REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

THE INTERNAL AUDIT PROGRESS REPORT OF THE HEAD OF INTERNAL AUDIT SHARED SERVICE; WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor John Fisher
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 progress report of internal audit work with regard to 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 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 Member's 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.

This section of the report provides commentary on Internal Audit's performance for the period 01st April 2017 to 31st March 2018 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (1st February 2018):

2017/18 AUDIT SUMMARY UPDATES:

Payroll

The review found the following areas of the system were working well:
- Starters and leavers processes
- Statutory Deductions
- Use of reports from the system

The review found the following areas of the system where controls could be strengthened:
- The organisation chart
- Sickness reporting
- Expense form grey fleet declarations

In addition to this assurance could not be given over
- the collation and monitoring of grey fleet documentation as the system was still in development at the time of the audit; and
- Redditch Borough Council's reconciliations were not up to date although extensive work had been undertaken to sort out reconciling differences.

There was one 'high' and two 'medium' priority recommendations reported.

> Type of Audit: Full System Audit
> Assurance: Moderate
> Report Issued: 13th February 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

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- 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
- 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
       Report Issued: 15th 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
Report Issued:	15th February 2018

Creditors

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

- Payments are made in line with internal procedures
- Change of supplier details are monitored and checks are undertaken prior to the changes being processed
- Non Purchase order invoices

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

- Efficiency of the overall creditors procedures

There was one 'medium' priority recommendation reported.

Type of Audit:	Full System Audit
Assurance:	Significant
Report Issued:	16th March 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 Council.

- 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 Council.

The Information Management team responded promptly to address some of the immediate risks identified by the auditor during the fieldwork stage of the audit 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
Report Issued: 5th January 2018

Summary of assurance levels:

2017/18	
Payroll	Moderate
Council Tax	Significant
NNDR	Significant
Creditors	Significant
Records Management	Limited

Audits completed to draft report stage and awaiting management response include:
- Housing – Allocations
- Main Ledger
- Benefits
- Contract Management (Follow Up)

2017/18 reviews which were on going as at the 31st March 2018 included.
- Transformation
- Debtors

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

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made in regard to the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. In order to assist the service area to move forwards a number of challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. To report this percentage during the year based on outturn will cause the figure to fluctuate throughout the year, however, a final percentage figure will be reported in the annual report. The outturn from the reviews will be reported in summary format as part of the regular reporting as indicated at 3.3 above.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcome of the follow up reviews is reported on an exception basis taking into consideration the general direction of travel and the risk exposure. An escalation process is continuing to be developed involving CMT and SMT to ensure more effective use of resource in regard to follow up and reduce the number of revisits that are currently necessary to confirm the recommendations have been satisfied.

3.4 <u>AUDIT DAYS</u>

Appendix 1 shows the progress made towards delivering the 2017/18 Internal Audit Plan and achieving the targets set for the year. As at 31st March 2018 a total of 349 days had been delivered against an overall target of 400 days for 2017/18.

Appendix 2 shows the performance indicators for the service. Performance and management indicators were agreed by the Committee on the 27th April 2017 for 2017/18.

Appendix 3 shows the tracking of completed audits.

Appendix 4 shows the 'high' and 'medium' priority recommendations for finalised which are reported to the Committee for information.

3.5   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 appraisal'
- 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.
- Investigations

There has been on going work undertaken in regard to the National Fraud Initiative. 2016/17 saw the 2 yearly cycle of data extraction and uploading to enable matches to be reported. The initiative is over seen by the Cabinet Office. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Redditch Borough Council.

The Worcestershire Internal Audit Shared Service (WIASS) is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.

We 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.

Customer / Equalities and Diversity Implications

3.6   There are no implications arising out of this report.

4.   **RISK MANAGEMENT**

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

o Failure to complete the planned programme of audit work within the financial year; and,
o The continuous provision of an internal audit service is not maintained.

5.   APPENDICES

Appendix 1 ~ Internal Audit Plan delivery 2017/18
Appendix 2 ~ Performance indicators 2017/18
Appendix 3 ~ Tracking analysis of previous audits
Appendix 4 ~ 'High' and 'Medium' priority recommendations

6.   BACKGROUND PAPERS

Individual internal audit reports which are held in the internal audit service.

7.   KEY

N/a

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Date: 26th April 2018

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APPENDIX 1

Delivery against Internal Audit Plan for 2017/18
1st April 2017 to 31st March 2018

Audit Area	2017/18 PLAN DAYS	Forecasted days to the 31st March 2018	Days used to 31st March 2018
Core Financial Systems (see note 1)	108	108	91
Corporate Audits(see note 2)	81	81	41
Other Systems Audits(see note 3)	157	157	181
TOTAL	346	346	313
Audit Management Meetings	20	20	17
Corporate Meetings / Reading	9	9	6
Annual Plans and Reports	12	12	10
Audit Committee support	13	13	3
Other chargeable	0	0	0
TOTAL	54	54	36
GRAND TOTAL	400	400	349

Note 1
Core Financial Systems are audited in quarters 3 and 4 in order to maximise the assurance provided for the Annual Governance Statement and Statement of Accounts.

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. If there is little demand for certain budgets this is reflected in the overall usage, however, it does not necessarily reduce the coverage of the overall plan.

Note 3
Due to the nature of some of the reviews additional resource was allocated resulting in additional days.

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Appendix 2

PERFORMANCE INDICATORS 2017/18

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 Redditch Borough Council e.g. governance indicators. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2017/18 Position (as at 31st March 2018)	Frequency of Reporting
			Operational	
1	No. of audits achieved during the year	Per target	Target = Minimum 18 Delivered = 18 plus 4 in draft	When Audit, Governance and Standards Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	87%	When Audit, Governance and Standards Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	74.33%	When Audit, Governance and Standards Committee convene
			Monitoring & Governance	
4	No. of 'high' priority recommendations	Downward (minimal)	11	When Audit, Governance and Standards Committee convene
5	No. of moderate or below assurances	Downward (minimal)	10	When Audit, Governance and Standards Committee convene
6	'Follow Up' results (Using 2017/18 reviews onwards)	Management action plan implementation date exceeded (<5%)	Nil to report	When Audit, Governance and Standards Committee convene
			Customer Satisfaction	
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	15x issued Returns: 9x 'excellent' 1x 'good' 2x 'satisfactory'	When Audit, Governance and Standards Committee convene

WIASS conforms to the Public Sector Internal Audit Standards 2013.

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APPENDIX 3

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 that is planned going forward in regard to the more recent audits providing assurance that a programme of follow up is operating.

To provide the Audit, Governance & Standards Committee with assurance we are following a comprehensive 'follow up' programme to ensure recommendations and risks have been addressed from previous audits. Commentary has been provided on audits as part of the normal reporting process. Previous audit year updates in regard to 'follow ups' will be provided every six months to avoid duplication of information. Any exceptions (i.e. where no action has commenced by the agreed implementation date) will be reported to the Committee.

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 over all work load and are assessed by the Team Leader.

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

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Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Results of follow Up 1st	Results of follow Up 2nd	Results of follow Up 3rd & 4th
CCTV	31/03/2016	Head of Community Services	Critical review	Challenge points and good practice in relation to Training and the CCTV system.	A follow up was undertaken in September 2016 and found although both recommendations have been actioned however there is more progress to be made relating to access rights to CCTV and a new anti-social behaviour policy.	Follow up originally scheduled for April 2017, however, delayed until May 17 due to staff resource issues in Community Services.	Audit met with both responsible managers on 10.05.17 and was informed position was the same as previous follow up. Restructure is still to take place and the Anti-social behaviour policy to be finalised. Further follow up date Nov 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. 30th 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. **No further follow up required**

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Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Results of follow Up 1st	Results of follow Up 2nd	Results of follow Up 3rd & 4th
Consultancy and Agency	13/06/2016	Corporate and Senior Management Team	Limited	2 'high' and 3 'medium' priority recommendations in relation to Matrix, Procurement procedures, Post transformation reviews, professional indemnity Insurance and accuracy of invoices received.	A follow up took place in December 2016 which found that 4 recommendations are still in progress relating to 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 reliant on the outcome of a recommendation.	Audit met with the 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 completed. Further follow up date Nov 17	Audit met with Director of Finance and Resource on 4/1/18. The Matrix contract has been extended for 12 months therefore follow up will be scheduled for towards the contract expiry date April 2018.
Allotments	16/08/2016	Head of Leisure and Cultural Services	Limited	1 'high' priority recommendation in regard to the overall management of allotment services	A follow up took place in February 2017 finding one recommendation relating to the allotment action plan was in progress. Further follow up in 3 months.	A follow up took place in May 2017 and found that the one recommendation was on going with two action points still in progress relating to the use of SLA and the use of a new management information software. Further follow up date Nov 2017.	Due to the current project in relation to possible changes to the future provision of this service the follow up has been delayed pending the outcome of the project.
Community Centres	6th February 2017	Leisure and Cultural Services	Limited	This audit report reported 1 high priority recommendation relating to debt monitoring and 6 medium priority recommendations relating to documents, invoices, cancellations and security. Follow up in 3 months.	A follow up was undertaken in May 2017 and found that 5 recommendations were implemented and 2 were in progress relating to booking forms and invoice reconciliation. A further follow up will take place in Nov 2017.	Due to the current project in relation to possible changes to the future provision of this service the follow up has been delayed pending the outcome of the project.	
Contracts - Post Contract Appraisal	17th March 2017	Housing	Limited	This audit reported 5 high priority recommendations and 3 medium priority recommendations relating to performance measures, contract specifications, variations, payments, tender	Progress on this audit is monitored on an on going basis. No official follow-up is required at this stage. Corporate Management and the Head of Internal Audit Shared Service are made aware of developments in relation to the		

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Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Results of follow Up 1st	Results of follow Up 2nd	Results of follow Up 3rd & 4th
				evaluations, insurance, contract documents and meetings. Contract specification, variations and contractor meetings have been satisfied.	recommendations made.		
Performance Measures	3rd May 2017	Corporate	Limited	This audit report made 3 high priority recommendations and 1 medium priority recommendation relating to resilience, timeliness, integrity of information and other aspects of performance. **A follow up will take place in 3 months time.**	A new system is being put in place to change reporting measures this is currently awaiting agreement to the new approach but should be in place for reporting in March 2018. A follow up to be carried out in May 2018 to look at what is now in place and if it is working		
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 is being scheduled.**		
Risk Management	24th May 2017	Executive Director	Limited	This audit made 5 medium priority recommendations relating to corporate risk management strategy, risk management group, risk register updates, portfolio holder monitoring and training.	This area will be fully reviewed in 2018/19 as Management are currently organising training to embed and enforce the newly approved Risk Management Strategy.		
Palace Theatre	29th June 17	Leisure Services	Significant	1 medium priority recommendation was made in relation to	Follow up taken place and currently being reviewed by management.		

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Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Results of follow Up 1st	Results of follow Up 2nd	Results of follow Up 3rd & 4th
				resilience.			
PitcherOak Golf Course	29th June 17	Leisure Services	Significant	2 Medium priority recommendations were made in relation to documentation and the location of the safe.	Follow up taking place.		
Building Control	10th August 17	Planning and Regeneration	Significant	1 medium priority recommendation was made in relation to the year end financial statement. **A Follow up will take place at the next production of the Annual Accounts May 18**	May-18		
Procurement	30th August 17	Finance/Legal	Moderate	This audit report made 5 medium priority recommendations relating to the strategy, training, procuring of agency staff, frameworks and resilience of eprocurement system.	Under consideration for follow up.		
Homelessness	6th November 2017	Housing	Significant	One medium priority recommendation was made relating to data protection and access to the Arbitras system.	May-18		
Cash Collection	14th November 2017	Cash Collection	Moderate	The report found four recommendations; 1 high and 3 medium relating to the suspense account, refund checks, over and under investigations and administrative errors.	May-18		
Customer Services	14th November 2017	Customer Services	Moderate	The report found 6 recommendations; 5 medium and 1 low relating to minutes of	May-18		

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Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Results of follow Up 1st	Results of follow Up 2nd	Results of follow Up 3rd & 4th
				meetings, phone recordings, housing options frontline, complaints system, website, self service computer.			
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.	The follow up in February 2018 found that the three recommendations are in progress. The amount of work required to fully implement two of the recommendations means that this work although progressing is taking time in order to get it correct. The other recommendation needs to be placed before Members before it is fully implemented. A further follow up will take place in July 2018.		
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.	The follow up in February 2018 found that both the high and medium priority recommendations had bee satisfactorily implemented. No further follow ups are required.		
Treasury Management	22nd September 2017	Financial Services Manager	Significant	The report found 1 medium priority recommendation in relation to reconciliations	Will be followed up as part of the 2018/19 audit		
St David's House	Housing	4th October 2017	Moderate	The report found 1 high and 5 medium priority recommendations in relation to Care Cost Returns, Handbooks, Hospitality Reporting, Procurement Card, Training, Induction.	Under consideration for follow up.		

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Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Results of follow Up 1st	Results of follow Up 2nd	Results of follow Up 3rd & 4th
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.	Under consideration for follow up.		
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							

Date: 26th April 2018

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APPENDIX 4

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively. No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.
Significant Assurance	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. 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.
Moderate Assurance	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 it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system. 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.
Limited Assurance	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. 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.
No Assurance	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. 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.

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

Date: 26th April 2018

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Payroll					
Assurance: Moderate					
Summary: Full system review					
1	High	**Sickness reporting and pay** The old system of sickness reporting for Sickness pay was reliant on payroll being kept up to date on the situation. This was either via receipt of sick notes or managers informing them via email or face to face. Over long periods of sickness where sick notes could be delayed it was difficult to determine if an employee was still off sick or back at work and payments could be made in error. The new system enables a manager to use the HR21 system for sickness reporting and attaching of sick notes. The new system if used correctly and consistently will allow for segregation of duties but there are a few areas which need to be considered. • Responsibility for sick notes • Information received outside of the system • Procedures for those with no computer access • Responsibility for ensuring the reliability of the data within the HR 21 system (exception reporting) At the time of the audit the two systems were being used during the roll out of the new system. The system for reporting sickness is not currently robust enough and is reliant on the Payroll Section receiving sick notes or being informed that a person is still off sick. If no sickness dates are placed in the payroll system it will automatically pay the officer as it assumes they are back at work.	Financial loss if someone is paid who is off sick and outside of their occupational sick pay period and in the event of breach of Data Protection.	Once the system has been fully implemented in relation to sickness reporting to ensure that segregation of duties are implemented through the system as far as possible. a) Sick notes must not be sent to payroll, they must either be attached to the sickness record within HR21 or for a short period of time sent to HR who can then update the relevant records. This will ensure that they do not go astray and the Council does not breach Data Protection rules. b) Where there is a business need to work outside the system (the exception not the rule) then clear guidelines must be established around what is and what is not being completed outside the system.	**Responsible Manager:** Financial Services Manager/ Human Resources and Development Manager **Implementation date:** Done A) This has been implemented by way of corporate message and guidance. With assistance and monitoring from the HR and Payroll departments. Both departments to advise of process and ensure managers collect sick notes and follow process of scanning and attaching to self service and return the original to the employee. B) The following areas have agreed business needs to work outside system: - PA's - Enviro services - R&M - Leisure centres All these areas are fully trained and will be entering this into the KSP screen in Chris 21 which is the background screen used in Hr21. This resolves earlier issues of sickness being deleted and it affecting payroll. C) The exception reporting will be picked up as previously by payroll in way of a bespoke report that should be run at end of month to identify sickness 'hanging/ waiting for approval' in the

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				c) Responsibility for exception reporting to be allocated and the exception reporting to be used to identify training needs.	system. Payroll then email managers to ensure this takes place.
2	Medium	**Establishment** An organisation structure is available on the orb. This structure had been agreed to the information held within the Chris21 at a point in time however testing of bona fide employees found that the organisation structure had not been kept up to date. In addition testing found that no official leavers form had been received for 1 out of 4 leavers checked. However an email had been received so the employee was terminated on the correct date.	As there is no longer a separate Human Resource and Payroll Establishment and Payroll are reliant on receiving the correct information in a timely manner then there could be financial loss if someone that has left is still being paid.	If the organisation structure is to be used as a management tool for Budget setting and as an establishment control ensuring that all employees are bona fide then it needs to be kept up to date and reviewed at least at the end of the year as part of the budget setting process. Clear ownership of this to be established.	**Responsible Manager:** Human Resources and Development Manager **Implementation date:** 01/04/18 Currently trialling a spreadsheet of monthly changes per service area rather than Contract Amendment Forms where managers will be sent an establishment list and enter any changes to contract on the spreadsheet, to be checked by HR and then returned to payroll for processing. This will include terminations. HR Advisors and Finance officers will be attending DMTs to discuss budgets and establishments, and have also been given access to establishment reports for their areas. We believe this will decrease the risk of data being input incorrectly as all departments will be working from the same data provided by the owner (the service manager). This will also support ICT in starters and leavers Eventually once trialled and implemented we will look at ways we can uplift this data into chris21 without manual intervention.
3	Medium	**Expense claims form** Although the electronic expense claim states that an employee is confirming that they have a valid driving license, MOT and Business Motor Insurance there is nothing in the	Potential reputational damage and financial loss under the Corporate Manslaughter Act 2007.	To update the HR21 Self Service expenses claim form to include a statement regarding the road worthiness of the vehicle.	**Responsible Manager:** Human Resources and Development Manager

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		statement regarding the road worthiness of the vehicle.			**Implementation date:** 31/03/2018 Form has been designed and will go live in Feb 18, with corporate guidance from Health and Safety Team. Responsibility is dissolved to line managers, however HR will run reports to find out who hasn't brought in required documents. Emails will be generated to the managers on expiry dates of relevant documents. The road worthiness statement we felt best sat on the mileage form and is ticked each time a form is completed rather than on the annual document checklist.
Audit: Council Tax					
Assurance: Significant					
Summary: Full systems audit					
1	Medium	**Webforms NFI FPN** The following Webforms accessed on the Council's website on 25/10/17 did not include reference to a NFI fair processing notification 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: • Single Person Discount; • Disabled; • Serious Mental Impairment; • Carers; and • Council-tax-student-discount-form. The Webform related to those in Detention did include a relevant notification.	Non compliance with the Data Matching Code of Practice issued by the Cabinet Office 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.	All Revenues forms used for the collection of personal data to be reviewed to ensure that they include a NFI fair processing notification and are future proofed with the impending requirements of General Data Protection Regulations (GDPR).	**Responsible Manager:** Financial Support Services Manager Programme for review of forms and documentation is in place, and revised forms will be is use from first quarter of 2018/19 **Implementation date:** **May 2018**

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
2	Medium	**Reconciliation.** 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 for incorrect financial information being missed or misleading information being reported.	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.	**Responsible Manager:** Financial Services Manager This will be addressed and signed off on a regular basis going forwards. **Implementation date:** February 2018
Audit: NNDR					
Assurance: Significant					
Summary: Full systems audit					
1	Medium	**Website Pages** There are aspects missing to aid the customer with self service. Redditch has a change of address form with no email address and no dialling code for the telephone number. There is also no link to the self service online portal.	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.	To update and review the web pages to enable customers to self serve.	**Responsible Manager:** Financial Support Services Manager Web development is continuing and updates to website will be made from August. **Implementation date:** **August 2018**
2	Medium	**Forms** 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.	**Responsible Manager:** Financial Support Services Manager Programme for review of documentation will commence in Final Quarter of 2017/18 **Implementation date:** **April 2018**

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
3	Medium	**Reviews of exemptions, reliefs and discounts** 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.	**Responsible Manager:** Financial Support Services Manager Plan for review of exemptions, reliefs is in place and will be rolled out from May 2018 **Implementation date:** **1st May 2018**
4	Medium	**Reconciliation check** 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.	**Responsible Manager:** Financial Services Manager This will be addressed and signed off on a regular basis going forwards. **Implementation date:** February 2018
Audit: Creditors					
Assurance: Significant					
Summary: Full systems audit					
1	Medium	**Efficiency of the creditor's process.** Post raising of a purchase order, the current process of goods receipting, processing and paying invoices is resource heavy on the creditor's team and this can then effect other areas of the process. For example, not being able to programme in regular tasks such as disputed invoice monitoring and increasing the Council's percentage of invoices paid within 30 days. Internal Audit acknowledges that the Financial Services Manager has implemented interim controls in the high risk areas to mitigate the risk to a tolerable level, for	Possible reputational damage if creditors are paid late or invoices are paid without goods having been receipted.	That the overall Creditors procedures are reviewed and consideration is given to whether the current system remains fit for purpose. Once the review has been undertaken the procedures are enforced throughout the Council in order to make the process more efficient and reduce any risks that the Council is exposed to.	**Responsible Manager:** Financial Services Manager I agree with the recommendation to undertake a full review of working practices, and the current system to ensure a robust approach to risk while enabling the council to carry out its day to day activities. **Implementation date:** August 2019

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	
		example review of invoices that are processed without an order, and that work is continuing to further reduce risk.				
Audit: Records Management						
Assurance: Limited						
Summary: Full systems audit					**Update on Progress 12/12/17**	
1	High	**Implementation of the Information Security Policy** 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. 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.	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. Reputational risk to the Council if any data breaches occur and are made public.	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. Shared services to either be subject to this policy or checks undertaken to ensure that they work to their own information security policy.	**Responsible Manager:** **ICT Operations Manager/HR Manager** ICT will continue to deal with known employees through netconsent and the policy will be incorporated into the induction process. **HR Manager** To ensure agencies (Matrix) are aware of responsibilities regarding data security, for all temporary staff contracts. **Implementation date:** To be fully implemented by 30th April 2018.	The Information Security Policy is being reviewed and amended. This policy will also include confidential waste collection. Information Management/IT are working with HR to include the Information Security policy in the induction for all new starters.
2	High	**Inventory of IT Equipment** There was no comprehensive inventory of all of the ICT equipment (PCs, laptops, printers) available, in use, or returned. **Disposal of electronic equipment** 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 audit sheet as being 'destroyed' by the contractor. More items were collected than recorded as being disposed of (4 PCs and 1 monitor).	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. Unnecessary physical storage space storing indefinitely items that may not work.	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.	**Responsible Manager:** **ICT Operations Manager** 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 stages i.e. stores, build, or deployed. **Implementation date:** 1.9.17	Information Management/IT team are looking to have IT equipment collected by accredited companies (e.g. ADISA -Asset Disposal & Information Security Alliance) and this will be added to the Information Security Policy.

REDDITCH BOROUGH COUNCIL

Date: 26th April 2018

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	
		The two companies that have been used to dispose of IT equipment were not found to be ADISA (Asset Disposal & Information Security Alliance) accredited although this was not a requirement at the time.	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.	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. Formal criteria to be implemented to ensure that reputable companies are used to dispose of IT equipment.	**Responsible Manager:** **ICT Operations Manager** Procedure introduced if any discrepancies are highlighted**.** **Implementation date:** 19.10.17 **Responsible Manager:** **ICT Operations Manager** Working with procurement to tender the contract for disposal of electronic equipment to include all accreditations required. **Implementation date:** January 2018	
3	High	**Retention and disposal schedule** 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. There are no formal procedures for the monitoring of compliance with the retention schedule.	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.	Review and update of the retention and disposal schedule. Reminders to staff of it's availability and use.	**Responsible Manager:** **ICT Operations Manager** 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. **Implementation date:** Complete – already in place. **Responsible Manager:** **ICT Operations Manager** 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. **Implementation date:** Complete – already in place.	No additional updates.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	
				Implementation of regular checks on compliance with the retention and disposal schedule.	**Responsible Manager:** **ICT Operations Manager** Annual audit of a selection of teams' retention standards.	
4	High	**Confidential waste collection** No formal procedure or documented policy on the collection of confidential waste, including collection from outlying sites.	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.	Policy and procedures to be introduced to cover handling and disposal of confidential waste including; storage, handling and transportation between sites. Review the current provision to ensure it meets requirements.	**Responsible Manager:** **ICT Operations Manager** Confidential waste collection added to the Information security Policy **Implementation date:** 1.12.17 **Head of Customer Access & Financial Support** Written procedure notes to be put in place to ensure the secure handling of confidential waste by caretakers and contractors. Procedure to include disposal of confidential waste at offices outside of the Town Hall Procedures to be reviewed in line with corporate policy. **Implementation date:** 1st Dec 2017 **Responsible Manager:** **ICT Operations Manager** Resolved, all confidential waste bins are now locked. **Implementation date:** 1.10.17	Operating procedures for confidential waste collections are being documented and put in place to include outlying offices. When the Information Security Policy is reissued current provision will be reviewed to ensure it is meeting the policy.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	
5	High	**Storage of documents on the Orb** 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.	**Responsible Manager:** **Director of Finance & Resources, s.151 Officer** Inform all managers to review security of personal data. **Implementation date:** Immediate **Responsible Manager:** **ICT Operations Manager** Audit of permissions on ORB. **Implementation date:** November 2017 **Responsible Manager:** **ICT Operations Manager** 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. **Implementation date:** Complete – already in place. **Responsible Manager:** **ICT Operations Manager** 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. **Implementation date** April 2018	No additional updates.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	
6	Medium	**GCSx email accounts** A sample of 10 employees across both Councils were interviewed about their GCSx email use: • 4 out of 10 did use the secure email for sharing data – 2 of these stated they rarely used them. • 4 out of 10 accounts are no longer used to share data and are not required. • 2 out of 10 have a personal secure email but could use generic team email. 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.	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.	Review of the GCSx user accounts to identify any not used. 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.	**Responsible Manager:** **ICT Operations Manager** Review of GCSX's account completed and unused accounts removed. Annual review scheduled. **Implementation date:** 31.7.17 **Responsible Manager:** **ICT Operations Manager** Shared service agreements in place and a register held. **Implementation date:** 1.10.17	A review of accounts has been undertaken and the list updated.
		end				