debt policy -The Corporate Debt Policy should include date of last review and details of the approval process followed.	4	Jacey Scott 07/08/19		
	Council Tax - Valuation Office schedules (CDC) -Valuation Office schedules should be actioned weekly.	4	Jacey Scott 07/08/19		
	Benefits - recovery of overpayments -Unrecovered benefit overpayments at status report stage should have update recorded against them on at least a monthly basis.	3	Jacey Scott 07/08/19		
	Business Rates - Arrears Recovery -The Councils should ensure there is sufficient resource to allow business rates recovery processes to be applied on time and in full as and when they are due.	2	Jacey Scott 07/08/19		
	Council Tax - Arrears Recovery -The Council should ensure sufficient resource is in place to clear processing backlogs and therefore allow recovery procedures to be implemented in full when they are due.	2	Jacey Scott 07/08/19		
Capital Programme Management	DFG budget setting and monitoring -The Finance team and the DFG team should liaise with each other in order to reconcile and mutually agree the budget for DFG and expenditure against the budget. Going forward, there should be regular reporting of spend against the DFG budget in order to ensure that both parties are working to accurate figures with regard to DFG spend.	3	Joanne Kaye 31/10/19		
	Unspent DFG budget -CDC should consider whether the build up of unspent DFG budget is likely to be spent in future years, or whether local funds used to support the DFG budget in previous years could be better deployed elsewhere.	3	Joanne Kaye 31/10/19		
	Performance reports to members -Reports to the Executive Committee should provide details on performance to date (actual	3	Joanne Kaye 30/09/19		

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	spend and commitments), as well as forecast expenditure against each scheme.				
	Forecast spend against capital programme -Forecast spend to year-end should be subject to robust challenge to ensure that they are consistent with actual and committed spend to date and are achievable.	3	Joanne Kaye 31/08/19		
Human Resources	Recruitment agency -Review the effectiveness of the current recruitment agency and value that could be obtained from an HR driven process and supplier. Statistical information should be obtained to ensure that the effectiveness of advertising strategies can be evaluated.	3	Karen Edwards 31/12/19		
	Contract of employment content -Review and amend the standard contract of employment for both Councils to provide greater clarity on terms and conditions and move to compliance with best practice by referencing / producing other standard policies.	2	Karen Edwards 31/12/19		
	Recruitment training -Devise a programme of centralised training to ensure that recruitment managers can appropriately undertake their recruitment and selection duties.	2	Karen Edwards 06/08/19		
	Shortlisting -The shortlisting form, containing the records of all applicants and demonstrating those selected for interview, should be completed and saved in the HR folder.	2	Karen Edwards 06/08/19		
	Essential shortlisting criteria -Recruitment managers should comply with shortlisting guidance and only select for interview applicants who meet the criterion.	2	Karen Edwards 06/08/19		
	Job descriptions and person specifications -Ensure it is clear in documentation that job descriptions and personal specifications have been written or reviewed by appropriate officers.	3	Karen Edwards 06/08/19		
	Interview records -All interviews should be clearly scored. Interview notes for all candidates and scoring matrixes should be filed so it is possible to demonstrate that the successful candidate was appropriately selected using a transparent process.	2	Karen Edwards 06/08/19		
	Recruitment advertising -The Councils should have a policy and procedures in relation to the advertising of vacancies. The	3	Karen Edwards 06/08/19		

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	advertising budget should be corporately coordinated. TBD by CEDR to ascertain if this recommendation is supported.				
	Recruitment Policy -The Councils should have a recruitment policy in place to ensure that recruitment occurs within a standard controlled and monitored framework with clear aims and objectives.	3	Karen Edwards 04/08/19		
GDPR	Data sharing procedures -The Councils should produce procedures and guidance to all staff that clearly set out when it is appropriate to share or disclose data.	3	Nick Graham 31/12/19		
	Confidential information storage -All paper records containing personal data should be secured when not being used.	3	Nick Graham 31/12/19		
	Resources for improvement -The resources required to implement the action plan and to adequately resource the ongoing GDPR activity need to be reviewed.	2	Nick Graham 07/12/19		
	Preparing for breach reporting -Although some training of staff has been provided on what constitutes a data breach, there needs to be an appropriate verification exercise to confirm that the training given has been effective.	3	Nick Graham 30/09/19		
	Information asset register. -Complete the production of a comprehensive Information Asset Register and ensure it covers all key systems used across the Councils.	3	Nick Graham 31/08/19		
	Personal data -The Councils should confirm that all departments have ensured that there is a legitimate purpose for using personal data prior to collecting it.	4	Nick Graham 31/08/19		
	Procedures to notify individuals of data breaches -Where a breach is likely to result in a risk to the rights and freedoms of individuals, the Councils should have procedures in place to notify those concerned directly.	3	Nick Graham 31/08/19		
	Monitoring and reporting -When the data mapping process has been completed there should be a process established to undertake periodic checks on records security. Regular reporting to management team should be undertaken to enable the outcomes of records security checks and compliance monitoring to	3	Nick Graham 31/08/19		

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	be reported and provide strategic oversight to those with overall responsibility for records management.				
	The right to erasure -A policy on the right of erasure should be produced. A process should be put in place to enable individuals to have personal data deleted or removed if there is no compelling reason for its continued processing. If Councils have disclosed the personal data in question to third parties, they must inform them about the erasure of the personal data, unless it is impossible or involves disproportionate effort to do so.	3	Nick Graham 12/08/19		
	The right to data portability -The Councils should construct a data portability process.	3	Nick Graham 12/08/19		
	Subject access requests (1) -The Councils should create a policy and procedure to recognise and respond to individuals' requests to access their personal data within one month of the receipt of a request.	3	Nick Graham 12/08/19		
	Subject access requests (2) -The Councils need to have an appropriately resourced training programme for staff who deal with Subject Access Requests. The process should be monitored and reviewed to ensure compliance.	3	Nick Graham 12/08/19		
	Data flow mapping -Complete the mapping out the various types of data processing carried out and ensure that legal basis for carrying each is clearly documented.	4	Nick Graham 12/08/19		
	19_CSN01/GDPR/4.17 Data sharing policy and agreements - Complete the Data Flow Mapping process and then produce a Data Sharing Policy. The Councils need to ensure that there are Information Sharing Agreements in place with all third parties that the Councils share personal data with and that these agreements are compliant. This will need the legal team to be involved and potentially additional legal support.	2	Nick Graham 12/08/19		
	Legal basis for sharing information -Officers should identify and be aware of the legal basis for processing or distributing sensitive personal data and only distribute the information required.	3	Nick Graham 12/08/19		
	Risk register -The GDPR team should produce an updated risk	3	Nick Graham		

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	register. The Leadership risk register should contain a GDPR risk.		10/08/19		
	Staff training -A reconciliation of staff trained to current staff in post should be undertaken to ensure that all staff have had appropriate data protection awareness training, including those previously booked that did not end up attending.	3	Nick Graham 07/08/19		
	Document retention policy -A document retention policy should be put in place that is periodically reviewed and updated as required. An officer should be nominated to carry out spot-checks to ensure that the document retention policy is being complied with.	3	Nick Graham 07/08/19		
	The right to rectificationew Recommendation -A process to enable personal data to be rectified within one month if it is inaccurate or incomplete should be developed. This should include rectification of personal data disclosed to third parties where possible. Officers should inform individuals about the third parties to whom the data has been disclosed where appropriate.	3	Nick Graham 07/08/19		
	Consent to process personal and sensitive data -The Councils need to conduct a review or sampling of consents where these are required.	3	Nick Graham 07/08/19		
	Consultant review of GDPR -Ensure the action plan and project plan are used to drive forward implementation of GDPR, with progress recorded and subject to regular review.	2	Nick Graham 07/08/19		
Cyber Security	Human Resource Security -Develop a comprehensive information security training programme with annual mandated completion which is assessed. A tailored training programme should be developed for those roles with a privileged level of access.	3	Nick Graham 12/08/19		
	Security Governance (1) -Agree Terms of Reference and re-implement the security forum as the Information Governance Group, with meetings to be held on a minimum quarterly basis.	3	Nick Graham 12/08/19		
	Physical Security (2) -Train reception staff to ensure visitors complete the sign in book, are issued with visitor badges and are logged when they leave the building. Physical security penetration tests should be carried out periodically.	3	Nick Graham 07/08/19		
	Physical Security (1) -Develop and publish a clear desk policy and	3	Nick Graham		

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	supporting procedures at CDC, which should include logging out of computers when not in use and the provision of lockable storage facilities. The policy should be rolled out formally, with acknowledgements obtained from staff and spot checks undertaken for compliance monitoring purposes.		07/08/19		
Legal Compliance	Legislative changes -Consideration should be given by the Councils as to how best they can strengthen the trail to demonstrate that all legislative changes that could impact on the Councils are identified and acted on.	3	Nick Graham 07/08/19		
Procurement & Contract Management	Procurement Strategy -The procurement strategy should be reviewed and updated as necessary.	3	Wayne Welsby 31/12/19		
	Contract procedure rules -Consider producing a flowchart or toolkit that will take non-specialist officers through the procurement process. The contract procedure rules should be dated and a date for review included.	4	Wayne Welsby 31/12/19		
	Post tender evaluation processes -Clearly document all stages of the process so there is a clear audit trail from bids to final decision and that a documented management trail is retained if evaluations are changed after initial assessment.	3	Wayne Welsby 30/09/19		
	Documenting tender evaluations -Ensure clearer evidence is provided to support the scores given on the evaluation of tenders.	3	Wayne Welsby 11/08/19		
	Accuracy of evaluation documentation -Clearly document evaluations and ensure that the results are recorded and reported correctly.	3	Wayne Welsby 11/08/19		
	Re-tendering contracts -A central comprehensive contracts register should be maintained that includes all Councils' contracts. This register should be centrally monitored to ensure that contracts are re-tendered in a timely fashion.	3	Wayne Welsby 11/08/19		
	OJEU and tender procedure compliance -Undertake a review of all contracts within the Councils that are above OJEU levels to ensure that no further breaches occur. Corporately monitor contract dates to ensure no further contract dates are missed.	2	Wayne Welsby 11/08/19		

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	Procurement workplan -For contracts that require detailed monitoring, a work plan should be produced that includes key dates by which different contracting stages should be undertaken to ensure that compliant contracting takes place.	3	Wayne Welsby 11/08/19		
	Savings targets -A systematic process to ensure that when undertaking a procurement exercise, estimates to review and where possible reduce costs are completed as part of the workplan. As part of this a programme other savings activities should also be considered.	4	Wayne Welsby 11/08/19		
	Central review of contract management -Consider establishing central review of significant contracts to ensure service areas are undertaking appropriate contract monitoring and that contractors are performing as required.	3	Wayne Welsby 11/08/19		
	Performance indicators -The Councils should consider introducing a range of KPI's. These normally include a target for savings to be achieved and a target for year on year reduction in waived tender.	3	Wayne Welsby 11/08/19		
	Decentralised tendering -Use a consistent qualitative evaluation and scoring system for all tenders.	3	Wayne Welsby 11/08/19		
	DFG competitive quotations -Wherever possible, competitive quotations should be obtained by CDC from contractors wishing to undertake DFG work, or reasons why competitive quotations were not sought should be clearly recorded and subject to appropriate approval.	3	Tim Mills 30/09/19	31/10/2019	19/12/19 Procurement of the framework for the Small Repairs Grant element of our grant work is to be undertaken by the Procurement Team. The required information was provided to them in accordance with the agreed deadline of 1/8/19 and matters rest with them.
Business	Testing of Business Continuity Plans -A formal schedule should be	3	Richard Webb	22/11/2019	BC Exercises have been

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
Continuity	created to conduct periodic recovery tests and simulation exercises. The scope should prioritise and include all critical applications, services and associated back-up recoveries. A full DR test should be completed to ensure all services can be fully restored. Lessons learned from the tests should be documented and included in relevant documentation.		12/08/19		developed and shared with teams. Being utilized in the refresh of BCPs taking place with a deadline of 31 October 2019. The BC steering group will review feedback on the exercises in November 19.
	Council Tax - suspense account (CDC) -The council tax CDC suspense account should be cleared of all prior year transactions.	4	Belinda Green 07/08/19	01/11/2019	
	Testing the Disaster Recovery Plan -A plan to fully test the disaster recovery system from end to end should be implemented once business continuity arrangements have been finalised. Results of the test should be reported to the Information Management Group.	3	Tim Spiers 30/09/19	31/10/2019	On the agenda for the next DR Steering Group on 9 October.
	Alignment with BCP -Once completed, the Councils need to ensure that the Business Continuity Plan is consistent with the Disaster Recovery Plan.	3	Tim Spiers 30/09/19	31/10/2019	On the agenda for the next DR Steering Group on 9 October.
	Business Continuity Plans -Ensure that: BIAs and BCPs include an in-depth examination of the underlying resources such as key people, equipment, IT, telephony, supplies, buildings and third parties that underpin critical tasks so that appropriate recovery strategies can be developed. The RTO and RPO for each of the critical applications/systems should be agreed with JICT and the business owners. The RTOs could then be used to prioritise which activity (and underlying systems that supports it) should be recovered first. The third party services that the Councils rely upon should be prioritised and include appropriate description and contact details that can be used in a crisis or continuity event.	3	Richard Webb 31/08/19	31/12/2019	The BC steering group reviewed a list of critical suppliers in August. There is insufficient detail in the current BIAs and BCPs on critical suppliers to properly prioritise these or create any central list. The BC steering group agreed a new approach involving services capturing more detail on these suppliers

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
					in their BCPs and BIAs. This will be implemented during the rewrite of BCPs in Sept/Oct required to reflect separation of the councils.
	Training Programme -A communications and training programme should be created to regularly educate and prepare the Councils' workforce on the importance of business continuity and the individual roles they would play in the event of a disruption to their normal operating practices. Communication and training milestones should be included in the governance and management plan of business continuity.	3	Richard Webb 01/09/19	22/11/2019	The development of a training programme is being progressed through the BC Steering Group. Progress will be reviewed in November.

Deferred to a future date – deferral date not yet due

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
Payroll	Establishment Checks - The current exercise for Assistant Directors to check the current staffing establishment should be fully completed and used to confirm the accuracy of staff and grades currently on the payroll.	3	G Kent 30/09/19	31/03/20	Resolved in new system going live in February 2020

Appendix 2: Definition of our assurance levels and our risk rankings

Opinion	Assessment rationale
No	The audit highlighted weaknesses in the design or operation of controls that have not only had a significant impact on the delivery of key system objectives, they have also impacted on the delivery of the organisation's strategic objectives. As a result, no assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of both system and strategic objectives.
Limited	The audit highlighted some weaknesses in the design or operation of control that have had a serious impact on the delivery of key system objectives, and could also impact on the delivery of some or all of the organisation's strategic objectives. As a result, only limited assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Moderate	The audit did not highlight any weaknesses that would in overall terms impact on the achievement of the system's key objectives. However, the audit did identify some control weaknesses that have impacted on the delivery of certain system objectives. As a result, only moderate assurance can be given on the design and operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Significant	The audit did not highlight any weaknesses that would materially impact on the achievement of the system's key objectives. The audit did find some low impact control weaknesses detailed in section four of this report which, if addressed, would improve the overall performance of the system. However these weaknesses do not affect key controls and are unlikely to impair the achievement of the system's objectives. As a result, significant assurance can be given on the design and operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Full	The audit did not highlight any weaknesses that would impact on the achievement of the system's key objectives. It has therefore been concluded that key controls have been adequately designed and are operating effectively to deliver the key objectives of the system. As a result, full assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.

Risk ranking	Assessment rationale
1	The system has been subject to high levels of risk that have, prevented the system from meeting its objectives and also impacted on the delivery of the organisation's strategic objectives.
2	The system has been subject to high levels of risk that has, or could, prevent the system from meeting its objectives, and which may also impact on the delivery of some or all of the organisation's strategic objectives.
3	The system has been subject to medium levels of risk that have, or could, impair the system from meeting its objectives.
4	The system has been subject to low levels of risk that has, or could, reduce its operational effectiveness.