

Audit Committee 21st September 2016
Progress on the Internal Control Weaknesses Identified during 2015/16
September 2016

Report Title	Previous Position Statement as at 25th April 2016 and 27th July 2016	Current Position Statement as at 7th September 2016	Latest Opinion
Landlord Compliance	<p>Audit Committee – 25/04/16 - This report is in draft awaiting Management Response. The following specific areas for improvement were identified:</p> <p>The Asset Management database, Keystone, is not fully functional and the Servicing and Inspection module is still awaiting full implementation. Key documents and compliance evidence were missing from Keystone which meant that the Auditor could not give assurance on over half the housing stock properties tested. Property Services had not taken ownership for ensuring that the full Health and Safety file is available upon Keystone which has caused the issue of missing documentation and lack of compliance evidence leaving the Council and its tenants exposed to risk.</p> <p>Reported Opinion – Limited</p> <p>27th July 2016 - A scheduled follow up is planned for quarter two – July to Sept. However, on the 1st April 2016, the WHQs Team has transferred to Housing</p>	<p>Due to the departure of the Head of Housing and Building Services, the follow up is now planned for quarter 4.</p>	Remains Limited

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	and Building Services therefore; the follow-up has been deferred to late quarter two/early quarter three.		
ID and Access Badges	<p>Audit Committee – 25/04/16 – This report is in draft awaiting Management Response. The following key issues were identified: The Docks Offices, Court Road, Provincial House & Civic Offices all share the same access level, meaning staff who only require access to one of these buildings have access to the other three. There is no process in place for leavers to be notified to Property for access to Council buildings to be removed. Reported Opinion – Limited</p> <p>27th July 2016 - A scheduled follow up is planned for quarter two.</p>	The follow up has been deferred to Quarter three.	Remains Limited
PCI – DSS Follow up	<p>Audit Committee 25/04/16 - This report is in draft awaiting management response. It should be noted from the outset that the Council is currently Public Sector Network (PSN) compliant so it should be acknowledged firstly that there is a good standard of security awareness and control within the Council. However, the PCI Council does not take assurance from other standards and still requires organisations to comply with their data security standards.</p> <p>There have been a number of reviews of PCI-DSS</p>	Follow up scheduled for Quarter three.	Remains Limited

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	<p>within the Council by Internal Audit over the past few years. Over the past year a much more structured approach has been demonstrated by the personnel involved, showing that there is ambition to become compliant. The team has satisfactorily addressed most of the audit recommendations from the last report.</p> <p>A detailed report was provided by a PCI-DSS consultant in 2015 and contained options for increasing the chances of gaining compliance, including changes to individual payment channels and a recommended prioritised approach to implementing the required controls. The Council is now working on the 'prioritised approach' document, which must be returned to WorldPay quarterly to show progress.</p> <p>Due to the Council still not being compliant with PCI-DSS, Internal Audit can still only provide limited assurance.</p> <p>Reported Opinion – Limited</p> <p>27th July 2016 - Due to the fact that overarching strategic recommendations have been made, the follow up will not take place until after the management implementation date of 31st August 2016.</p>		

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	Therefore, this will be scheduled for Quarter three.		
Asset Valuation Highways -	<p>Audit Committee 25/04/16 - This report is at draft stage; awaiting management response. The following key issues were identified:</p> <p>There is insufficient evidence retained to support and demonstrate how the Highway Network Asset valuation inventory, local rates and additions / disposals were calculated;</p> <p>There is a lack of collaboration between departments to share knowledge / good practice and understanding of the overall impact which the Highway Network Asset valuation has to the Council's accounts; and</p> <p>There was no validation of the figures used in the Highway Network Asset valuation to ensure their accuracy and that they are supported with evidence.</p> <p>Reported Opinion – Limited</p> <p>27th July 2016 – Overarching Strategic Recommendations made, the follow up will not take place until after the management agreed implementation date of 1st September 2016</p> <p>Therefore, this will be scheduled for late quarter three. However, the work undertaken to date includes:</p>	<p>The report scheduled for Audit Committee in September 2016 has been deferred until November 2016.</p> <p>Follow up work by Internal Audit will be scheduled for Quarter four.</p>	<p>Remains Limited</p>

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	<ul style="list-style-type: none"> • A cross Directorate working group has been established. • A best practice group of 6 local authorities has been established. The Vale attends as does the WAO. • The all Wales Chief Accountants group has shared practice. • Updated guidance has been received from Welsh Government on land valuation. <p>Please note: It is the intention of the Head of Finance /Section 151 Officer to bring a separate report to the Audit Committee in September 2016 on this matter.</p>		
Telecare Follow up	<p>Audit Committee 25/04/16 - This report is at draft stage awaiting management response. The following key issues were identified:</p> <p>Care needs to be taken when fees are publicised at different rates as this could cause confusion for the clients. The client should sign the Terms & Conditions prior to the TeleV service commencing. Care needs to be taken to ensure fees are charged for as soon as possible after installation to reduce the potential loss of income per new service user.</p> <p>The issues surrounding the system provided by</p>	<p>Update provided to Audit Committee in September by the Head of Adult Services.</p> <p>A further follow up will be undertaken by Internal Audit during Quarter four and a further report will be presented to Audit Committee in due course.</p>	Limited

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	<p>Tunstall needs to be addressed and all matters resolved as soon as possible to reduce the impact and the amount of time the TSOs & administrative officers are having to spend on system errors.</p> <p>Reported Opinion - Limited</p> <p>27th July 2016 Follow up review complete and a number of the recommendations made have been implemented, however, key issues remain: Since the installation of Service Manager to supplement the PNC System, there have been a number of issues that have materialised. As a consequence, staff are spending an unnecessary amount of time resolving issues and errors with the system especially regarding stock management, as opposed to promoting the service, completing installations quicker etc. Staff have raised this issue with the Telecare Manager, who has in turn escalated the concern, however this has not been followed through and the issues remain outstanding. Debts should only be written off once appropriate processes have been followed and authorisation has been sought. Issues regarding management acting in a capacity which they are not authorised to do was raised during the previous audit report.</p>		

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	The Locality Manager will be attending Audit Committee to provide an update on progress against the outstanding recommendations made.		
Access to Records (Subject Access Requests)	<p>Audit Committee 22/02/16 - This has already been reported to Audit Committee in detail. It is intended that Internal Audit will undertake a follow up during the first quarter of 2016/17 and report back to Corporate Management Team on the findings.</p> <p>Reported Opinion – Limited</p> <p>27th July 2016</p> <p>The follow up has only just recently been completed and is in the process of being reviewed.</p>	No further action required.	Reasonable
Social Media	<p>Audit Committee 22/02/16 - This has already been reported to Audit Committee in detail.</p> <p>A progress report was submitted to Corporate Management Team on the 20th January 2016 which clearly indicates that an interim action plan is in place to address the recommendations made and that work is underway on the development and implementation of a Corporate Social Media Strategy.</p> <p>Based on this submission to Corporate Management Team the Auditor has reclassified the control environment as Reasonable, but a follow up review will still be required during 2016/17.</p> <p>Reported Opinion – Reasonable</p>	<p>The further follow up has concluded that the effectiveness of the internal control environment remains unsatisfactory. However, following a period of personnel and role changes within the Council’s communications setup and the report to Corporate Management Team (CMT) regarding social media suggests that plans are in place to begin addressing these weaknesses.</p> <p>A further follow up will be</p>	Limited

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	<p>27th July 2016 In accordance with the Internal Audit Shared Service's processes and procedures a follow up has only recently been completed and is at review stage.</p>	<p>scheduled for the latter part of Quarter four.</p>	
<p>Payments of 1st Aid and Fire Warden Allowances</p>	<p>Audit Committee 22/02/16 - This has already been reported to Audit Committee in detail. A progress report was submitted to Corporate Management Team on 20th January 2016 by the Head of Human Resources which provided a comprehensive action plan to ensure that the recommendations made are implemented in a timely manner. The review is not considered to be material in relation to the overall control environment. Based on the action plan, the Auditor considers the overall control environment to now be reasonable and this will be followed up in 2016/17. Reported Opinion – Reasonable.</p> <p>27th July 2016 An audit follow up has already been scheduled and commenced on 1st July 2016</p>	<p>The follow up has now been completed and under review</p>	<p>Awaiting completion of review.</p>
<p>Corporate Firewall</p>	<p>Audit Committee 22/02/16 - The Head of Strategic ICT attended Audit Committee on 22nd February 2016 and provided Members with the following update: A firewall ensures that information flows in and out of the Council correctly. The Service was subject to an annual assessment by PSN. This was a requirement for the Council to deal with the Department of Works</p>	<p>The review has now been completed and a draft report issued for Management comments. The overall opinion remains limited.</p> <p>It is should be noted that the</p>	<p>Limited</p>

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	<p>and Pensions. The ICT Service had passed its audit last year.</p> <p>Additionally, a random audit had been undertaken by PSN in November 2015 and ICT had received one recommendation as a result, the same one as identified by Internal Audit.</p> <p>In order for firewalls to be upgraded, it was necessary for them to be taken down and this was done at times of least demand. However, OneVale requires 24 hours cover.</p> <p>17 recommendations had been made, of which 11 had been completed, four would be completed within the next month and two had been allocated a timescale and would be completed on time.</p> <p>Therefore based on this response the control environment is now deemed Reasonable. This will be followed up in the first quarter of 2016/17 by Internal Audit.</p> <p>Reported Opinion – Reasonable</p> <p>27th July 2016 Follow up has only recently been concluded and the file is under review</p>	<p>Team Manager has only just recently commenced his role and whilst some improvements are evident there is still much to do.</p> <p>A further follow up will be scheduled for the latter part of Quarter four.</p>	

<p>ICT Support Learning & Skills</p>	<p>Data – &</p> <p>Audit Committee 16/11/15 - The Head of Strategic ICT attended the Audit Committee meeting and provided the following update to Members:- Committee was advised that the ICT Data Support Team provided support in schools. Some schools had opted out of receiving the service, but some had applied to return. As part of the Reshaping Services Agenda, it had been suggested that the Team should be merged with ICT Services. It was reported that some of the tasks that the Learning and Skills Directorate performed could be taken over by ICT. The opportunity existed for the two Teams to merge. The two Teams worked very closely. All of the actions in the Audit report had been carried out. It had taken longer to complete than envisaged because a member of staff left the service and had not been replaced.</p> <p>Therefore based on this response the control environment is deemed Reasonable, but will be subject to a follow up early in 2016/17. Reported Opinion – Reasonable</p> <p>27th July 2016 The follow up has now been completed and reviewed and the report issued. The overall control environment is now deemed reasonable.</p>	<p>Outcome of follow up – Reasonable assurance now placed on the control environment.</p>	<p>No further action required.</p>
<p>4 Waste Management Contract</p>	<p>Audit Committee 21/09/15 - At the request of the Council’s Audit Committee a detailed report was presented to Members on 22nd February 2016 which</p>	<p>All waste contracts have now been reviewed covering all aspects of contract</p>	<p>Remains Limited</p>

<p>Reviews</p>	<p>provided a comprehensive update on the issues and risks associated with this review. The Director of Environment & Housing was present at the meeting to provide Members with an update and Members were advised that Corporate Management Team was overseeing the implementation of a number of recommendations to improve the overall control environment and had instigated a review and update of the Council's Contract Management Guidance and Toolkit. In addition, In order to ensure that this situation did not occur again, Internal Audit would be reviewing all other Waste Contracts and a sample of cross-Directorate contracts.</p> <p>It is therefore considered that due to the ongoing work being undertaken by Internal Audit the overall control environment must remain Limited and reference to the issues of Contract Management specifically relating to Waste Contracts should be reflected in the Council's overall Annual Governance Statement for 2015/16.</p> <p>Reported Opinion – Limited</p> <p>27th July 2016 The issues highlighted have been reflected in the Council's Annual Governance Statement.</p> <p>An update report will be presented to the Audit Committee at its September meeting.</p>	<p>management including procurement, contract monitoring and performance.</p> <p>In addition a number of cross-directorate reviews are still ongoing and the conclusions will be shared with Corporate Management Team in due course.</p> <p>It is clear from these reviews that contract management remains a key issue throughout the Council and one that is taken very seriously by the Managing Director and the Corporate Management Team.</p> <p>The Contract Management Guidance and Toolkit are under review.</p> <p>Recommendations have been made. Due to this being a Council wide issue, Corporate Management will continue to have oversight to ensure that progress is made and improvement to Contract Management is evident.</p>	
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