

APPENDIX 1

Internal Audit reports finalised since the last Audit Committee meeting (June 2015)

Audit Title:	Debtors						
Date of Report:	June 2015				Materiality/Impact:		High
Number of ‘High Priority’ Recommendations:	0	Current Audit Opinion:	High Standard	Previous Audit Opinion:	High Standard	Overall Evaluation (Risk):	Moderate
<u>Key Recommendations</u> There are no key recommendations made as a result of this review.							

Audit Title:	Funding High Needs Students							
Date of Report:	July 2015				Materiality/Impact:		Medium	
Number of 'High Priority' Recommendations:	1	Current Audit Opinion:	Satisfactory	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate	
<u>Key Recommendations</u> The key recommendation made as a result of the review is: <ul style="list-style-type: none"> It should be ensured that EHC plans are completed in full with the level of detail required under the Children and Families Act and SEN Code of Practice. A quality assurance process should be implemented to ensure that plans are completed in a consistent way and with the required level of information to support the commissioning of suitable programmes of education for high needs students. 								

Audit Title:	Improvement Grants						
Date of Report:	30 th July 2015				Materiality/Impact:		Medium
Number of 'High Priority' Recommendations:	0	Current Audit Opinion:	High Standard	Previous Audit Opinion:	High Standard	Overall Evaluation (Risk):	Minimal
<u>Key Recommendations</u> <ul style="list-style-type: none"> There are no key recommendations made as a result of this review. 							

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Audit Title:	Money Laundering				Date of Report:		22 nd July 2015	
Number of ‘High Priority’ Recommendations:	0	Current Audit Opinion:	Satisfactory	Previous Audit Opinion:	Significant improvements required	Overall Evaluation (Risk):	Minimal	
<u>Key Recommendations</u> <ul style="list-style-type: none"> There are no key recommendations made as a result of this review. 								

Audit Title:	NNDR3 Claim 2014/15						
Date of Report:	08/07/2015				Materiality/Impact:		N/A
Number of 'High Priority' Recommendations:	N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A
<p><u>Key Recommendations</u></p> <p>Following the audit of their Financial Statements, the Department for Communities and Local Government (DCLG) require Authorities, under Regulation 9 of the non-domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452), to submit their NNDR3 Returns (a tool by which certified non-domestic income is calculated) by 30th September 2015.</p> <p>Internal Audit provides assurance, at the request of the Board Director: Resources, that the NNDR3 return is completed correctly and that the figures contained therein accurately reflect the non-domestic rating income received by the Authority during 2014-15.</p> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> On the basis of the testing carried out, it is the Auditor's opinion that the data used in the completion of the NNDR3 reflects an accurate position of the Council's non-domestic rating fund collection account and can therefore be signed off by the Board Director: Resources as the authority's Section 151 Officer and submitted to the DCLG. 							

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Audit Title:	Section 17 Expenditure						
Date of Report:	September 2015				Materiality/Impact:	Medium	
Number of 'High Priority' Recommendations:	3	Current Audit Opinion:	Significant improvements required	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Moderate

Key Recommendations

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

- The Team budget spread sheets for cash support provided so far in 2015/16 should be reviewed to identify where financial assistance paid appears excessive. If necessary, payments should be traced to supporting documentation and reviewed further to identify where there may be control issues, or misuse of funds.
- Managers within Children Services should review the current coding structure and decide whether further changes are necessary to ensure coding is applied consistently. This should include which budgets Social Work Managers expect expenditure to be allocated to, especially where these apply to cost centres to which Teams do not have an allocated budget (e.g. day care, supported lodgings, etc.). Further conversations between Finance and Children, Families and Community Health should then take place to establish the issues in implementing the new coding structure. Where necessary, further advice regarding the use of the coding structure should be provided to Team Managers and Business Support Team Leaders. Further training should be provided to staff regarding the coding structure to ensure that this is used as intended going forward. Monitoring of non-compliance should be used to identify if there are any continuous issues amongst Teams. Realignment of budgets should be undertaken as soon as there is confidence in the use of the coding structure.
- The action plan produced as part of the Internal Audit review of Social Care Transport should be reviewed and the agreed recommendations implemented (a copy of the recommendations relevant to the Section 17 audit is attached as Appendix D to the report).

Audit Title:	ICT						
Date of Report:	Various				Materiality/Impact:	High	
Number of 'High Priority' Recommendations:	N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A

Key Recommendations

A number of consultancy pieces of work have been carried out on the following areas within ICT:

- PSN Compliance – risks and issues
- Undated PSN Code of Connection
- Information risk policy
- Information governance

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Audit Title:	Procurement Cards						
Date of Report:	June 2015				Materiality/Impact:		Medium
Number of 'High Priority' Recommendations:	3	Current Audit Opinion:	Significant improvements required	Previous Audit Opinion:	Significant improvements required	Overall Evaluation (Risk):	Moderate

Key Recommendations

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

- Staff should be reminded of the importance of retaining receipts for all purchases made with a procurement card and maintaining an accurate and up to date transaction log. Officers that continually fail to follow the guidelines should have their cards withdrawn and where appropriate disciplinary action should be taken.
- Purchases made on an SBC procurement card should be reviewed as soon as the employee states their intention to leave the organisation. Consideration should also be given as to whether the card should be withdrawn.
- A Council policy in relation to the purchasing of food or provision of staff refreshment should be drafted and issued, as there is no guidance on whether this expenditure is permitted. Guidance is particularly necessary for those working in social care who purchase food for clients.

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Audit Title:	Trade Waste						
Date of Report:	July 2015			Materiality/Impact:		Medium	
Number of 'High Priority' Recommendations:	8	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A

Key Recommendations

A consultancy review was carried out on Trade Waste at the request of the Head of StreetSmart. Key issues identified are as follows:

- Produce a business plan for the trade waste service that links to a refreshed waste strategy for the Borough. Ensure the business plan is focused on developing a more commercial approach to trade waste operations, with a service improvement plan to address basic weaknesses in service operation and management information. Ensure responsibilities in relation to waste minimisation are reflected in the trade waste business plan.
- Allocate resource to carry out an exercise to calculate trade waste service costs, through an appropriate method of cost apportionment. Determine whether the service generates more income than the variable costs of delivering the service, i.e. appraise on-going service financial viability. Introduce processes for on-going allocation of costs and income between domestic and trade waste service, so that costs and income can be reviewed on an on-going basis to support commercial management of the service.
- Review the scope for increasing prices where they currently appear to be below market rates and reducing those that are above, to stimulate demand for services where appropriate. Take into account adjusting prices may affect revenue and service take-up adversely. Member approval for fees and charges should be obtained, when a formal pricing schedule has been agreed.
- Carry out market analysis to determine why the take-up of the trade waste services in Swindon is comparatively low. If service provision is to continue, develop an appropriate marketing strategy.
- Consider use of technology and software to manage the customer database, production of contracts, running sheets/daily schedules, records of collections and invoicing data. Consider greater use of mobile technology, for example recording of collections made.
- Introduce reconciliation processes to ensure that all collections undertaken are invoiced for.
- Consider introduction of CCTV on trucks and/or use of in-cab route tracking technology to periodically confirm that only collections from customers with contracts are undertaken, and the risk of fraud and error can be managed.
- Cease the practice of charging VAT to customers and determine how VAT previously collected should be treated, including reclamation of any amount due.

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Audit Title:	Shaw Farm Landfill						
Date of Report:	June 2015			Materiality/Impact:		High	
Number of 'High Priority' Recommendations:	7	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A

Key Recommendations

A consultancy review was carried out on Trade Waste at the request of the Head of StreetSmart. Key issues identified are as follows:

- Determine the nature and retention period of landfill documentation to satisfy statutory regulations or governing agency requirements i.e. Environment Agency, landfill permit, Ground Water Regulations. Establish secure records for each of the landfill sites which the Council has responsibility. Include an index on each file of required documentation, title, importance and retention period. Evaluate the consequences of any gaps in the availability of required information and where possible source from third parties i.e. Environmental Agency (EA), consultants or suppliers.
- Ensure that a Technically Competent Manager is appointed by the Council to establish the status of the landfill site responsibilities i.e. open or closed. This person must be registered with EA for relevant Council landfill sites.
- Technical advice, guidance and assurance should be sought from a qualified and experienced landfill consultant (WAMITAB qualified) to review existing arrangements or the need to put in place:
 - clear roles and responsibilities for managing Council landfill sites.
 - documented policies and procedures for landfill responsibilities at the relevant 'life cycle' of landfill sites.
 - training and awareness for all relevant staff
 - clarity of landfill management information requirements, monitoring and reporting so that a holistic view of landfill site management can be effectively and efficiently maintained and action planning to promptly mitigate any emerging risks and issues.
- A process to analyse and review monitoring and inspections data to establish and understand any underlying and emerging issues and risks should be put in place. This should include analysing data for trends, interdependencies /correlations i.e. in leachate levels, gas emissions and physical site inspection data, leachate pumping, gas flare monitoring and weather conditions. A local and corporate performance reporting and monitoring of the leachate levels at Shaw Farm landfill should be established. A service risk register should be produced and the leachate risk and mitigating actions captured. Given the environmental, financial, reputation and staff imprisonment risks this should be escalated to the Delivery Group Pillar Risk Register to monitor and scrutinise.
- Periodic review of monitoring arrangements for leachate levels, gas emissions and the gas flare data collected should be put in place.
- Reinstate the leachate pumps servicing Shaw landfill phases one and two and establish if leachate is extracted. If it is, keep the pumps working and extend the monthly leachate testing to a sample of wells to establish leachate levels i.e. extend the existing Environmental Services Group Contract.
- A permanent water quality check of the reed beds (critically for the final stage) should be commissioned to ensure that water is clean before releasing water from the reed bed system into the River Ray. Arrange for the drainage ditch which runs from the onsite cabin at Shaw Land Fill site, plus any other ditches, to be cleared of plant growth to ensure that water can drain freely from the site. A periodic water quality test of these ditches should be put in place to ensure they are free of escaping leachate.

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Audit Title:	Review of revised Standing Orders							
Date of Report:	July 2015				Materiality/Impact:		High	
Number of ‘High Priority’ Recommendations:	N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A	
<u>Key Recommendations</u>								
Internal Audit carried out a review of proposed changes to the Council’s Standing Orders								

Audit Title:	Carbon Reduction Commitment							
Date of Report:	July 2015				Materiality/Impact:		High	
Number of ‘High Priority’ Recommendations:	N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A	
<u>Key Recommendations</u>								
The annual Carbon Reduction Commitment grant was audited prior to its submission.								

Audit Title:	Investigations						
Date of Report:	July – September 2015				Materiality/Impact:		High
Number of ‘High Priority’ Recommendations:	N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A
<u>Key Recommendations</u> The following investigations were completed by Internal Audit: <ul style="list-style-type: none"> • Inv. 15/16 – 1 • Inv. 15/16 – 3 							

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Audit Title:	ICT Security Governance						
Date of Report:	September 2015			Materiality/Impact:		High	
Number of 'High Priority' Recommendations:	11	Current Audit Opinion:	Significant improvements required	Previous Audit Opinion:	Fundamental weaknesses	Overall Evaluation (Risk):	Of Concern

Key Recommendations

- The Head of Information and Technology should review the current approach and strategy in relation to ICT security and ensure the Council has sufficient skills, capacity and processes to oversee the status of security on the ICT estate.
- The Council should ensure sufficient contract management processes are in place to ensure that security is reviewed at each stage of contract delivery.
- Once the consultation process is complete, the ICT Security Policy should be made available to all staff, and this should be communicated across the Council. A method to record staff acknowledgement of reading and understanding the policy will need to be implemented.
- The Council should ensure that all employees have undertaken the mandatory IT Security e-training and take regular refreshers as required. The frequency of refresher training will need to be determined. Reporting arrangements on those who have not undertaken the training should be improved. The Council should consider taking enforcement action where staff do not comply with this requirement.
- A regular risk assessment process should be put into place to enable the Council to understand the information and services that it needs to protect and to design the security accordingly.
- A formal and documented process for Capita to provide the monthly ICT Security Report to the Council should be agreed. This will need to be linked to the risk management process to ensure that risks are identified, included on the ICT risk register and are managed effectively.
- It should be ensured that regular reports of leavers are sent to Capita ICT and access is disabled accordingly. Periodic user access reviews should be carried out by Council service managers to identify any users who may have been disabled when due.
- With the exception of approved system accounts, user passwords must always have an appropriate expiry period set. A policy on password expiry of service accounts with elevated privileges should also be produced, on the basis of risk. A report should be run on a regular basis to identify if there are any accounts, other than those approved, where the password will never expire.
- All GCSX mail account should be subject to a force password change at initial log-in and monthly, subsequently.
- The new PSN Code of Connection document should be reviewed to determine where there have been changes to compliance requirements.
- The project to remediate key outstanding issues in relation to the PSN should ensure that any relevant existing issues are addressed prior to the next submission. Any new requirements identified from the 26th May Code of Compliance documents should be identified. Action plans should be put in place to ensure any issues are resolved (or are in the process of being resolved if this is not possible in the time available), so this can be demonstrated to the Cabinet Office at the point of submission.

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Audit Title:	Schools Information Governance						
Date of Report:	September 2015			Materiality/Impact:		Medium	
Number of 'High Priority' Recommendations:		Current Audit Opinion:	Significant improvements required	Previous Audit Opinion:	Fundamental weaknesses	Overall Evaluation (Risk):	Moderate

Key Recommendations

- Schools should produce an Information Security Policy or incorporate into existing policies additional guidance to staff on information security. This should include the following (an example school Information Security Policy has been included at Appendix B):
 - How to create secure passwords, and keeping them confidential.
 - Users should be advised of the importance of locking their workstation when leaving it unattended.
 - Standards for the sharing of confidential information e.g. encrypted email or removable media, checking the correct recipient has been included, using a double envelope when posting information etc.
 - Standards for the use of removable media (CD, USB memory sticks etc.) for storing and transferring confidential information.
 - Secure internet browsing and use of email to protect the network from malware.
- Schools should provide training to staff on information security, the Data Protection act and Freedom of Information Act. Free online training for staff in small businesses has been developed by HM Government and is available via the following link: <http://www.nationalarchives.gov.uk/sme/>
- All schools should have in place a Records Management Policy, either as a separate policy or as part of a wider information or knowledge management policy. The policy should be endorsed by Governors and should be readily available to staff at all levels. A record management toolkit for schools has been included as Appendix C.
- Schools should keep a record of all information that has been disposed of, in order to easily identify and explain why the records are no longer held, if a request for them is made under the DPA or FoIA.
- School Senior Information Risk Owners, in conjunction with the Governing Body should determine whether the use of strong passwords and password expiries should be enforced based on the assessed risk to the school's data. Where necessary, technical advice should be sought from the Council, or other reliable source, to ensure that those making the decisions have the correct level of knowledge and understanding.
- All schools should ensure that they have a documented disaster recovery plan in place for the restoration of its IT infrastructure and data following a disruptive incident, and that this is tested regularly (for most organisations this should be at least annually).