For Publication

Outstanding Internal Audit Recommendations

Meeting:	Standards and Audit Committee
Date:	September 21st 2016
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

For publication

1.0 Purpose of report

1.1 To present for members' information a summary of outstanding internal audit recommendations and the progress being made to implement them.

2.0 Recommendations

2.1 That the report be noted.

2.2 That the report be brought to the Standards and Audit Committee every 6 months.

3.0 Report details

3.1 At its meeting in June 2016 the Standards and Audit Committee noted that the performance indicator in respect of the timely implementation of audit recommendations was behind target. As a result the Standards and Audit Committee requested that a report be brought to the next committee providing more details.

3.2 The implementation of audit recommendations is being monitored by the Corporate Leadership team on a regular basis and they have committed to

being pro- active in ensuring that recommendations are implemented as agreed where possible.

3.3 Attached, as Appendix A, is a summary of outstanding internal audit recommendations as at the beginning of August 2016 relating to the 2014/15 and 2015/16 financial years. Progress against the implementation of 2016/17 internal audit recommendations will be added for the next review. The front page provides an analysis of the number of recommendations made against the number outstanding.

4.0 Human resources/people management implications

4.1 There are no Human Resources Implications.

5.0 Financial implications

5.1 There are no financial implications.

6.0 Legal and data protection implications

6.1 There are no legal or data protection implications.

7.0 Consultation

7.1 Not Applicable

8.0 Risk management

8.1 The timely implementation of internal audit recommendations helps to ensure that the risk of error or fraud is reduced and that internal controls are operating effectively.

9.0 Equalities Impact Assessment (EIA)

9.1 Not applicable.

10.0 Alternative options and reasons for rejection

10.1 The report is for information.

11.0 Recommendations

11.1 That the report be noted.

11.2 That the report be brought to Standards and Audit Committee every 6 months.

12.0 Reasons for recommendations

12.1 To inform Members of the internal audit recommendations outstanding so that they can assess if appropriate action is being taken.

Decision information

Key decision number	N/A
Wards affected	All
Links to Council Plan priorities	This report links to the Council's priority to provide value for money services.

Document information

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Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix A	Summary of outstanding audit recommendations

Appendix A

Summary of Outstanding Internal Audit Recommendations

Recommendations Made	**2013/14**	**2014/15**	**2015/16**
Number of High Priority	38	54	58
Number of Medium Priority	48	34	42
Number of Low Priority	24	25	21
Total	**110**	**113**	**121**
No of High Implemented	38	53	40
No of Medium Implemented	47	29	33
No of Low Implemented	24	25	14
Total Implemented	**109**	**107**	**87**
Total Outstanding	**1**	**6**	**34**
Outstanding but not overdue	0	0	12
Due recommendations implemented	**99%**	**95%**	**80%**

Outstanding Internal Audit Recommendations 2013/14

Audit 2013/14	Recommendations	Priority	Agreed Imp Date	Update by Manager/comment
Treasury Management – Loans - January 14	**R1** The current Treasury Management Practices working documents should be reviewed as soon as possible to ensure they are up to date and accurate.	M	December 14 Revised Date December 2015 Revised Date March 16 Revised date December 16	**Manager Responsible : Helen Fox** There are a number of factors that will significantly change the Treasury Management Practices working documents. Firstly, there is the change of banking services from Co-op to Lloyds, secondly there are the new arrangements that we must put in place because of the withdrawal of Investec from the management of our £21m investment portfolio and finally there is the accountancy restructure which will impact on the processes and responsibilities of TM management. Given these changes, I feel it would be appropriate to review the TM practices documents when these changes have been finalised and their impact properly managed. New accountancy restructure on hold pending the appointment of a section 151 officer

Outstanding Internal Audit Recommendations 2014/15

Audit 2014/15	Recommendations	Priority	Agreed Imp Date	Managers Comments
IT Security December 14	**R1** It is essential that the current Council's Use of ICT by Employees Policy is reviewed to determine if it is still fit for purpose. If it is deemed not fit for purpose that a new ICT policy should be devised in accordance with the risk appetite, strategies and direction of business of the Council	H	End May 2015 Revised Date End December 2015 Following appointment of Information Assurance Officer	**Manager Responsible : Tony Smith/Mike Williamson Justine Kouppari/James Drury** July 15: The new information security policy is still in draft and being amended by JK October 15 The new information security policy has been reviewed by JK but needs further work that will only become clear once the changes to governance and processes have been discussed at SLT, which is scheduled for discussion on 17/11/15. The ICT use policy should link to the information security policy. Jan 16 This was discussed with SLT in December and work is in progress May 16 – with CBC - Client Officer is of the view that the whole suite of ICT policies needs reviewing – to be passed to Information Assurance Officer

Audit 2014/15	Recommendations	Priority	Agreed Imp Date	Managers Comments
				July 16 This has been passed to the new Information Assurance Officer
Procurement – February 2015	**R3** The Council should publish a procurement toolkit on the Council's intranet and provide relevant Service Managers/Managers with compulsory training. This should include: • The Council's contract procedure rules. • EU legislation requirements. • Local Government Transparency Code 2014. • Confirmation of the respective roles in the procurement process. • Procurement methods and best practice.	H	Sept 15 Revised implementation date April 2016 Extended to 3 months after SLA sign off date	**Manager Responsible : Karen Brown** Options are currently being assessed for the best way to achieve this. Options may require a report to cabinet and then implementation phase. October 15 – A report is scheduled for Joint Cabinet and Employment Committee on 3rd Nov 2015. New arrangements will ensure that training and toolkit issues are both addressed within 3 months of the go live date of the arrangements. Toolkit template review was commenced in August 2015.
Housing Repairs Responsive March 15	**R1b** Consideration should be given to liaison with the Client Officer as to whether a 'rebate' could be sought in respect of the post which was transferred with the PPP and has not been provided.	M	Not Specified	**Manager Responsible : Michael Brymer/Martyn Bollands** This is a corporate discussion that needs to take place as part of the ongoing PPP client/contractor relationship. The vacant post was transferred to Avarto with the PPP and has never

Audit 2014/15	Recommendations	Priority	Agreed Imp Date	Managers Comments
				been recruited to. There is a need for this post to continue to implement coins in full which the Responsive Repairs Manager will not be able to continue to do. This matter has been raised in the past by the previous Client officer and the previous IT Manager with no outcomes. The client officer is pursuing recompense from the PPP June 2016: Discussions have taken place between Avarto and CBCs' Client Officer regarding this. Further work is required to identify the services that are not being provided by not having this post in place.
Accounts Payable February 2015	**R2** It was agreed that liaison should occur between Arvato and the Client Officer to establish responsibility (including payment) in respect of any late payment claims that the Authority may receive.	M	Further Discussion with CBC Client Officer	**Manager Responsible : Karen Goulding/Mike Williamson/ Rachel O'Neil** Agree the issue late payment to be discussed but if the late payment is as a result of a Council issue, then arvato should not be responsible for the late payment. July 15: Still needs agreement, not a big issue at the moment but may

Audit 2014/15	Recommendations	Priority	Agreed Imp Date	Managers Comments
				become so in the future August 15: As stated previously arvato cannot be held responsible for delays caused by Council staff and with people from both arvato and CBC involved in the overall process it would be difficult to establish who was ultimately responsible for any delay. In addition, as far as we are aware legislation around late payment claims was introduced after the start of the PPP and responsibility therefore must remain with the Council in the absence of any subsequent Change Control. October 15 - KG 21.10.15 – Meeting scheduled 10.11.15 with Client Officer / Internal Audit & arvato to discuss further in relation to late payment policy. Jan 16 Investigations are still underway to establish where delays are occurring
Procurement Feb 15	**R4** The Council should formulate an updated procurement strategy. This should be reported to Members and adopted by the Council as soon as possible.	M	March 16 Extended to 3 months after SLA sign off	**Manager Responsible : Karen Brown** Development of a strategy will follow on from improvements in other

Audit 2014/15	Recommendations	Priority	Agreed Imp Date	Managers Comments
			date	points listed above
Car Parks March 15	**R4** To ensure compliance with part 4 of the Council's Constitution quotations should be obtained for the supply of car parking tickets or an exemption documented by the Service Manager.	M	September 2015 Revised date: November 15 Revised Date November 16	**Manager Responsible : Andy Bond** Liaising with the procurement unit on this matter. Currently reviewing infrastructure requirements for ticket machines. Once investment plan is approved we will then review our ticket requirements and will ensure compliance with part 4 of the Council's Constitution. Awaiting decision on when/if ticket machines are upgraded. Report to be presented to Cabinet November 15. Will then hopefully be in a position to tender for the same ticket type for all machines. At present too many different ticket types used because of machine mix. Jan 16 – decision on when/if ticket machines are upgraded has been deferred until capital programme priorities have been agreed. If ticket machines are replaced then will go out to tender as same type of ticket can then be used in all machines.

Audit 2014/15	Recommendations	Priority	Agreed Imp Date	Managers Comments
				March 16 – Replacement of pay and display equipment included in 2016/17 Capital Programme and currently working with procurement in developing tender documents for both ticket machines and supply of tickets. Should go out to tender in April 2016. July 16 – The tender specification for the replacement of our 30 Pay and Display machines has now been written in draft form, to be advertised 1/8/16 with a view to installing Sept 16.Then we will be able to procure a best value supplier for our complete stock of tickets, with the intention of selling advertising space on the reverse of tickets. The delay has been due to the departure of the Parking and CCTV Manager in April who was leading on the project.

Outstanding Recommendations 2015/16

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
Data Protection – May 2015	R1 It is essential that the programme of training embarked on in April 2015, is monitored to ensure all staff fully complete the training and that the anticipated further training to data asset owners occurs and is completed within a prescribed timescale	H	Nov 15 Revised Date Sept 16	**Manager Responsible: Rachel O'Neil/Information Assurance Manager/Gerard Rogers (as SIRO)** Main (online) training will take place once new EU Regs in place. Interim face to face refresher training could be given before that for FOI Champions. This should be delivered once new Information Assurance Strategy is in place **June 16**: General comment (relevant to all Data Protection and FOI recommendations :following CMT restructure the Customers, Commissioning and Change Manager has responsibility for a new team of Information Assurance Manager and Information Rights Officer. The IAM is due to commence on 11th July. The IRO remains to be appointed after departure of the previous post holder in February. The new structure will enable progress of these recommendations as well as the corporate information assurance

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
				strategy. Staff have undertaken online Information Security training again in 2016. Main (online) training will take place once Information Assurance Manager in post and new corporate online training resource is available to ensure widest reach and to enable monitoring. Face to face refresher training to be given for staff without ready access to online training resource as necessary. This will also be used to embed Council's Information Assurance Strategy.
Data Protection – May 2015	R2 On completion of the training programme it should be ensured that refresher training is undertaken at regular intervals	H	Ongoing	**Manager Responsible: Rachel O' Neil/ Information Assurance Manager/Gerard Rogers (as SIRO)** **See above**
Data Protection – May 2015	R3 The review of Council forms used to collect personal data, be concluded by the revised implementation date 1st June 2015, with appropriate action being taken on any forms which are considered not to have a robust and consistent fair processing notification.	H	End July 15 Revised Date Sept 16	**Manager Responsible: Gerard Rogers** Marie is in contact with relevant services to ensure incorporation of the council's new fair processing notification in relevant forms. Proposals for forms to be kept online has been delayed as dependent on council's new

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
				intranet, which is now understood to be happening in 2016. **June 16** The corporate fair processing notice will need to be reviewed and any further/amended forms in use will need to be reviewed after IAM and IRO in post.
Data Protection – May 2015	R7 As previously recommended it is essential that the Council has a designated Data Protection Officer, particularly as the anticipated EU changes will require a nominated officer.	H	Sept 15 Revised date September 16	**Manager Responsible: Rachel O'Neil/ Information Assurance Manager /Gerard Rogers (as SIRO)** Still not clear from emerging EU Regs whether a DPA will be necessary in organisations such as CBC. Also subject to IA Strategy and CMT reviews **June 16** The EU Data Protection Regulations require a DPA and while exit from the EU might mean that these are not implemented, the organisation should give serious consideration to appointment of an officer as DPO.
FOI Procedures – May 15	R1 It must be ensured that refresher training as planned, is undertaken on a regular basis by the FOI Champions	H	Jan 16 Revised Date September 16	**Manager Responsible: Rachel O' Neil /Information Assurance Manager /Gerard**

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
				Rogers (as SIRO) **June 16** Online corporate training resource to be procured with a FOI module. Face to face training can also be given as required (e.g. for FOI Champions)
Non Housing Property Repairs July 15	R1 It is essential that the objective of maintaining a 10 year plan which is not adhered to and due to level of contributions potentially required not comprehensive is reviewed to assist in the transparency of the PRF and its purpose	H	Further discussion required – took place in September 15	**Manager Responsible: Michael Rich / Matt Sorby/Jon Vaughan** A meeting to be arranged between Barry Dawson/Kier/Client Officer and IA for mid Sept Jan 16 Kier to present some options once all the condition surveys have been completed **June 16** Kier have produced a draft programme that has set priorities based on those premises that currently have the most significant contribution to the repairs fund and/or are deemed by Kier (based on their experience) to be a priority for setting a new 10 year plan. It has also been agreed that the existing Corporate Asset Management Group should take a more active

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
				role in receiving and giving a steer on asset reviews – these will help inform us re potential other options for each property rather than simply assume we have to construct a new 10 years repairs plan.
Non Housing Property Repairs July 15	R2 With the current 10 year plan being scheduled to be completed in 2015/16 and a new revised 10 year plan formulated for 2016/17, it is essential that the parameters for the new plan are agreed and established as soon as possible.	H	31/12/2015	**Manager Responsible: Michael Rich / Matt Sorby/Jon Vaughan/Director of Resources** Jan 16 Kier to present some options \once all the condition surveys have been completed
Non Housing Property Repairs July 15	R3 As previously agreed, a report to the Council should be prepared indicating the outcomes of the property condition surveys undertaken and the levels of maintenance required, subsequent to which liaison must occur between the Council and the service provider to provide guidance on the levels of contributions available and the level of maintenance affordable (both revenue and capital)	H	Further discussion required – took place Sept 15	**Manager Responsible: Michael Rich / Matt Sorby/ Jon Vaughan** Report to be produced by Kier

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
Non Housing Property Repairs July 15	R4 As previously agreed in July 2012, it is essential that budgets are downloaded into the Facilities Maintenance on line system to enable adequate budget monitoring to be undertaken	H	Further discussion required	**Manager Responsible: Michael Rich / Matt Sorby/Jon Vaughan** This will need to be further discussed when the new 10 year plan has been formulated and agreed
Non Housing Property Repairs July 15	R5 In conjunction with R2, when the new 10 year cycle is established it must be transparent as to what works are included within the cycle with the programme being adhered to as much as is practical. In instances where works are deferred or brought forward for any reason the plan should be updated to reflect the changes	H	Ongoing	**Manager Responsible: Michael Rich / Matt Sorby/ Jon Vaughan/Director of Resources** Jan 16 This is linked to the review of the CAMP and the disposal strategy
Housing Rents February 2016	R6 Urgent liaison with housing/legal to resolve issues with tenancies on 'hold' list to enable effective recovery, and to highlight issues surrounding tenancy completions being delayed and impact on arrears and workload within the recovery section	H	Ongoing	**Manager Responsible – Damon Bruce/Alison Craig/James Drury** This has been highlighted in a review commissioned by Housing and regularly at a senior level. We will continue to raise the issue but Arvato are not in a position to resolve it. May 16 – ongoing

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
Car Parks March 16	R8 As agreed in the last audit It must be ensured and evidenced that value for money is being achieved in respect of the supply of car parking tickets and where applicable contract procedure rules are adhered too.	H	31 March 2016 Revised date Sept 16, departure of Parking Manager	**Manager Responsible : Andy Bond** Being completed as part of the tender process for new Pay and Display machinery, allowing us to be not tied to 1 supplier of tickets.
IT Security – December 2015	R1 A revised and updated disaster recovery strategy and plan should be updated to reflect current ICT infrastructure.	H	June 16	**Manager Responsible: ICT Shared Service/James Drury** July 16 – Arvato have been ensuring that the new plan reflects changes to the Council's infrastructure particularly due to the significant changes undertaken during the PSN remediation work, the plan needs to be forward thinking rather than referring to infrastructure and processes that are being removed. AS such there is now a draft plan that has been shared with Rachel O'Neill as it has references to gaps in the Council's ability to quickly recover from a disaster that she wants to progress. This draft plan is now being reviewed internally within Arvato prior to it being sent to the Council as a final version.

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
Data Protection – May 2015	R4 To accord with good practice as determined by the ICO, it would be prudent to incorporate the Privacy Impact Assessment process within the data protection policy and to ensure that key officers are trained on how to undertake these	M	Dec 15 Revised to September 2016	**Manager Responsible: Gerard Rogers** Process is being developed. A recruitment exercise needs to take place for the Information Assurance Manager
Data Protection – May 2015	R6 A process for updating of Data Protection related policies which involves the Council's PPP partners should be developed to ensure an efficient review and revision process	M	Aug 15 Revised to September 16	**Manager Responsible: Gerard Rogers** With ICT and Client Officer
Data Protection – May 2015	R10 It is essential that there is sufficient coordination to ensure Council IT systems are examined to ensure compliance with data protection legislation	M	Ongoing	**Manager Responsible: Gerard Rogers** This needs to be included in corporate project plan template for ICT systems and all other projects. Gerard has stressed this to consultants looking in to project planning procedures.
Data Protection – May 2015	R11 Consideration be given to utilising the information gathered from the review of Council forms as a building block to create a Council Personal Data Asset Register to comply with proposed EU legislation	M	Dec 15 Revised to September 16	**Manager Responsible: Gerard Rogers** Dependent on completion of review forms

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
Non Housing Property Repairs July 15	R6 It should be clarified that the condition surveys relate to Council premises (as opposed to assets e.g. Car parks) and is a finite 5 year exercise and not a rolling exercise	M	Further discussion required	**Manager Responsible: Michael Rich / Matt Sorby/Jon Vaughan** JAN 16 To be discussed further with Kier
Non Housing Property Repairs July 15	R7 It is essential that on conclusion of the 5 year review, a comprehensive comparison to the estates list is undertaken to ensure that there have been no omissions e.g. Coach station, public conveniences	M	31st March 2016	**Manager Responsible: Michael Rich / Matt Sorby/ Jon Vaughan**
Bank Reconciliation August 2015	R1The bank reconciliation procedure notes should be updated to reflect any changes in procedure once the transfer of the Councils bank account to Lloyds Bank has been fully implemented	L	31st October 2015 Postponed to 31st Dec 2015 Extended to September 2016	**Manager Responsible : Helen Fox** Still making changes to the process as changes to procedure continue to emerge. Therefore delayed until satisfied that all necessary changes embedded. June 16 – Bank processes are now fully embedded
Treasury Management Loans October 15	R1 It should be ensured that all authorisation documents for the accounts are kept secure and together.	L	31st December 2015	**Manager Responsible: Richard Staniforth**
VAT July 2015	Consideration should be given to a minimum annual review of the VAT Manual and the VAT Completion Procedural notes to confirm that they	L	July16	**Manager Responsible: Helen Fox**

Audit- Recs 2015/16	Recommendations	Priority	Agreed Imp Date	Managers Comments
	are adequate with updates occurring as and when necessary			

Recommendations Made Not Overdue Yet 2015/16

Business Continuity and Emergency Planning arrangements October 2015	R2 Once the new Corporate Management Team structure has been established then it should be ensured that Service Area Business Continuity plans are:- • Aligned to the new structure • Brought up to date • Appropriately distributed • Updated at least annually	M	SS to commence once new CMT structure agreed and further developed and completed once positions filled	**Manager Responsible: Sam Sherlock**
Stores – March 16	R6 Historic suppliers and suppliers out of tender should be reassessed and correct procurement procedures followed	M	December 16	**Manager Responsible : Michael Brymer /Martyn Bollands** A procurement process is taking place with the NHS in order to resolve this issue.
Stores – March 16	R3 Consideration should be given to introducing an ongoing documented stock checking system to the replace the single year end stock check.	L	December 16	**Manager Responsible Michael Brymer/Martyn Bollands**

				Consideration will be given to this. Regular checks are currently being carried out and when COINs is embedded, this can be evaluated
Corporate Credit Cards – March 2016	R1 To strengthen controls procedure notes / guidance outlining acceptable usage and control / security of cards should be documented and issued to corporate credit card holders	H	September 2016	**Manager Responsible: Richard Staniforth**
Corporate Credit Cards – March 2016	R2 Consideration be given to cancelling the corporate credit cards held by the Principle Revenues Officer and Senior Recovery Officer if they are no longer in use	L	September 2016	**Manager Responsible: Richard Staniforth**
Corporate Credit Cards – March 2016	R3 It must be ensured that VAT is correctly accounted for in respect of credit card expenditure. Where official VAT invoices are provided expenditure must be posted net of VAT	H	September 2016	**Manager Responsible: Richard Staniforth**
Corporate Credit Cards – March 2016	R5 Consideration be given to reminding credit card holders that where applicable a VAT receipt should be obtained / requested for all purchases.	L	September 2016	**Manager Responsible: Richard Staniforth**
Corporate Credit Cards – March 2016	R6 To strengthen controls it would be prudent for individual card holder statements to be reviewed by the appropriate line manager to ensure expenditure is reasonable. The statement should be signed and dated as evidence of this check	L	September 2016	**Manager Responsible: Richard Staniforth**

Procurement – March 16	R2 It is essential that a Procurement strategy is completed	H	Within 3 months of SLA sign off	**Responsible Manager: Karen Brown** Drafts held at SPS
Procurement – March 16	R3 It is essential that training be provided for budget holders, service managers and members, in addition to this an online toolkit should be published for guidance.	H	Within 3 months of SLA sign off	**Responsible Manager: Karen Brown** Training has been developed. List of officers required. Toolkit being developed
Procurement – March 16	R4 Advice should be sent to service managers clarifying in which instances the procurement should be undertaken by CRH /advise sought	H	Within 3 months of SLA sign off	**Responsible Manager: Karen Brown** Clarified as part of training, SLA & Toolkit
Procurement – March 16	R6 The CBC website requires updating with the Contracts Register to comply with the Local Government Transparency Code 2015	M	Within 3 months of SLA sign off	**Responsible Manager: Karen Brown** Once training delivered and toolkit finalised