

### Internal Audit reports finalised since the last Audit Committee meeting (November 2014)

<b>Audit Title:</b>	Rating of the Capital Programme					<b>Date of Report:</b>	November 2014	
<b>Number of 'High Priority' Recommendations:</b>	2	<b>Current Audit Opinion:</b>	2	<b>Previous Audit Opinion:</b>	N/A	<b>Overall Evaluation (Risk):</b>	<b>Moderate</b>	

## Key Recommendations

This review and its related audit opinion were based on the prioritisation of the existing capital projects within the Council's overall Capital Programme. The review found that the current approach to rating/prioritising capital projects was working appropriately in prioritising the limited capital projects that the Council could fund within its existing Capital Programme. These were largely limited to mandatory schemes as a result of the limited capital funding available. However, following the award of an additional £95m in July 2014 through the Local Enterprise Partnership (LEP), the importance of developing the process for rating capital projects has significantly increased. It is necessary to ensure the LEP resources can be used effectively and new projects can be prioritised and brought to a ready state where they can be used to leverage more capital funding as and when further capital resources become available. To deliver the objectives in rating capital projects, the review identified two high priority recommendations that require implementation as follows:

- Capital bids should all be scored in a similar way to that used for projects within the Council's Infrastructure Delivery Plan, taking into account the impact the project has on corporate objectives, as well as cost and benefits realisation. The factors that resulted in a bid being successful should be scored to clearly distinguish what factors led to that project being a winning bid. If a scheme is determined to be mandatory, the scheme should automatically be transferred to the capital programme regardless of any scores in the other rating criteria.
- The purposes of feasibility monies should be clearly set out and documented to ensure that Officers are made aware of what is available, how it must be used and what must be delivered in terms of getting projects to a ready stage.

<b>Audit Title:</b>	Troubled Families Claim				<b>Date of Report:</b>	October 2014 and February 2015	
<b>Number of 'High Priority' Recommendations:</b>	0	<b>Current Audit Opinion:</b>	N/A	<b>Previous Audit Opinion:</b>	N/A	<b>Overall Evaluation (Risk):</b>	N/A
<p>Internal audit are required to certify the accuracy of the Troubled Families Grant claim on a quarterly basis.</p> <p>Claims have been certified as accurate in both October 2014 and February 2015</p>							



<b>Audit Title:</b>	The Council's relationship with Capita and UK Broadband				<b>Date of Report:</b>	January 2015	
<b>Number of 'High Priority' Recommendations:</b>	5	<b>Current Audit Opinion:</b>	3	<b>Previous Audit Opinion:</b>	N/A	<b>Overall Evaluation (Risk):</b>	<b>Moderate</b>

#### **Key Recommendations**

The Council contracts with Capita ICT Services Ltd to provide a range of IT services, including provision of the Council's local wide area network (WAN). In conjunction with Capita, negotiations were carried out with UK Broadband to provide a high speed microwave network for Council services and other public sector partners (and a 4G LTE network for business and home customers). Capita are the contracting organisation with UK Broadband for the delivery of the microwave network and the Council pays Capita for the provision of services through the existing annual service charge arrangement.

Key officers involved in the project, including the Group Director: Business transformation, the Head of ICT and the ICT Business Partner have left the Council and therefore clarification of a number of issues identified in the audit has not been possible.

The following key recommendations were made following the review of the Council's relationship with Capita and UK Broadband:

- The UK Broadband Contract Change Note (CCN) should be signed-off as soon as is practically possible. As part of the revised CCN there should be a clear statement of service start dates, costs and liability for charges incurred for delays in the roll-out of services. Saving projections should be updated when terms have been confirmed.
- A review of the controls in place at the gateway with UK Broadband should be carried out to ensure the gateway encryption standards are PSN Code of Connection compliant. The Council should consider whether there has been a breach of contractual requirements by not receiving compliant services from the provider.
- Future due diligence requirements for projects should ensure that all sector specific standards and requirements are identified and included in contract specifications. The Council's Gateway process should be applied to procurements of this significance in the future to ensure all required due diligence is carried out, reviewed and signed off prior to contract award.
- The Council should clarify whether IL2 accreditation is required in relation to procured CCTV services. If this is not the case the Council should review the controls in place to secure data in transit across the CCTV network to ensure that it is adequate to protect personal data.
- All future ICT procurements should include an appraisal of proposed security controls against a pre-determined baseline security standard to ensure compliance with legislation, sector specific requirements (e.g. PSN) and to ensure that sufficient controls are in place to manage IT Security risks.

<b>Audit Title:</b>	Business Continuity				<b>Date of Report:</b>	January 2015	
<b>Number of 'High Priority' Recommendations:</b>	10	<b>Current Audit Opinion:</b>	3	<b>Previous Audit Opinion:</b>	N/A	<b>Overall Evaluation (Risk):</b>	<b>Of Concern</b>

#### **Key Recommendations**

The key recommendations made as a result of the review are:

- The Council's Business Continuity Strategy should be rewritten with a separate Policy. The Business Continuity Policy should set out the objectives of business continuity management. Key stakeholders should be consulted during the development of the Policy. The Policy and Strategy should both be available on the Council's intranet site and this should be communicated to Council staff and partners to ensure that they are aware of their

responsibilities.

- The roles and responsibilities of Heads of Service and Business Area Managers for business continuity management should be clearly documented and communicated to all relevant staff.
- The Council's Disaster Recovery and ICT built in resilience should be aligned with the recovery time objectives identified as part of the business continuity management process.
- The Council should gain assurance that SEQOL has robust business continuity arrangements in place and that they are aligned with the Council's recovery time objectives.
- As part of the business continuity planning process, the LRF Community Risk Register should be used by the business area as a guide in the identification of any additional risks or risks that are specific to their area. A template and guidance should be provided to managers on how to conduct the risk assessment, including examples of the risks that may disrupt services.
- Business continuity procedures to manage likely disruptive incidents and recovery activities should be included in the business continuity plans for the critical service areas.
- Plan owners should be reminded of their responsibility for ensuring that a copy of their business continuity plan is held securely off-site. Guidance should be produced on suitable locations for it to be stored. All business area plans should be reviewed at least annually, to ensure that they contain up-to-date information and remain effective and aligned to the Council's priorities. The responsibility for plan owners to ensure that their plans have been updated with additional information that would be required following a disruptive event and where necessary, a battle box is created and held securely off-site, should be documented in the Business Continuity Strategy and communicated to staff. Guidance should be produced to aid managers in identifying the information and items that may be required.
- Recovery plans for standard disruptions at a business area or corporate level should be prepared to ensure that the number of staff members required to resume or recover the delivery of the Council's critical activities could be accommodated and would have access to the resources required following a disruptive event.
- The Business Continuity Manager should ensure that business area plans are exercised in line with his intended schedule. A record should be maintained to evidence this, to include the type of exercise, date it was performed and who attended. Formal post-exercise reports should be produced to identify any improvements that are required. These should be reviewed by the Heads of Service to ensure that any actions identified are implemented.
- The procedure for monitoring performance of the business management strategy should be determined and documented. Outputs from management review should be documented and monitored to ensure that any changes or improvements required are implemented.

<b>Audit Title:</b>	Community Equipment Store					<b>Date of Report:</b>	November 2014	
<b>Number of 'High Priority' Recommendations:</b>	2	<b>Current Audit Opinion:</b>	3	<b>Previous Audit Opinion:</b>	n/a	<b>Overall Evaluation (Risk):</b>	<b>Moderate</b>	

## Key Recommendations

The key recommendations made as a result of the review are:

- Future commissioning arrangements for the Community Equipment Store to be evaluated and a revised service specification to be developed. The Commissioner was aware of the need to undertake this and was waiting for the results of the audit before proceeding.
- Contractors employed to maintain equipment in people's homes, should provide sight of recent Disclosure and Baring Services checks (or Criminal Records Bureau if within the last three years). If they don't have them then new checks should be undertaken.

<b>Audit Title:</b>	Creditors					<b>Date of Report:</b>	December 2014	
<b>Number of 'High Priority' Recommendations:</b>	4	<b>Current Audit Opinion:</b>	2	<b>Previous Audit Opinion:</b>	2	<b>Overall Evaluation (Risk):</b>	Moderate	

## Key Recommendations

The key recommendations made as a result of the review are:

- To remind all contracting Officers to follow the Council's Contract Standing Orders and Form C process for any procurement where reoccurring orders or the aggregate value of spend exceeds £5,000 over a three year period.
- Certification and approval of payments:
  - Guidance should be issued to ensure to ensure processing of invoices complies with the Council's Financial Regulations.
  - The standard payment authorisation stamp should be used for the processing of all invoice payments.
  - Invoices not satisfactorily completed should be returned with an explanatory note as to why.
  - 20% of invoices sent to Waterside for processing should be checked to ensure they have been completed in accordance with the Council's Financial Regulations.
- A reminder should be issued to all budget managers of the requirement to comply with Financial Regulations, in particular to ensure purchase orders are raised on a timely basis.
- Remind authorised signatories of the need for segregation of duties between officers authorising purchase orders and the subsequent invoice.



<b>Audit Title:</b>	Main Accounting				<b>Date of Report:</b>	February 2015	
<b>Number of 'High Priority' Recommendations:</b>	0	<b>Current Audit Opinion:</b>	2	<b>Previous Audit Opinion:</b>	2	<b>Overall Evaluation (Risk):</b>	<b>Moderate</b>
<b><u>Key Recommendations</u></b> There are no key recommendations made as a result of this review.							

Audit Title:	RIPA Compliance				Date of Report:		January 2015	
Number of 'High Priority' Recommendations:	1	Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate	
<u>Key Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"><li>The issue of whether the use of a false persona on social media to investigate benefit fraud requires authorisation under RIPA should be resolved.</li></ul>								

<b>Audit Title:</b>	Payroll: Starters and Leavers					<b>Date of Report:</b>	December 2014	
<b>Number of 'High Priority' Recommendations:</b>	3	<b>Current Audit Opinion:</b>	2	<b>Previous Audit Opinion:</b>	2	<b>Overall Evaluation (Risk):</b>	<b>Moderate</b>	

## Key Recommendations

The key recommendations made as a result of the review are:

- Vacancy forms should be authorised correctly.
- The starters and leavers process should be documented and compliance and quality checks introduced to monitor daily processing and the quality of files maintained.
- A sample check of personal files should be undertaken monthly on a rolling basis. This is to ensure the whereabouts of files is known at all times, the necessary paperwork is retained securely within the file.

<b>Audit Title:</b>	Streetsmart – Waste Services				<b>Date of Report:</b>	January 2015	
<b>Number of ‘High Priority’ Recommendations:</b>	-	<b>Current Audit Opinion:</b>	-	<b>Previous Audit Opinion:</b>	-	<b>Overall Evaluation (Risk):</b>	<b>No opinion</b>

## Key Recommendations

A consultancy 'healthcheck' was conducted based on an assurance framework as set out below. Key service risks identified were incorporated into the service risk register where they had not previously been recognised. Mitigating actions have been completion by the Head of Service and considered for inclusion in the service improvement plan.

- Financial management
- Capacity to change/deliver
- Management information and service data
- Information Technology
- Locality working
- Workforce development, including organisational culture and staff competencies
- Contract management of SCS Ltd for waste services
- Health and Safety, including environmental risks
- Business continuity and disaster recovery
- Legal/statutory compliance
- Policy/procedures and compliance
- Procurement/commissioning
- Political



<b>Audit Title:</b>	Licensing – Private Hire and Taxis				<b>Date of Report:</b>	December 2014	
<b>Number of 'High Priority' Recommendations:</b>	9	<b>Current Audit Opinion:</b>	4	<b>Previous Audit Opinion:</b>	n/a	<b>Overall Evaluation (Risk):</b>	<b>Significant</b>

### **Key Recommendations**

The key recommendations made as a result of the review are:

- To review and dispose of any unnecessary documentation in a secure way and to avoid any data security breaches.
- Taxi and Private Hire Licences should be updated to include the required National Fraud Initiative fair processing notice.
- The Council should investigate and quantify the potential benefits of moving to a three year licence renewal regime to reduce the administrative burden on the Licensing Team.
- DBS checks of drivers should be routinely undertaken at least every three years in accordance with Department of Transport guidance. A Key Performance Indicator should put in place to ensure these are performed on a timely basis.
- The process for allowing taxi drivers to use bus lanes should be simplified and applied consistently to all taxi drivers. Licensing fees for next financial year should include the right to drive in bus lanes for all licenced vehicles.
- Password access to the LalPac system should be updated in line with the requirements of the Council's Information Security Policy i.e. every 60 days at a minimum but ideally every month.
- A detailed fee setting exercise should be conducted to accurately determine the cost of provision of the various licences and services provided. Periodic benchmarking should be conducted to identify potential best practice and reasonableness of fees charged.
- Fees and charges:
  - The receipt of cash income in respect of licence fees should be phased out over the coming year in line with the Council's wider income collection policy. Payments should be made via cheque or using debit/credit cards to minimise cash handling. This is an approach used by other authorities.
  - Income for the various fees and charges should be coded to unique further analysis codes to ensure the amount collected in respect of each fee can be readily identified. Information relating to the payment including the Licence holder and their full licence number should be entered against each payment.
- Each week, a report from the LalPac system of services provided to Licence holders should be reconciled to income recorded on Oracle. This should be undertaken by someone independent of the person collecting the payments.

<b>Audit Title:</b>	Policy Review				<b>Date of Report:</b>	November 2014	
<b>Number of 'High Priority' Recommendations:</b>	6	<b>Current Audit Opinion:</b>	n/a	<b>Previous Audit Opinion:</b>	n/a	<b>Overall Evaluation (Risk):</b>	n/a

### **Key Recommendations**

Less Human resource resources will be available in future to assist managers with investigations. One of the Council strategies is to reduce the impact of this by releasing management capacity through up skilling managers and streamlining processes. To support this strategy it is important the risks associated with a reduction in support are identified and assessed and that the Council has clear, specific policies that are up to date, compliant with legislation and compatible with other relevant parties. This consultancy review looked at the Council's Code of Conduct, Disciplinary Policy, Whistleblowing policy, Anti-Fraud and Bribery Strategy and Fraud Response plan to ensure they contained clear, consistent and proportionate procedures. Key findings are as follows:

- A standard, agreed approach to the formulation, development and approval of policies should be devised, along with clear definition of the types of policy in use in SBC. This will ensure that there is a consistent approach to development which includes clear alignment/fit with the corporate strategy. Any overlaps or links with other policies can also be clearly identified and referenced to ensure there are no conflicts between interlinked or interdependent policies. The policy gateway and toolkit developed by the Head of Strategy and Research should be finalised and approval obtained.
- Policies and procedures should be version controlled using a consistent method and include a proposed review date with the reviewing arrangements clearly documented.
- Comprehensiveness/ clarity of procedures:
  - The risks resulting from a reduction of direct Human Resources support to managers, dealing with employee allegations, should be identified, assessed and managed, and a formal risk register produced.
  - Procedures supporting policies relating to employee investigations should be revised to ensure they are detailed and clearly linked in order to provide clear guidance on the approach to take upon the receipt of an allegation.
  - The next staff survey should include questions relating to raising concerns about malpractice or inappropriate actions.
- Training (report reference 3.1 and 3.2):
  - Fraud awareness training should be provided to all staff including providing and overview of employment investigations and the applicable policies and procedures.
  - A clear definition of what constitutes an issue to be dealt with under each policy should be established.
  - The induction guidance should be updated to include a review of the Disciplinary Policy and procedure to compliment the Code of Conduct.
  - A specific training programme should be devised for managers and investigating officers to ensure that inconsistencies across the application of the process are minimised. Specifically, a minimum standard and consistent approach to investigation should be established, including completion of supporting documentation such as statements and reports. A Code of Practice on the conduct of investigations should be devised which should be supported with procedures to provide guidance for the Officer carrying out the investigation.
- Investigation management:
  - A process for monitoring the status of investigations should be established to ensure that any issues are addressed (and investigations are resolved) on a timely basis.
- A central register of all allegations should be developed, with access appropriately controlled, to record the progress and outcome of all investigations conducted.

