

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

Date: 15<sup>th</sup> MARCH 2018

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**THE INTERNAL AUDIT MONITORING REPORT OF THE HEAD OF THE INTERNAL AUDIT SHARED SERVICE ~ WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.**

Relevant Portfolio Holder	Councillor Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non-Key Decision

**1. SUMMARY OF PROPOSALS**

1.1 To present:

- the monitoring report of internal audit work and performance for 2017/18

**2. RECOMMENDATIONS**

2.1 **The Committee is asked to RESOLVE that the report be noted.**

**3. KEY ISSUES**

**Financial Implications**

3.1 There are no direct financial implications arising out of this report.

**Legal Implications**

3.2 The Council is required under Regulation 5 of the Accounts and Audit Regulations 2015 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

**Service / Operational Implications**

3.3 The involvement of Members in progress monitoring is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council’s Annual Governance Statement.

3.4 This section of the report provides commentary on Internal Audit’s performance for the period 01<sup>st</sup> April 2017 to 28<sup>th</sup> February 2018 against the performance indicators agreed for the service.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (18<sup>th</sup> January 2018):

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### 3.5 2017/18 AUDIT SUMMARY UPDATES AS AT 28<sup>th</sup> FEBRAURY 2018:

#### Records Management

The review found the following areas of the system were working well:

- Work undertaken by the Information Management team to actively promote correct storage of hard copy and electronic data with individual teams was well received with positive feedback. Employees had implemented suggestions and these were working.

The review found the following areas of the system where controls could be strengthened:

- The Information Management policy needs some additional areas adding to it to ensure it covers records management and confidential waste handling. There needs to be clearer application of this policy based on it's relevance to different services and job roles across the Councils.
- Storing and handling information in line with the Data Protection Act 1998, including where information is shared between different partners.
- Retention and disposal of all types of records.
- Communication and implementation of the records management and information security processes to staff working at all levels across the Councils.

The Information Management team responded promptly to address some of the immediate risks identified by the audit during the fieldwork stage of the work, for example, changing document security settings on the Orb and reviewing the use of GCSx emails.

There were five 'high' and one 'medium' priority recommendations reported.

Type of Audit: Full System Audit  
Assurance: Limited  
Draft Report Issued: 5<sup>th</sup> January 2018

#### Council Tax

The review found the following areas of the system were working well:

- Integration to the use of one system (Open Revenues) for both authorities
- Reporting and administration checks to open the debt at the beginning of the financial year.
- Discounts and exemptions applied correctly
- Council Tax bands applied correctly
- Registration and changes can be made easily via web/telephone or face to face by the customer
- Clear process regarding establishing new properties
- Reconciliations to the ledger are complete and up to date
- Service performance is recorded, monitored and reported
- Database is updated regularly with the reports from the valuation office to ensure accurate billing

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- Compliance Team are working with Revenues team regarding missing properties and reporting of fraud.

The review found the following areas of the system where controls could be strengthened:

- NFI fair processing notification and compliance for GDPR with discount/exemption forms
- Sign off and check of reconciliations by a senior member of finance.

There were two 'medium' priority recommendations reported.

Type of Audit: Full System Audit  
Assurance: Significant  
Draft Report Issued: 15<sup>th</sup> February 2018

**NNDR**

The review found the following areas of the system were working well:

- Integration to the use of one system (Open Revenues) for both authorities
- Reporting and administration checks to open the debt at the beginning of the financial year.
- Discounts and exemptions are being applied correctly
- The correct national multipliers are being applied
- Clear process regarding establishing new properties
- Reconciliations to the ledger are complete and up to date
- Service performance is recorded, monitored and reported including NNDR3 returns
- Database is updated regularly with the reports from the valuation office to ensure accurate billing
- Compliance Team are working with Revenues team regarding missing properties and reporting of fraud.

The review found the following areas of the system where controls could be strengthened:

- Webpages show differences between the authorities and have aspects missing to aid with customer access to services
- Forms compliance with GDPR
- Reviews of exceptions, reliefs and discounts
- Sign off and check of reconciliations by a senior member of finance.

There were four 'medium' priority recommendations reported.

Type of Audit: Full System Audit  
Assurance: Significant  
Draft Report Issued: 15<sup>th</sup> February 2018

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Payroll

The payroll system administered by Redditch Borough Council has been audited as part of their audit plan and is in the process of being reported before the Redditch Borough Council Audit, Governance and Standards Committee. The assurance being reported for the audit was moderate with some strengthening of control required in sickness reporting and pay, establishment and expense claim forms. Management have agreed an action plan to address these areas.

Summary of Assurance Levels:

<b><u>Audit</u></b>	<b><u>Assurance Level</u></b>
<b><u>2017/18</u></b>	
Records Management	Limited
Council Tax	Significant
NDR	Significant

3.6 2017/18 AUDITS ONGOING AS AT 28<sup>th</sup> February 2018

The following audit was at clearance stage:

- Creditors

Audits progressing through fieldwork stages included:

- ICT
- Benefits
- General Ledger and cash collection
- Worcestershire Regulatory Services

The summary outcome of the above reviews will be reported to Committee in due course when they have been completed and management have confirmed an action plan.

3.7 AUDIT DAYS

Appendix 1 shows that progress continues to be made towards delivering the Internal Audit Plan and achieving the targets set for the year. As at 28<sup>th</sup> February 2018 a total of 169 days had been delivered against a target of 230 days for 2017/18.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Audit, Standards and Governance Committee on the 30<sup>th</sup> March 2017 for 2017/18.

Appendix 3 shows a summary of the 'high' and 'medium' priority recommendations for those audits that have been completed and final reports issued.

Appendix 4 provides the Committee with an analysis of audit report 'Follow Ups' that have been undertaken to monitor audit recommendation implementation progress by management.

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### **3.8 OTHER KEY AUDIT WORK**

Much internal audit work is carried out “behind the scenes” but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a critical review
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers’ attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative over view.
- Investigations

There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extraction and uploading to enable matches to be reported. The initiative is overseen by the Cabinet Office. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Bromsgrove District Council.

WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards. WIASS recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council’s operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

WIASS confirms it acts independently in its role and provision of internal audit.

### **3.9 Monitoring**

To ensure the delivery of the 2017/18 plan there is close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year over the authority’s core financial systems, as well as over other systems which have been deemed to be ‘high’ and ‘medium’ risk. In discussions with the s151 it has been decided that there is little value reviewing risk management at this stage as training is being set up and it is considered that resource identified for mobile homes is better deployed on other areas. It is proposed that risk management will feature in the 2018/19 plan as it is considered to remain a medium risk area.

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3.10 **Customer / Equalities and Diversity Implications**

There are no implications arising out of this report.

4. **RISK MANAGEMENT**

The main risks associated with the details included in this report are:

- failure to complete the planned programme of audit work for the financial year; and,
- the continuous provision of an internal audit service is not maintained.

5. **APPENDICES**

Appendix	1 ~ Internal Audit Plan delivery 2017/18
Appendix	2 ~ Key performance indicators 2017/18
Appendix	3 ~ 'High' and 'Medium' priority recommendations summary for finalised reports
Appendix	4 ~ Follow up summary

6. **BACKGROUND PAPERS**

Individual internal audit reports held by Internal Audit.

7. **KEY**

N/a

**AUTHOR OF REPORT**

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**APPENDIX 1**

**Delivery against Internal Audit Plan for 2017/18**  
**1<sup>st</sup> April 2017 to 28<sup>th</sup> February 2018**

Audit Area	2017/18 Total Planned Days	Forecasted days to the 31 <sup>st</sup> December 2017	Actual Days Used to the 28 <sup>th</sup> February 2017
Core Financial Systems (see note 1)	71	61	53
Corporate Audits (see note 4)	5	0	0
Other Systems Audits (see note 2)	118	89	88
<b>SUB TOTAL</b>	<b>194</b>	<b>150</b>	<b>141</b>
Audit Management Meetings	15	12	13
Corporate Meetings / Reading	5	4	5
Annual Plans and Reports	8	6	7
Audit Committee support	8	6	3
Other chargeable (see note 3)	0	0	0
<b>SUB TOTAL</b>	<b>36</b>	<b>28</b>	<b>28</b>
<b>TOTAL</b>	<b>230</b>	<b>178</b>	<b>169</b>

**Notes:**

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end.

Note 2: A number of the budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the ICT provision resulting in lost productivity.

Note 4: The corporate budget will remain unused as this was identified for risk management which has been deferred to 2018/19.

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### APPENDIX 2

#### **Performance against Key Performance Indicators 2017-2018**

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2017/18. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4 to KPI 6. The position will be reported on a cumulative basis throughout the year.

	<b>KPI</b>	<b>Trend/Target requirement</b>	<b>2017/18 Position (as at 28<sup>th</sup> February 2018)</b>	<b>Frequency of Reporting</b>
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 13  Delivered = 11	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	73%	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	73%	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward  (minimal)	7	When Audit Committee convene
5	No. of moderate or below assurances	Downward  (minimal)	4	When Audit Committee convene
6	'Follow Up' results  (Using 2017/18 reviews onward)	Management action plan implementation date exceeded  (nil)	Nil to report	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward  (increasing)	9x issued  7x returns – all 'excellent'	When Audit Committee convene

WIASS conforms to the Public Sector Internal Audit Standards 2013.

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**APPENDIX 3**

**Definition of Audit Opinion Levels of Assurance**

<b>Opinion</b>	<b>Definition</b>
<b>Full Assurance</b>	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
<b>Significant Assurance</b>	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>Moderate Assurance</b>	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>Limited Assurance</b>	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>No Assurance</b>	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

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### Definition of Priority of Recommendations

<b>Priority</b>	<b>Definition</b>
<b>High</b>	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
<b>Medium</b>	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
<b>Low</b>	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

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**APPENDIX 3**

## **‘High’ & ‘Medium’ Priority Recommendations Summary for finalised audits.**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Position update as at 12 <sup>th</sup> December 2017
<b>Audit: Records Management</b>						
<b>Assurance: Limited</b>						
1	High	<p><b><u>Implementation of the Information Security Policy</u></b></p> <p>There were on-going discussions about the relevance of the Information Security policy to certain employees whose role is not computer-based. There was no definitive guidance or criteria on which sections of the policy do/do not apply.</p> <p>There is a recognised risk of short term employees, or agency staff, starting within services, and the IT service not knowing about their appointment, so consequently they don't receive the Information Security policy or relevant training on this.</p>	<p>Financial risk. Breach of the Data Protection Act 1998 by employees who have not received adequate training and instruction on the application of the policy to their role resulting in the Information Commissioners Office fining the Council.</p> <p>Reputational risk to the Council if any data breaches occur and are made public.</p>	<p>Dissemination of this policy to be looked at with regard to services that are at risk of staff starting work without receiving and agreeing to the Information Security policy.</p> <p>Shared services to either be subject to this policy or checks undertaken to ensure that they work to their own information security policy.</p>	<p><b>Responsible Manager:</b> <b>ICT Operations Manager/HR Manager</b></p> <p>ICT will continue to deal with known employees through netconsent and the policy will be incorporated into the induction process.</p> <p><b>HR Manager</b></p> <p>To ensure agencies (Matrix) are aware of responsibilities regarding data security, for all temporary staff contracts.</p> <p><b>Implementation date:</b> To be fully implemented by 30<sup>th</sup> April 2018.</p>	<p>The Information Security Policy is being reviewed and amended. This policy will also include confidential waste collection.</p> <p>Information Management/IT are working with HR to include the Information Security policy in the induction for all new starters.</p>
2	High	<p><b><u>Inventory of IT Equipment</u></b></p> <p>There was no comprehensive inventory of all of the ICT equipment (PCs, laptops, printers) available, in use, or returned.</p> <p><b><u>Disposal of electronic equipment</u></b></p> <p>There was a discrepancy between a waste transfer collection note from rePC for items collected on 7.4.17, and the items recorded on their</p>	<p>Financial risk from theft, loss of equipment and poor stock control. Possible overspending on duplicate orders or replacing IT equipment when items could be re-used.</p> <p>Unnecessary physical storage space storing indefinitely items that</p>	<p>Inventory of all IT equipment to be compiled covering all sites. This to be kept up to date with new, returned and disposed of equipment.</p>	<p><b>Responsible Manager:</b> <b>ICT Operations Manager</b></p> <p>ICT asset management system now in place. Software detects PC's and laptops and associated peripherals. Individual pieces of equipment are asset tagged and this info is logged on system. Software also detects software installed. All received equipment is asset tagged logged on to system and identified through all</p>	<p>Information Management/IT team are looking to have IT equipment collected by accredited companies (e.g. ADISA -Asset Disposal &amp; Information Security Alliance) and this will be added to the Information Security Policy.</p>

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<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response and Action Plan</b>	<b>Position update as at 12<sup>th</sup> December 2017</b>
		<p>audit sheet as being 'destroyed' by the contractor. More items were collected than recorded as being disposed of (4 PCs and 1 monitor).</p> <p>The two companies that have been used to dispose of IT equipment were not found to be ADISA (Asset Disposal &amp; Information Security Alliance) accredited although this was not a requirement at the time.</p>	<p>may not work.</p> <p>Risk of loss or theft of equipment that has not been data cleansed. Resulting in non-compliance with the Data Protection Act 1998 and possibility of a fine from the Information Commissioners Office.</p>	<p>Monitoring of the IT equipment collection by reconciling the waste transfer notes for collection with the audit sheets produced at destruction. A procedure to be put in place if discrepancies are highlighted.</p> <p>Formal criteria to be implemented to ensure that reputable companies are used to dispose of IT equipment.</p>	<p>stages i.e. stores, build, or deployed. <b>Implementation date:</b> 1.9.17</p> <p><b>Responsible Manager:</b> <b>ICT Operations Manager</b> Procedure introduced if any discrepancies are highlighted. <b>Implementation date:</b> 19.10.17</p> <p><b>Responsible Manager:</b> <b>ICT Operations Manager</b> Working with procurement to tender the contract for disposal of electronic equipment to include all accreditations required. <b>Implementation date:</b> January 2018</p>	
3	High	<p><b><u>Retention and disposal schedule</u></b></p> <p>The current schedule is in need of review and update. Information listed for some teams was incorrect or out of date. Out of 5 services checked 3 were found to keep records beyond the criteria given in the retention and disposal schedule.</p> <p>There are no formal procedures for the monitoring of compliance with the retention schedule.</p>	<p>Risk of non-compliance with the Data Protection Act 1998 and with the General Data Protection Regulations being introduced May 2018 potentially leading to financial and reputational risk.</p>	<p>Review and update of the retention and disposal schedule.</p> <p>Reminders to staff of it's availability and use.</p>	<p><b>Responsible Manager:</b> <b>ICT Operations Manager</b> It is the responsibility of the information asset owner to keep the retention and disposal schedule entries up to date according to legislation and or business need. They are reminded of this at every (annual) DP training session, Managers forums and when we are completing any intervention with individual teams. <b>Implementation date:</b> Complete – already in place.</p> <p><b>Responsible Manager:</b> <b>ICT Operations Manager</b></p>	No additional updates.

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<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response and Action Plan</b>	<b>Position update as at 12<sup>th</sup> December 2017</b>
				Implementation of regular checks on compliance with the retention and disposal schedule.	<p>Staff are reminded at every individual annual DP training as well as during any individual team intervention. The retention and disposal schedule is available on the ORB and periodic announcements are put out on the Oracle.</p> <p><b>Implementation date:</b> Complete – already in place.</p> <p><b>Responsible Manager:</b> <b>ICT Operations Manager</b> Annual audit of a selection of teams' retention standards.</p>	
4	High	<p><b><u>Confidential waste collection</u></b></p> <p>No formal procedure or documented policy on the collection of confidential waste.</p> <p>During the visit to Bromsgrove District Council, Parkside, the auditor found that confidential waste storage facilities were being left unlocked: the bin in the print room and the bins in the outside bin store, even though the store itself was locked.</p>	<p>Risk of loss of official or sensitive information (e.g. personal or financial information) and non-compliance with the Data Protection Act 1998 potentially resulting in a fine from the Information Commissioners Office and reputational damage.</p>	<p>Policy and procedures to be introduced to cover handling and disposal of confidential waste including; storage, handling and transportation between sites.</p> <p>Review the current provision to ensure it meets requirements.</p>	<p><b>Responsible Manager:</b> <b>ICT Operations Manager</b> Confidential waste collection added to the Information security Policy</p> <p><b>Implementation date:</b> 1.12.17</p> <p><b>Head of Customer Access &amp; Financial Support</b></p> <p>Written procedure notes to be put in place to ensure the secure handling of confidential waste by caretakers and contractors.</p> <p>Procedures to be reviewed in line with corporate policy.</p> <p><b>Implementation date:</b> Completed but to be reviewed once policy is in place.</p>	<p>New confidential waste bins with secure locks have been provided at Parkside.</p> <p>Operating procedures for confidential waste collection are being documented and put in place. A procedure for BDC Parkside has been provided. When the Information Security Policy is reissued current provision will be reviewed to ensure it is meeting the policy.</p>

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<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response and Action Plan</b>	<b>Position update as at 12<sup>th</sup> December 2017</b>
				Confidential waste receptacles to be kept locked.	<b>Responsible Manager:</b> <b>ICT Operations Manager</b> Resolved, all confidential waste bins are now locked. <b>Implementation date:</b> 1.10.17	
5	High	<b><u>Storage of documents on the Orb</u></b>  It was found that security settings for the Orb may not have been set to provide full security when it came to viewing particular files that contained personal information.	Potential risk of non-compliance with the Data Protection Act 1998 leading to reputation damage and financial penalty.	File security on the Orb to be reviewed to ensure correct security and permissions are set.	<b>Responsible Manager:</b> <b>Director of Finance &amp; Resources, s.151 Officer</b> Inform all managers to review security of personal data.  <b>Implementation date:</b> Immediate  <b>Responsible Manager:</b> <b>ICT Operations Manager</b> Audit of permissions on ORB. <b>Implementation date:</b> November 2017  <b>Responsible Manager:</b> <b>ICT Operations Manager</b> Staff are reminded of their responsibilities in managing their information securely to include security and permissions for individual documents at every (annual) DP training session, Managers forums and when we are completing any intervention with individual teams.  <b>Implementation date:</b> Complete – already in place.  <b>Responsible Manager:</b> <b>ICT Operations Manager</b>	No additional updates until April 2018.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Position update as at 12 <sup>th</sup> December 2017
					<p>A review of all current data on the ORB will be carried out to look at the future use of the ORB, best use of the ORB, and for storing information.</p> <p><b>Implementation date</b> April 2018</p>	
6	Medium	<p><b><u>GCSx email accounts</u></b></p> <p>A sample of 10 employees were interviewed about their GCSx email use:</p> <ul style="list-style-type: none"> <li>• 4 out of 10 did use the secure email for sharing data – 2 of these stated they rarely used them.</li> <li>• 4 out of 10 accounts are no longer used to share data and are not required.</li> <li>• 2 out of 10 have a personal secure email but could use generic team email.</li> </ul> <p>Of the 4 out of 10 employees currently sharing data, all were sharing data with other public bodies such as the police, social services and NHS. None of the four were aware of any protocol in place regarding use of the GCSx accounts and information sharing with these organisations.</p>	<p>Data and/or financial loss. Paying for GCSx accounts that are not used. Also reputation damage if loss occurred using an unsecured network when exchanging information.</p>	<p>Review of the GCSx user accounts to identify any not used.</p> <p>Ensure staff are working to information sharing protocols where personal and sensitive information is being shared outside the Authority with third parties and sufficient controls are in place to ensure the Council understands how the third party use the data.</p>	<p><b>Responsible Manager:</b> <b>ICT Operations Manager</b> Review of GCSX's account completed and unused accounts removed. Annual review scheduled. <b>Implementation date:</b> 31.7.17</p> <p><b>Responsible Manager:</b> <b>ICT Operations Manager</b> Shared service agreements in place and a register held. <b>Implementation date:</b> 1.10.17</p>	<p>A review of accounts has been undertaken and the list updated.</p>
<b>Audit: Council Tax</b>						
<b>Assurance: Significant</b>						
1	Medium	<p><b><u>Webforms NFI FPN</u></b></p> <p>The following Webforms accessed on the Council's website on 25/10/16 did not include reference to a NFI fair processing notification</p>	<p>Non compliance with the Data Matching Code of Practice issued by the Cabinet Office</p>	<p>All Revenues forms used for the collection of personal data to be reviewed to ensure that they include a NFI fair processing</p>	<p><b>Responsible Manager:</b>  Financial Support Services Manager</p>	N/a

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<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response and Action Plan</b>	<b>Position update as at 12<sup>th</sup> December 2017</b>
		<p>including that the data collected being used in a data matching exercises for the prevention and detection of fraud as required by the Data Matching Code of Practice issued by the Cabinet Office:</p> <ul style="list-style-type: none"> <li>• Single Person Discount;</li> <li>• Disabled;</li> <li>• Serious Mental Impairment;</li> <li>• Carers; and</li> <li>• Council-tax-student-discount-form.</li> </ul> <p>The Webform related to those in Detention did include a relevant notification.</p>	<p>potentially leading to either reputational damage, financial penalty or failure to be able to participate in NFI data matching exercises which is a mandatory requirement.</p>	<p>notification and are future proofed with the impending requirements of General Data Protection Regulations (GDPR).</p>	<p>Programme for review of forms and documentation is in place, and revised forms will be in use from first quarter of 2018/19</p> <p><b>Implementation date:</b> May 2018</p>	
2	Medium	<p><b><u>Reconciliation.</u></b></p> <p>No checking and sign off of reconciliations by a senior member of the finance team since quarter 2. The Accountancy Assistant is new to carrying out these reconciliations and took over in September 2017</p>	<p>Risk that the reconciliations are not correctly carried out and that the member of staff fully understands what they are reconciling. Potential for incorrect financial information being missed or misleading information being reported.</p>	<p>That a check and sign off is carried out by a senior member of the Finance team in the same time period of the reconciliation being completed.</p>	<p><b>Responsible Manager:</b> Financial Services Manager</p> <p>This will be addressed and signed off on a regular basis going forwards.</p> <p><b>Implementation date:</b> February 2018</p>	N/a
<b>Audit: NDR</b>						
<b>Assurance: Significant</b>						
1	Medium	<p><b><u>Website Pages</u></b></p> <p>There are aspects missing to aid the customer with self service. There is no change of address form.</p>	<p>Risk of providing out of date information and causing customers to take up resources through staff time when they could self serve potentially leading to reputation damage.</p>	<p>To update and review the web pages to enable customers to self serve easily.</p>	<p><b>Responsible Manager:</b> Financial Support Services Manager</p> <p>Web development is continuing and updates to website will be made from August.</p>	N/a

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Position update as at 12 <sup>th</sup> December 2017
					<b>Implementation date:</b> August 2018	
2	Medium	<b><u>Forms</u></b>  All forms which request information need to be reviewed to ensure compliance with the General Data Protection Regulations (GDPR) for May 2018.	Potential risk of not complying with requirements of the data protection legislation.	Review and alter forms to comply with General Data Protection Regulations.	<b>Responsible Manager:</b>  Financial Support Services Manager  Programme for review of documentation will commence in Final Quarter of 2017/18  <b>Implementation date:</b> April 2018	N/a
3	Medium	<b><u>Reviews of exemptions, reliefs and discounts</u></b>  No planned reviews have been carried out and there is no plan in place to carry out the reviews currently.  It has been discussed with the compliance team however it is not a current priority in their planned work.	There is a risk that exemptions, reliefs and discounts are being applied either incorrectly or are continuing past their 'end' date, potentially leading to a financial loss.	To implement a plan of reviews.	<b>Responsible Manager:</b>  Financial Support Services Manager  Plan for review of exemptions, reliefs is in place and will be rolled out from May 2018  <b>Implementation date:</b> 1 <sup>st</sup> May 2018	N/a
4	Medium	<b><u>Reconciliation check</u></b>  No checking and sign off of reconciliations by a senior member of the finance team since quarter 2. The Accountancy Assistant is new to carrying out these reconciliations and took over in September 2017.	Risk that the reconciliations are not correctly carried out and that the member of staff fully understands what they are reconciling. Potential that incorrect financial information being missed.	That a check and sign off is carried out by a senior member of the Finance team in the same time period of the reconciliation being completed.	<b>Responsible Manager:</b>  Financial Services Manager  This will be addressed and signed off on a regular basis going forwards.  <b>Implementation date:</b> February 2018	N/a
<b>end</b>						

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### **APPENDIX 4**

#### **Follow Up**

##### **Planned Follow Ups:**

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action taken against those audits and whether further follow up is planned. Commentary is provided on those audits that have already been followed up and audits in the process of being followed up.

For some audits undertaken each year follow-ups may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the overall work load so to minimise resource impact on the service area.

Follow up in connection with the core financials is undertaken as part of the routine audits that are performed during quarters 3 and 4.

##### **Follow Up Assurance:**

In summary:

- 2014/15 report; one remains, expecting to be completed by end of 2017. Follow up being scheduled;
- 2015/16 reports; active research is taking place to satisfy one area with the rest being scheduled for follow up in February/ March 2018;
- 2016/17 reports; two areas have been followed up as part of another piece of work. Other areas are scheduled for follow up in February / March 2018;
- 2017/18 reports; scheduled for follow up in the coming months.

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<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2<sup>nd</sup> Follow Up</u>	<u>3<sup>rd</sup> Follow Up</u>
					High and Medium Priorities 6mths after final report issued as long as implementation date has passed	High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed	
<b>2014-15 Audits</b>							
Equality and Diversity	28 <sup>th</sup> August 2014	Corporate Senior Management Team	Moderate	1 'high' and 2 'medium' priority recommendations made in relation to training, policy and terms of reference.	Followed up March 15- Policy Manager have confirmed that all recommendations are currently outstanding and not fully implemented but are in progress. Given the impending completion date it would not be appropriate to follow the recommendations up until July 2015.	Follow up in November 2015 found that 1 'medium' priority recommendation in relation to policy has been implemented and the 1 'high' priority recommendation and the other 'medium' priority recommendation in relation to training and terms of reference are in progress. Workshops are to be introduced first half of 2016.	<p>A follow up in September 16 found there was one recommendation outstanding relating to the Equality and Diversity training. All the others have been satisfied. A further follow up will take place in 3 months time.</p> <hr/> <p>Follow Up 14 February 2017: Discussion with E&amp;D Manager - induction progress is still in progress. Quotes from contractors for in house training are currently being received. Follow up to take place in June when more progress made.</p> <hr/> <p>Follow Up 19th June 2017: Policy Manager confirmed although progress has been made towards implementing training for new starters and existing staff nothing has yet been implemented. Need to go</p>

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							to tender to procure training provider. Aiming for completion of this process and E&D training within 2017.
<b>2015-16 Audits</b>							
CCTV	31 <sup>st</sup> March 2016	Head of Community Services	Critical review	Challenge points and good practice in relation to Training and the CCTV system.	Follow up in September 2016 found two of the challenges have been actioned but there is more progress to be made relating to access rights to CCTV and a new anti-social behaviour policy. A further follow up will take place in April 2017	Follow up undertaken in April 2017.  Audit had a discussion with both responsible managers on 10.05.17, both positions same as previous follow up. Restructure is still to take place and the Anti-social behaviour policy still to be finalised. Agreed to go back in 6 months.  Further follow up date November 17	The Head of Service has been researching how access rights can be improved due to the nature of the system. A solution has been proposed and is awaiting confirmation that this can be implemented.  30 <sup>th</sup> January 2018  The team introduced a new system in the CCTV monitoring centre to resolve the issue of the same operator approving and authorising the creation of the data file. In addition it also removes the current system where the operator puts in the Team Leader initials as the authoriser. It is an automated process which burns the ID into the disc to confirm an audit compliance check has been undertaken.  <b>No further follow up required</b>
Consultancy and Agency	13th June 2016	Corporate and Senior Management Team	Limited	2 'high' and 3 'medium' priority recommendations in relation to Matrix, Procurement procedures, Post	A follow up took place in December 2016 which found that 4 recommendations are still in progress relating to	Follow up undertaken in May 2017.  Audit had a discussion with the	Audit met with Director of Finance and Resource on 4/1/18. The Matrix contract has been extended for 12

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				transformation reviews, professional indemnity insurance and accuracy of invoices received.	the use of Matrix, the procurement procedures, outcomes set for the use of agency staff and processing invoices. One recommendation is still to be actioned on the outcome of a recommendation. A further follow up will take place in 6 months time.	Director of Finance and Resources on 10.05.17, the review of Matrix is still in progress. As several recommendations rely on the matrix review being completed no official follow up will take place until this date.  Further follow up date November 2017	months therefore follow up will be scheduled for March 2018.
<b>2016-17 Audits</b>							
Human Resources Training and Development	30th December 2016	Human Resources Manager	Moderate	Business Transformation This audit report made 1 high priority recommendation relating to employee mandatory and refresher training, and 3 medium priority recommendations relating to purpose of training, employee induction and identifying training needs. A follow up will take place in 4 months time.	A follow up took place in March 17 and found 2 recommendations are in progress relating to meeting training needs and mandatory / refresher training. 2 recommendations are still to be actioned dependent on the implementation of HR21.	Being scheduled for follow up during March 2018.	
Dash Board & Performance Measures	3rd May 2017	Business Transformation	Limited	An audit took place in May 2017 and made 3 high and 1 medium priority recommendations relating to resilience, timeliness of reporting, integrity of information and information held.	Being scheduled for follow up during March 2018.		

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Worcester Regulatory Services	26th May 2017	WRS	Moderate	This audit made 1 high priority recommendation and 2 medium priority recommendations relating to payment for licences granted, cheque payment and application forms. A follow up will take place in 3 months time.	1st follow up took place on 30/8/17 no recommendations have been implemented but work towards had been progressed and there is research looking at moving into electronic application which all districts will have to agree to. A further follow up will take place in 6 months	To be picked up as part of the 2017/18 audit that is being undertaken currently.	
<b>2017-18 Audits</b>							
Building Control	10th August 17	Planning & Regeneration	Significant	The report made one medium recommendation relating to the production of a financial statement regarding Building Control. This is to be produced at the end of the financial year.	May 2018		
Customer Service	14th November 2017	Customer services	Moderate	The report made five medium recommendations relating to minutes of meetings, phone recordings, training and awareness, complaints system and website	May-18		
Cash Collection	14th November 2017	Customer Services	Significant	the report was made up of 4 recommendations; 3medium and 1 low relating to refund checks, over and under investigations, scanned in giro slips and countersignatures.	May-18		
DFGs	28th September 2017	Community Services	Moderate	The report found 1 high priority and 2 medium priority recommendations in relation to Records retention and security, Registration of Land Charges and Private Sector Home Repairs Assistance policy.	Awaiting follow up		

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Land Charges	19th October 2017	Legal Services	Moderate	The report found 1 high and 1 medium priority recommendation in relation to Reconciliation of payments and updating the local land charges register.	Awaiting follow up		
Environmental Waste	27th November 2017	Environmental Services	Moderate	The report found 1 high and 4 medium priority recommendations in relation to Bulky Waste Receipt Books, Business Waste Charges, Fees and Charges, Bulky Waste quotes and Garden Waste Invoices.	Mar-18		
Payroll	14th February 2018	Finance	Moderate	Reported 1 'high' and 2 'medium' priority recommendations ; sickness reporting and pay, establishment and expense claims form	Apr-18		
end							