Cherwell District Council

Internal Audit Progress Report

January 2020 (Updated Recommendation Tracking)

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internal audit services
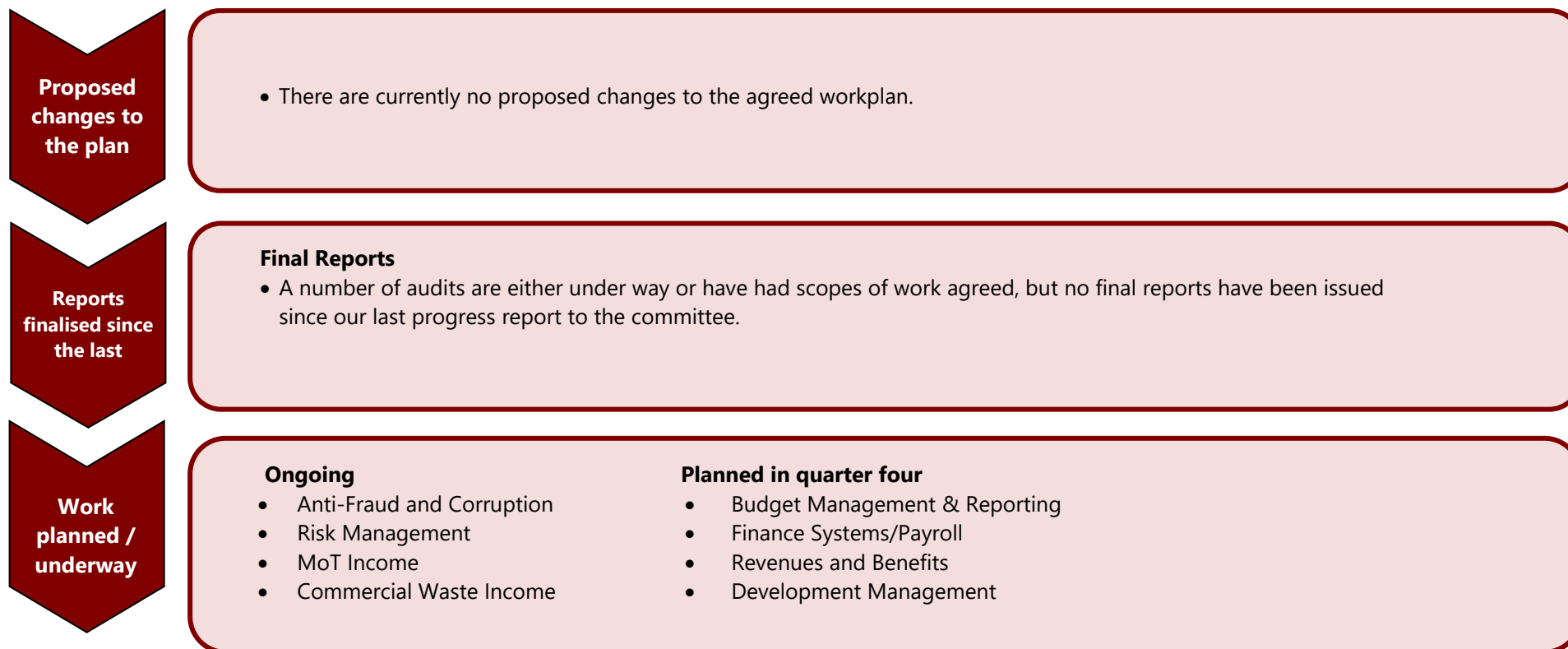
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1. Progress against our agreed audit plan

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.

Proposed changes to the plan

- There are currently no proposed changes to the agreed workplan.

Reports finalised since the last

Final Reports
- A number of audits are either under way or have had scopes of work agreed, but no final reports have been issued since our last progress report to the committee.

Work planned / underway

Ongoing
- Anti-Fraud and Corruption
- Risk Management
- MoT Income
- Commercial Waste Income

Planned in quarter four
- Budget Management & Reporting
- Finance Systems/Payroll
- Revenues and Benefits
- Development Management

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 31st December 2019	-	11	49	7	**67**
Implemented	-	4	27	1	**32**
Outstanding	**-**	**7**	**22**	**6**	**35**
Of these:					
- Overdue based on original due date (no deferral date set)	-	1	4	2	**7**
- Overdue based on revised deferral date set	-	-	-	-	**-**
- Deferred to future date (date not yet due)	-	6	18	4	**28**

We have reviewed the supporting explanations and ongoing actions associated with the deferred recommendations and consider these to be reasonable and valid. A summary of the overdue/deferred recommendations is shown in Appendix One.

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		
Cyber Security	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		
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		

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	01/03/20	Resolved in new system going live in February 2020
Revenues & Benefits	Council Tax suspense account -The Council Tax suspense account should be cleared of all prior year transactions.	2	Belinda Green 07/08/19	31/03/20	In progress
Capital Programme Management	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	31/03/20	The procurement has not progressed further. Matters have been elevated to our head of service to pursue. We remain in the hands of our procurement colleagues.
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	30/06/20	Scoping possibilities to join OCC managed service.
	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	30/06/20	Work in progress and links with external legal made.
	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	30/06/20	Itrent is due to go live Feb 2020 with payroll it is anticipated implementation of E-recruitment will commence no later than June 2020

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	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	30/06/20	Recruitment training is currently being planned for Managers and scoped.
	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	01/02/20	Business Partners will check that the JD has been signed off appropriately
	Recruitment advertising -The Councils should have a policy and procedures in relation to the advertising of vacancies. The advertising budget should be corporately coordinated. TBD by CEDR to ascertain if this recommendation is supported.	3	Karen Edwards 06/08/19	31/08/20	Still under discussion and WIP
	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	31/01/20	This implementation is in progress and should be in place
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	31/03/20	Identification of where data is shared will be collected as part of the IAR. Data sharing guidance will be produced.
	Confidential information storage -All paper records containing personal data should be secured when not being used.	3	Nick Graham 31/12/19	31/01/20	Include as part of the DPE training
	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	31/01/20	The amount of additional resource required to provide a full service to CDC will be assessed.

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	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	31/03/20	Produce an Information Asset Register (IAR) for CDC using the OCC template. Team managers to be responsible for completing the IAR for their team with assistance from IM Team.
	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	31/03/20	This will be collected as part of the IAR's
	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 be reported and provide strategic oversight to those with overall responsibility for records management.	3	Nick Graham 31/08/19	31/03/20	This will be produced following the creation of the IAR and the data mapping process.
	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	31/01/20	Check this is complete
	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	31/03/20	Review the status of this action and produce a plan for completion based on the outcome of the review.
	Legal basis for sharing information -Officers should identify and be aware of the legal basis for processing or distributing sensitive	3	Nick Graham 12/08/19	31/03/20	Identification of legal basis will be collected as

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	personal data and only distribute the information required.				part of the IAR.
	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	31/01/20	Work with HR/OD to ensure data protection training is included in induction for CDC staff Review CDC DPE e-learning and implement annual mandatory e-learning for all staff. If CDC training does not exist use OCC developed DPE e-learning.
	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	28/02/20	Check this has been completed, if not resurrect the previous work, review and publish.
	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	31/03/20	Identification of areas where consent is needed and whether appropriate management of consent is in place will be collected as part of the IAR.
Cyber Security	Physical Security (1) -Develop and publish a clear desk policy and 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.	3	Nick Graham 07/08/19	30/06/20	Caroline Parker will meet with HR to consider implementing a Clear Desk Policy

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
Procurement & Contract Management	Procurement Strategy -The procurement strategy should be reviewed and updated as necessary.	3	Wayne Welsby 31/12/19	31/03/20	This will be reviewed alongside the new partnership with OCC.
	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	30/06/20	Will consider as part of resetting processes alongside the partnership with OCC.
	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	30/06/20	This relies on the quality of the Contracts Register, which has been updated and is significantly improved and is now being used to highlight to managers around a year before the date. However further work is still required to ensure that the system is complete in reminding managers.
	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	31/03/20	The development of the 2020/21 Service Plan will consider the appropriate PIs and KPIs for the Procurement Team.
Business Continuity	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	3	Richard Webb 01/09/19	31/01/20	Team BC exercises have been published and shared for managers to use in team meetings to

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	normal operating practices. Communication and training milestones should be included in the governance and management plan of business continuity.				reinforce BC plans. The intranet content has been refreshed to provide more information on business continuity. Further work is progressing on a BC e-learning resource. This is being carried out in conjunction with OCC and is taking some time to finalise.

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.