

Audit Committee – 20th February 2017

Progress on the Internal Control Weaknesses Identified

Report Title	Previous Position	Position Statement as at 6 th February 2017	Latest Opinion
<p>Landlord Compliance</p>	<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.</p> <p>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.</p> <p>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 transferred to Housing and Building Services therefore the follow-up has been deferred to late quarter two/early quarter three.</p> <p>21st Sept 2016 - Due to the departure of the Head of Housing and Building Services, the follow up is now planned for quarter 4</p>	<p>The service OM has informed the Auditor that the system has been updated for the Health and Safety high risk areas of gas and electricity, however work remains ongoing.</p> <p>The testing of controls to conform this will commence in the forthcoming weeks.</p>	<p>Remains Limited</p>

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	<p>4th November 2016 - A follow up review has recently been completed and the draft report issued. Management responses are awaited however the effectiveness of the internal control environment remains unsatisfactory. This overall opinion is supported by the fact that there remains a significant amount of information not in the Keystone system, which includes the necessary certificates and information to support the completion of the compliance checks. This must be brought up to date to ensure that the Council is not exposed to high risk.</p> <p>4th January 2017 - It has been agreed that a follow up to ensure that the recommendations have been implemented and the backlog has been dealt with will be scheduled for early February 2017. We will be unable to do a full follow up due to Management Response that implementation will be completed by March 17 as their deadline. However, a position statement on progress to implement the backlog will be provided.</p> <p>17th January 2017 - A visit has been planned for Feb 2017 to ensure that progress is being made.</p>		
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>A report went to CMT on 1st February where it was approved that PARIS would be a hosted service. Work is now ongoing to progress this. It will be a phased approach taking a year to fully implement all requirements of the PCI – DSS standards, until which</p>	Remains Limited

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	<p>There have been a number of reviews of PCI-DSS 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> <p>21st Sept 2016 - The follow up will be scheduled for Quarter three.</p> <p>4th November 2016 - The follow up has been allocated to</p>	<p>time they will not be fully compliant.</p> <p>As part of the 17/18 audit plan, a review will be scheduled to monitor progress.</p>	

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	<p>be completed by the end of this quarter.</p> <p>4th January 2017 – a follow up was undertaken to determine progress. This established that PCI-DSS consultant produced a follow up paper and presentation to CMT on 28th Sept 2016 to outline progress and options. The Head of Strategic ICT was to report back to CMT with costs for various options. No official decision has been made but the consensus is that Paris will be outsourced to Northgate who will take on much of the risk and compliance responsibilities. Northgate have verbally confirmed that they can host the payment system and the Operational Manager – Accountancy was chasing them up for costs in Dec 2016.</p> <p>17th January 2017 - The most recent follow up work determined that progress was being made but until a corporate approach with operational milestones and timescales is developed and agreed, the risk remains. Contact will be made by the Auditor in February and March to ensure that progress continues to be made.</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.</p> <p>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 Telecare Manager has stated that a good working relationship has developed with Tunstall and the database is now in a better position to provide meaningful information. Procedures in relation to waivers have been drafted for Social Services as a whole and are currently awaiting approval.</p>	Limited

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	<p>The issues surrounding the system provided by Tunstall needs to be addressed and all matters resolved as soon as possible to reduce the impact and the amount of time the TSO's & 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> <p>The Locality Manager will be attending Audit Committee to provide an update on progress against the outstanding recommendations made.</p> <p>21st Sept 2016 - Update provided to Audit Committee in</p>	<p>A brief has been issued in respect of this follow up audit and work is due to commence mid-February to confirm the verbal assurance provided by the Telecare Manager.</p>	

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	<p>September by the Head of Adult Services.</p> <p>4th January 2017 - The follow up will be scheduled for Quarter four.</p> <p>17th January 2017 - This has now been allocated to the Auditor who undertook the previous follow up to ensure continuity and it will be undertaken in February 2017.</p>		
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. 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>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>21st Sept 2016 - 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</p>	<p>The auditor is due to start this work on 7th February. Initial conversations with the department are that they feel confident that all control weaknesses have now been addressed. This will be tested during the process of the follow up audit.</p>	Remains Limited

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	<p>Management Team (CMT) regarding social media suggests that plans are in place to begin addressing these weaknesses. A further follow up will be scheduled for the latter part of Quarter four.</p> <p>4th January 2017 - The follow up will be scheduled for Quarter four. The Department are keeping us informed of the changes as they are being made. However, the impact on the control environment has not as yet been tested until the follow up is completed. The changes that are being made are encouraging.</p> <p>17th January 2017 - This has now been allocated to the Auditor who undertook the previous follow up to ensure continuity and has been given priority on their quarterly allocation.</p>		
Corporate Firewall	<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 and Pensions. The ICT Service had passed its audit last year. 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. 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. A verbal response on progress was given to</p>	<p>A follow up audit has taken place and it was found that improvements have been made and only 4 of the original 17 significant recommendations remain outstanding. Based on this, the overall opinion is now that of Reasonable Assurance.</p>	Reasonable Assurance

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	<p>Internal Audit which indicated that of the 17 recommendations had been made, 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 was 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>21st Sept 2016 - The review has now been completed and a draft report issued for Management comments. The overall opinion remains limited.</p> <p>This follow up review identified that of the original 17 significant recommendations made, 8 have been completed fully and therefore 9 are still outstanding. After the initial report was issued, the team leader from within ICT left their post in February 2016 which caused a delay in implementing the outstanding recommendations. However, this position has been filled by the deputy; this in itself causes resilience issues. The Head of Strategic ICT is in the process of procuring a short term agency resource. A further follow up will be scheduled for the latter part of Quarter four.</p> <p>4th January 2017 - The follow up will be scheduled for Quarter four.</p>		

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	<p>17th January 2017 - The Computer Auditor has been allocated this and work is currently on-going.</p>		
2016-17 Limited Assurance Reports			
<p>Food and Feed Law Enforcement</p>	<p>The scope was to ensure that there is a comprehensive and up to date list of establishments in place; identify the methodology applied to determine the frequency of visits and ensure it is consistently applied to all high risk areas and appropriate arrangements are in place to facilitate lower risk establishments, ensure demonstrable compliance with all relevant legislation and regulations that impact upon the Food Chain – New business compliance was agreed with Operational managers.</p> <p>Key issues were identified during the Audit which need to be addressed which included: failure to comply with requirement for new food business applications; ICT issues continue to be a problem for accessing the separate systems; feed premises inspections not meeting FSA agreed schedule at quarter 1.</p> <p>4th January 2017 - Six Recommendations made; one of which was deemed to be fundamental, the remaining five were significant. Management responses received and all agreed. Implementation date by the end of January 2017.</p> <p>17th January 2017 - This has been allocated to the Auditor who undertook the original work. The relevant Officers within SRS have been contacted to arrange for the follow up to commence.</p>	<p>The Service OM has advised that staff are currently preparing information to be sent off to the Food Standards Agency by the end of February as they are due to be assessed during late March. As this will inform our follow up it has been agreed to defer our work until April 2017.</p>	<p>Limited</p>

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<p>Management of Trees</p>	<p>The scope of the audit included areas covering compliance with legislative and regulatory requirements; financial controls and contract management; risk management; and asset management. Key issues were identified during the Audit which need to be addressed. There is no Council wide Tree Management Strategy to outline how the Council identifies, captures and manages its tree stock. There is limited resource to deliver the Tree Management Service in Parks & Grounds maintenance which is reliant on the use of contractors and consultants to carry out works; Parks & Grounds Maintenance has breached Contract Procedure Rules with its two tree maintenance contractors as the cost of works completed has exceeded £380k over the last three years and that there is no contractual arrangement in place. There is insufficient audit trail and documentation to support the payment of invoices to the contractors and demonstrate that their services are providing value for money. There is no asset management system and process in place to enable the Council to identify, capture and manage its tree stock. There is no pro-active risk based inspection programme for its tree stock in urban parks, open spaces and highways.</p> <p>4th January 2017 - Six recommendations made, one of which was fundamental, the remaining five were deemed to be of significant risk. Management responses received and all recommendations agreed and implementation by April 2017. Every effort will be made to undertake a follow up before the end of the current financial year to ensure</p>	<p>This is allocated to an Auditor who is due to commence work in the forthcoming weeks.</p>	<p>Limited</p>

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	<p>progress is being made.</p> <p>17th January 2017 - This has now been allocated to an Auditor who will undertake the work before the end of March to ensure that progress is being made.</p>		
<p>Deprivation of Liberties (DoLS)</p>	<p>The scope of the audit included areas covering policies and procedures and the correct application of the required process and as well as governance. Seven recommendations were made. One was a fundamental recommendation regarding the existing backlog of referrals as such backlogs could incur financial penalties for the Council. Six significant recommendations were also made which included that a formal Partnership Agreement be put into place as soon as possible to provide clarification on such things as data security and ownership, system access and document retention, that DoLS referrals should be received in a secure manner to ensure compliance with the Data Protection Act; that the Terms of Reference must be agreed and adopted as soon as possible; that an ISP should be utilised given the content and nature of the information being shared between organisations and service providers and finally that minutes should be taken during Board meetings to evidence all aspects discussed. All have been agreed with a target date of March 2017. The other recommendation made that all DoLS referrals and documentation should be electronically retained for future reference has not been agreed but the OM has accepted the highlighted risk and is satisfied with the current system in place.</p> <p>17th January 2017 - The recommendations have been</p>	<p>See comments made on 17th January. No further update to report.</p>	<p>Limited</p>

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	<p>agreed with the exception of one, with completion dates in March 2017.</p> <p>Therefore a follow up has yet to be planned but contact will be made during March 2017 to ensure that progress is being made with a view to undertake a follow up in April 2017.</p>		