

Eastern Internal Audit Services



BRECKLAND DISTRICT COUNCIL

Progress Report on Internal Audit Activity

Period Covered: 1 April 2016 to 10 February 2017

Responsible Officer: Emma Hodds – Internal Audit Consortium Manager (IACM)

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager) to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:-
 - Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from those audits; and
 - Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 19 February 2016, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered, with the IT audit plan of work confirmed.
- 2.2 The IT audits have been agreed with senior management and the (previous) Section 151 Officer to cover Website Content Management and undertake an ISO Gap Analysis, thus utilising 20 of the available 30 days.

The Website Content Management scope focused on the Strategy, policies & procedures, roles & responsibilities, change control, business continuity / resilience and performance management.

The ISO Gap Analysis review is a joint audit with South Holland DC; the ISO/IEC 27001:2013 is an information security standard that was published by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) under the joint ISO and IEC subcommittee, ISO/IEC JTC 1/SC 27. It is a specification for an information security management system (ISMS). Organisations which meet the standard may be certified compliant and the Council wishes to meet these standards. The gap analysis will provide an understanding of the current compliance maturity of both Councils.

- 2.3 There has been one change to the internal audit plan whereby the joint risk management audit has been postponed to 2017/18 to enable the risk strategy to be reviewed and updated prior to the audit being undertaken. For the 2016/17 financial year the Internal Audit Consortium Manager can take assurance from the work of the Performance, Risk and Audit Board and the review of the strategic risk register by this Committee.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** confirming that the agreed audit plan is now complete.

As members are aware the main part of the plan of work is completed by TIAA Ltd, with West Suffolk Audit completing the Revenues and Benefits audit reviews through the ARP arrangements.

3.2 In summary 93 days of programmed work has been completed by TIAA Ltd, and 25 days completed by West Suffolk Audit, totalling 118 days of the revised 176 days (71%). All remaining audits have been timetabled in with all work being completed by the end of March 2017.

4. THE OUTCOMES ARISING FROM OUR WORK

4.1 On completion of each individual audit an assurance level is awarded using the definitions shown in the table below.

Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.
Limited Assurance	Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2 Recommendations made on completion of audit work are prioritised using the definitions shown in the table below.

Urgent	Fundamental control issue on which action to implement should be taken within 1 month.
Important	Control issue on which action to implement should be taken within 3 months.
Needs Attention	Control issue on which action to implement should be taken within 6 months.

- 4.3 On completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.
- 4.4 During the period covered by the report Internal Audit Services (TIAA Ltd) have issued eight final reports and the Executive Summary of these reports are attached at **Appendix 2**. Full copies of these reports can be requested by Members from the Internal Audit Consortium Manager.
- 4.5 As a result of these audits 32 recommendations have been raised; no priority one (urgent) 18 priority two (important) and 14 priority three (needs attention).

Of these 32, 31 have been agreed by management and one has been disagreed (see Website Content Management below) and nine Operational Effectiveness Matters have been proposed to management for consideration.

- 4.6 In summary the final reports issued conclude the following:

Strategic Housing – Reasonable Assurance

The objective of the audit was to review the systems and controls in place within Strategic Housing, in particular, following up on the recommendations made in the previous Affordable Housing report (BRK/15/04), to help confirm that these are operating adequately, effectively and efficiently.

The audit concluded with four important and one needs attention recommendations being agreed with management, all of which have been addressed and verified as complete.

Corporate Health and Safety - -Reasonable Assurance

This audit reviewed the systems and controls in place for Corporate Health and Safety (H&S) at both Breckland and South Holland District Councils. With specific regard to; designated responsible officers, roles & responsibilities of the H&S Group and respective joint committees, guidance available, inspections, and reporting of instances.

The audit raised two important and one needs attention recommendations. The important recommendations relate to; reviewing outlying / residual premises to determine where H&S responsibility lies & to obtain evidence of H&S compliance and H&S inspections to be undertaken on all corporate premises & to document and report on the outcomes.

Branding – Reasonable Assurance

This joint audit focused on brand guidelines across Breckland and South Holland District Councils, in particular focusing on whether brands are fit for purpose, have been formally approved and are being correctly applied.

The audit concluded with four needs attention recommendations (for Breckland DC) which were agreed with management, three of which have already been addressed.

Environmental Services, contaminated waste – Reasonable Assurance

The audit reviewed the measures taken by both the Council and NEWS to measure and reduce contaminated waste levels.

The audit concluded with two important and one needs attention recommendations being agreed with management. The important recommendations refer to; a Waste Collection Policy being developed that clearly sets out the Council's approach to managing resident's household waste in a safe and cost effective way, that encourages waste minimisation and recycling and requirements for minimising contaminated waste and developing a rolling action plan to address and reduce the levels of contaminated waste.

Asset Management – Substantial Assurance

The audit covered; strategies, policies & procedures, acquisitions & disposals, lease renewals, rent, re-letting & rental arrears, maintenance & insurance, property valuation and asset reconciliation.

The audit raised no recommendations, thus concluding that the systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with Asset Management (Commercial Property). This demonstrates an improvement since the previous review in May 2015 which attained 'reasonable' assurance.

Payroll and Human Resources – Reasonable Assurance

The audit scope included a review of the controls in place for processing payroll as well as sickness absence monitoring, officer expenses and performance & appraisal process.

The review concluded with two important recommendations being agreed with management, both of which have already been addressed.

Licensing and Business Support – Reasonable Assurance

This joint audit with South Holland DC looked covered the following in respect of taxi licenses for drivers, vehicles and operators: policies & procedures, processing applications, complaints, appeals & revocations of licenses and recording & reconciliation of income. The audit also included an overview of online applications for alcohol licenses.

The audit concluded with one important and two needs attention recommendations being agreed with management, the important recommendation is for Breckland to undertake a review of the taxi licence fees and the review is planned for September 2017.

Website Content Management – Limited Assurance

This IT audit reviewed how the Council manages its website in terms of currency, usability, layout, content ownership & strategy and how legislative requirements are met, such as copyright and accessibility.

The audit raised seven important and five needs attention recommendations on conclusion of the review, with 11 of these agreed by management for implementation and one disagreed.

The disagreed recommendation was to in relation to reviewing the current policy of allowing certain users to approve their own website content edits with a view to disabling the ability to 'self-approve. Management response was: "*Whilst we acknowledge the principle behind the recommendation, we have decided that the current structure will be maintained as it only applies in certain departments such as Communications. Hence, the risk is accepted in this case.*" Internal Audit acknowledges the reason for this being the case in this department, but caution needs to maintained and that this option is not rolled out further, thus ensuring only appropriate content appears on the website.

Of the remaining six important recommendations, three have already been addressed by management. The remaining three requiring action are: (1) drafting, agreeing & communicating website content policy & procedure, (2) ensuring appropriate cookies warning are displayed on the website in line with legislation, and (3) roles & responsibilities for website content management to be formally documented.

4.7 Of the eight final reports, seven of these concluded in a positive opinion (substantial or reasonable), indicating a strong and stable control environment in these areas. Recommendations to improve the control environment for website content management have been agreed by management and progress will be monitored to decide whether inclusion as a risk in the annual opinion is necessary.

5. PERFORMANCE MEASURES

5.1 The new Internal Audit Services contract includes a suite of key performance measures against which the new contractor will be reviewed on a quarterly basis. There are a total of 13 indicators, over 4 areas. From the first year of the contract records will be maintained for all 13, however performance can only be recorded on 11 of these as base line data is required for the final 2. The performance measures can be seen at **Appendix 3**.

5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows (for the first year):

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by the contractor and agreed with the Internal Audit Consortium Manager to ensure that appropriate action is taken.

5.3 The relevant quarterly reports have been provided to the Internal Audit Consortium Manager. The reports show that performance remains on track at the green status with targets having either been met or exceeded.

5.4 In addition to the quarterly reports from the Contractors Audit Director, ongoing weekly updates are provided to ensure that delivery of the audit plan for the current financial year is on track.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Strategic Housing	BRK1701	3	3	3	Final Report issued 16 August 2016	Reasonable	0	4	1	2	24 February 2017
Corporate Health and Safety	BRK1702	3	3	3	Final Report issued 24 May 2016	Reasonable	0	2	1	1	24 February 2017
Banding	BRK1703	3	3	3	Final Report issued 21 July 2016	Reasonable	0	0	4	1	24 February 2017
TOTAL		9	9	9							
Quarter 2											
Environmental Services- contaminated waste	BRK1704	6	6	6	Final Report issued 25 October 2016	Reasonable	0	2	1	1	24 February 2017
Asset Management	BRK1706	10	10	10	Final Report issued 3 August 2016	Substantial	0	0	0	1	24 February 2017
TOTAL		16	16	16							
Quarter 3											
Gross Authority Review- Accounts Receivable	BRK1705	6	6	6	Draft Report issued 20 January 2017						
Payroll and Human Resources	BRK1707	17	17	17	Final Report issued 3 February 2017	Reasonable	0	2	0	0	24 February 2017
Licensing and Business Support	BRK1709	5	5	5	Final Report issued 7 February 2017	Reasonable	0	1	2	2	24 February 2017
TOTAL		28	28	28							
Quarter 4											
LABM	BRK1708	10	10	9	Draft report issued 6 February 2017						
Corporate Governance	BRK1710	4	4	1	Audit to start 28 February 2017						
Risk Management	BRK1711	3	0	0	Postponed to 2017/18						
Key Controls and Assurance	BRK1712	10	10	1	Audit to start 20 February 2017						
Accounts Payable	BRK1713	12	12	1	Audit to start 27 February 2017						
Housing Needs, Allocation, Homelessness, Housing Register and PSH	BRK1714	10	10	1	Audit to start 6 March 2017						
Transformation Programme- benefits realisations	BRK1715	6	6	1	Audit to start 14 February 2017						
Procurement and Contract Management	BRK1716	4	4	2	Audit to start 6 February 2017						
TOTAL		59	56	16							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
IT Audits											
To be confirmed	TEC	30	0	0							
ISO27001:2013 Gap Analysis	ERK1717	0	10	5	Audit underway						
Website Content Management	ERK1720	0	10	10	Final Report issued 20 May 2016	Limited	0	7	5	1	24 February 2017
TOTAL		30	20	15							
Follow Up											
Follow Up	NA	12	12	9							
TOTAL		12	12	9							
TOTAL		154	141	93			0	18	14	9	
Percentage of plan completed				66%							
Audit delivered by West Suffolk Internal Audit Services											
Council Tax	tbc	11	11	8							
National Non-Domestic Rates	tbc	11	11	8							
Benefits	tbc	13	13	9							
		35	35	25							
				71%							
OVERALL TOTAL		189	176	118							
				67%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of Strategic Housing

Executive Summary

OVERALL ASSURANCE ASSESSMENT	ACTION POINTS																														
	<table border="1"> <thead> <tr> <th>Control Area</th> <th>Urgent</th> <th>Important</th> <th>Needs Attention</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>Policy and Procedures - Affordable Housing Policy</td> <td>0</td> <td>*0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Record of Shared Equity Schemes</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>Processing Applications, Decision Making</td> <td>0</td> <td>3</td> <td>1</td> <td>0</td> </tr> <tr> <td>Delegations and Spot Checking</td> <td>0</td> <td>0</td> <td>0</td> <td>2</td> </tr> <tr> <td>Total</td> <td>0</td> <td>4</td> <td>1</td> <td>2</td> </tr> </tbody> </table> <p>*Relates to recommendation that is still outstanding from BRK/15/04.</p>	Control Area	Urgent	Important	Needs Attention	Operational	Policy and Procedures - Affordable Housing Policy	0	*0	0	0	Record of Shared Equity Schemes	0	1	0	0	Processing Applications, Decision Making	0	3	1	0	Delegations and Spot Checking	0	0	0	2	Total	0	4	1	2
Control Area	Urgent	Important	Needs Attention	Operational																											
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RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with Remittances. The assurance opinion has been derived as a result of four 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised two 'operational effectiveness matters', which set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

Approval and arrangements

- Recommendation 4 – High ('Urgent') priority – from the previous report referred to the need to update guidelines for assessing eligibility for affordable housing, in particular, shared equity schemes. It was to include details of how borderline cases are to be resolved and any other additional issues that may be considered in the decision making process and to be endorsed by management and/or committee, in accordance with the Council's levels of delegated authority.
- This was confirmed as implemented with updates to procedures including reference to a 'think zone' which relates to borderline cases and a steer for actions to be considered by the assessing officer in such cases. Evidence of endorsement, under delegated decisions, was also confirmed. Under the Council's Constitution responsibility is delegated to the Executive Director (of Commercialisation in this instance), who, on 21st January 2016, delegated responsibilities further to specific named officers in both Housing and Planning for decision making on shared equity schemes.

Issues to be addressed

The audit has highlighted the following area where four 'Important' recommendations have been made:

Record of Shared Equity Schemes

- There is a need for a consolidated record of all the Council's shared equity schemes and a centralised approach to retaining supporting case records, including; application forms, assessment records and supporting documentary evidence, so as to reduce the risk of data being misplaced and or the Council losing track of all its current schemes.

Processing applications, decision making

- The 28 day requirement to process shared equity applications to be included in written guidance, with actual performance against this requirement subject to monitoring by management, so as to reduce the risk of deadlines not being met causing reputational damage to the Council.
- The officer making the appeal decision should not be the same officer assessing and deciding on the original application. This is to reduce the risk of claims from the applicant of unfairness and impartiality. It also reduces the risk of the incorrect outcome of the appeal.

- Assessment spreadsheets to be completed for each shared equity application, thereby reducing the risk of areas being overlooked or being processed incorrectly.

The audit has highlighted the following area where one 'needs attention' recommendation has been made:

- Details of the officer assessing a shared equity application be clearly stated on the assessment spreadsheet along with a summary of the reasons for rejecting an application, where applicable, so as to reduce the risk of uncertainty or confusion over who processed the application and why it was rejected, if appealed or if independently reviewed.

Operational Effectiveness Matters

Delegations and Spot Checking

The operational effectiveness matters, for management to consider, relate to management to consider spot checking samples of approved and rejected applications for shared equity schemes to confirm they have been correctly assessed and to amend the levels of delegated authority for assessing and approving shared equity applications to align with the change in directorate from April 2016.

Outstanding Recommendations

Policy and Procedures – Affordable Housing Policy

- Recommendation 1 – Medium ('important') priority in the previous report relates to the completion of an Affordable Housing Policy. This is still to be implemented. The Council is still developing its Local Plan in accordance with national requirements/timescales which is not scheduled to be completed until late summer 2017. This needs completing / adopting in order to inform the Affordable Housing Policy; effectively the Affordable Housing Policy is the vehicle for implementing aspects of affordable housing initiatives within the Local Plan. In view of the aforementioned, it was agreed with the Strategic Housing Manager to set a revised implementation date of 30th September 2017 with which to follow up on progressing the implementation of this recommendation through internal audits cyclical follow up checks.

Assurance Review of Corporate Health and Safety

Executive Summary

OVERALL ASSURANCE ASSESSMENT	ACTION POINTS																												
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RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with Remittances. The assurance opinion has been derived as a result of two 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

We found that the Council has demonstrated the following points of good practice as identified in this review and we will be sharing details of these operational provisions with other member authorities in the Consortium:

- Breckland and South Holland have procured a Health and Safety Management system (Vision Communications System) which is being rolled out across both Councils with separate modules for each Council. The intention is to make individual managers responsible for health and safety management within their areas of responsibility, overseen by the Health and Safety Advisor and the Executive Manager - Public Protection.
- The new system will allow all locations/corporate offices to be set up, accessible through drop down menus with designated managers assigned to specific tasks including health and safety risk assessments, with progress of those assessments being monitored by the Health and Safety Advisor and the Executive Manager - Public Protection. There is also the facility to store policy and procedural guidance, training records/material and reporting of incidents as well as providing management reports on health and safety activity.

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Responsibility for corporate health and safety is assigned to the Executive Manager - Public Protection, supported by the Health and Safety Advisor. Individual managers will be assigned day to day responsibility for their areas as the new health and safety management system is rolled out.
- Policies and procedures exist covering health and safety which are accessible to staff and members via the respective Council intranets. Copies will also be available via the new health and safety management system when fully operational.
- Incidents/accidents are reported to the respective health and safety sub committees and to the Joint Strategic Corporate Health and Safety Group (JSCHSG).

Issues to be addressed

The audit has highlighted the following areas where two 'important' recommendations have been made:

Programmed Inspections Health and Safety

- A review is required of all outlying Breckland and South Holland Council owned premises to determine where responsibility for health and safety lay and then to obtain the requisite evidence that health and safety compliance is being maintained. This is to prevent the risk of non compliances being overlooked and legal action being taken against the Council in the event of injury to staff or members of the public.
- Health and safety inspections to be undertaken of all corporate premises as a matter of priority and be formally documented with outcomes reported to and monitored by, the respective health and safety sub committees, the JSCHSG and EMT so as to reduce the risk of injury to staff, members and stakeholders of the Council and the risk of legal proceedings including imprisonment and fines for Council staff, regardless of rank or position.

The audit has highlighted the following area where one 'needs attention' recommendation has been made:

Health and Safety Group and Joint Committees

- Terms of reference for the respective health and safety sub-committees require updating to remove reference that an annual work plan is to be agreed at the first meeting (of each joint committee) in each municipal year with the terms of reference for the JSCHSG to also be updated to refer to the annual work plan being reported to and progress monitored by EMT. This will help reduce the risk of any confusion with the process and or inconsistent practices developing.

Operational Effectiveness Matters

Health and Safety Group and Joint Committees

The operational effectiveness matter, for management to consider, relates to the need to improve clarity by aligning meeting minute titles with the respective health and safety committees for Breckland and South Holland.

Assurance Review of Branding

Executive Summary

OVERALL ASSURANCE ASSESSMENT	ACTION POINTS																							
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Control Area	Urgent	Important	Needs Attention	Operational																				
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RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with Branding. The assurance opinion has been derived as a result of five 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

- Both Breckland Council and South Holland District Council have documented 'Corporate Branding Guidelines', which are available to staff via the intranet.
- Breckland Council also has documented 'Social Media Guidance', which is available to staff via the intranet.
- A review of a randomly selected sample of publications for South Holland District Council confirmed that the Council logo had been used correctly in all instances.
- Breckland Council has recently updated its logo. Evidence exists confirming that Council employees have been sent regular reminders to ensure that the updated logo is used.
- Breckland Council officers working with external partners and stakeholders have been requested to ensure they use the updated logo. Evidence was also available to show that third parties had been advised of the need to use the updated logo for Breckland Council, where it was identified that the old version was being used.

Issues to be addressed

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings five 'needs attention' recommendations have been made.

Strategies, policies and procedures

- The 'Corporate Branding Guidelines' for Breckland Council and South Holland District Council would be enhanced by the inclusion of more specific guidance on use of the Council logo in relation to partnerships, contractors and providers of goods and services to the Council, signage, vehicle liveries, stationery and advertising, in order to reduce the risk of legal action against the Council if the incorrect branding is used.
- Publication of the 'Corporate Branding Guidelines' on the respective Council websites, would provide guidance to third parties, and would help to reduce the risk that the logo is incorrectly used, reinforcing the message of a strong identity for the Council to its residents and stakeholders.
- The inclusion of a statement that copying and use of the Council logo is not permitted without prior approval from the respective Communications Teams in the 'Corporate Branding Guidelines' and/or on the Council websites, would help reduce the risk of the Council logos being used inappropriately.

- The production of formal social media guidance for South Holland District Council employees (potentially via the Communication Strategy) would help mitigate the risk that social media is used by employees in a way that could damage the Council's brand and reputation.

Branding and Criteria

- There is a need to update the standard documents available to the public so that they include the current Breckland Council logo. The sign at the entrance to Breckland's Council's main premises (Elizabeth House) also requires updating to display the correct version of the Council's logo. Ensuring that the correct version of the logo is used reduces the risk that an incoherent message is sent to the Council's residents and stakeholders.

Operational Effectiveness Matters

The operational effectiveness matter, for management to consider, relates to the inclusion of brief reference to the role of the Communications Team during staff induction.

Other Issues

It was noted that the 'Corporate Branding Guidelines' for Breckland Council were updated during 2016 and reflect current practice. Although no recommendation is deemed necessary, the 'Corporate Branding Guidelines' for Breckland Council should state the year of publication, and be tracked to confirm that they are reviewed on a timely basis.

Assurance Review of Environmental Services - Contaminated Waste

Executive Summary

OVERALL ASSURANCE ASSESSMENT	ACTION POINTS																							
 <p>The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: 'SUBSTANTIAL ASSURANCE' (light green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<table border="1"> <thead> <tr> <th data-bbox="1128 472 1420 533">Control Area</th> <th data-bbox="1420 472 1534 533">Urgent</th> <th data-bbox="1534 472 1691 533">Important</th> <th data-bbox="1691 472 1848 533">Needs Attention</th> <th data-bbox="1848 472 2018 533">Operational</th> </tr> </thead> <tbody> <tr> <td data-bbox="1128 533 1420 612">Strategies, policies and procedures</td> <td data-bbox="1420 533 1534 612">0</td> <td data-bbox="1534 533 1691 612">1</td> <td data-bbox="1691 533 1848 612">0</td> <td data-bbox="1848 533 2018 612">1</td> </tr> <tr> <td data-bbox="1128 612 1420 692">Measures taken to reduce contaminated waste levels</td> <td data-bbox="1420 612 1534 692">0</td> <td data-bbox="1534 612 1691 692">1</td> <td data-bbox="1691 612 1848 692">1</td> <td data-bbox="1848 612 2018 692">0</td> </tr> <tr> <td data-bbox="1128 692 1420 751">Total</td> <td data-bbox="1420 692 1534 751">0</td> <td data-bbox="1534 692 1691 751">2</td> <td data-bbox="1691 692 1848 751">1</td> <td data-bbox="1848 692 2018 751">1</td> </tr> </tbody> </table>				Control Area	Urgent	Important	Needs Attention	Operational	Strategies, policies and procedures	0	1	0	1	Measures taken to reduce contaminated waste levels	0	1	1	0	Total	0	2	1	1
Control Area	Urgent	Important	Needs Attention	Operational																				
Strategies, policies and procedures	0	1	0	1																				
Measures taken to reduce contaminated waste levels	0	1	1	0																				
Total	0	2	1	1																				
<p>SCOPE</p> <p>The objective of the audit was to review the systems and controls in place within Environmental Services – Contaminated Waste, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.</p>																								

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with Environmental Services - Contaminated Waste. The assurance opinion has been derived as a result of two 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Issues to be addressed

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings two 'important' recommendations have been made.

Strategies, policies and procedures

- A Waste Collection Policy to be produced and be formally adopted that clearly sets out the Council's approach to managing resident's household waste and to include the responsibilities of the Council, its waste collection contractor (Serco), and residents, with regard to recycling and reducing contaminated waste. Where policy is not documented, it increases the lack of awareness of the Council's expectations, thereby increasing the risk of continued higher than desired/expected levels of contaminated waste through its recycling collections and increased costs for the disposal of contaminated waste as per the terms of the current contract with Norse Environmental Waste Services (NEWS).

Measures taken to reduce contaminated waste levels

- Using the NEWS intensive audit outcomes as a starting point, the Council to develop and implement a formal rolling action plan to help reduce the level of contaminated waste to the threshold level included in the contract (with NEWS) for the disposal of such waste. The action plan to include targeted actions to be taken in locations highlighted in the intensive audits, with actions being assigned to a responsible officer(s) with target dates for completion. This is to help reduce the risk that additional costs will be incurred under the waste management contract with NEWS.

The audit has highlighted has also highlighted the following area where one 'needs attention' recommendation has been made.

Measures taken to reduce contaminated waste levels

- The Council to conclude the renegotiation of the contaminated waste threshold level included in the contract in order to help reduce the risk of additional costs continuing to be incurred by the Council, despite efforts being made to reduce contaminated waste in the areas of the district where levels are at the highest.

Operational Effectiveness Matters

The operational effectiveness matter, for management to consider relates to the presentation of a report to Cabinet for member discussion and agreement, outlining the strategic options available to the Council to reduce the quantities of contaminated waste within its recycling collections. This could help to inform the development of a Waste Collection Policy (as per recommendation 1).

Assurance Review of Asset Management (Commercial Property)

Executive Summary

OVERALL ASSURANCE ASSESSMENT	ACTION POINTS																																											
 <p>The diagram shows a central green circle labeled 'SUBSTANTIAL ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<table border="1"> <thead> <tr> <th data-bbox="1133 475 1420 533">Control Area</th> <th data-bbox="1429 475 1532 533">Urgent</th> <th data-bbox="1541 475 1688 533">Important</th> <th data-bbox="1697 475 1845 533">Needs Attention</th> <th data-bbox="1854 475 2020 533">Operational</th> </tr> </thead> <tbody> <tr> <td data-bbox="1133 539 1420 612">Strategies, policies and procedures</td> <td data-bbox="1429 539 1532 612">0</td> <td data-bbox="1541 539 1688 612">0</td> <td data-bbox="1697 539 1845 612">0</td> <td data-bbox="1854 539 2020 612">1</td> </tr> <tr> <td data-bbox="1133 619 1420 676">Acquisitions and disposals</td> <td data-bbox="1429 619 1532 676">0</td> <td data-bbox="1541 619 1688 676">0</td> <td data-bbox="1697 619 1845 676">0</td> <td data-bbox="1854 619 2020 676">0</td> </tr> <tr> <td data-bbox="1133 683 1420 756">Lease renewals, rent, re-letting, and rental arrears</td> <td data-bbox="1429 683 1532 756">0</td> <td data-bbox="1541 683 1688 756">0</td> <td data-bbox="1697 683 1845 756">0</td> <td data-bbox="1854 683 2020 756">0</td> </tr> <tr> <td data-bbox="1133 762 1420 820">Maintenance and insurance</td> <td data-bbox="1429 762 1532 820">0</td> <td data-bbox="1541 762 1688 820">0</td> <td data-bbox="1697 762 1845 820">0</td> <td data-bbox="1854 762 2020 820">0</td> </tr> <tr> <td data-bbox="1133 826 1420 884">Property valuation</td> <td data-bbox="1429 826 1532 884">0</td> <td data-bbox="1541 826 1688 884">0</td> <td data-bbox="1697 826 1845 884">0</td> <td data-bbox="1854 826 2020 884">0</td> </tr> <tr> <td data-bbox="1133 890 1420 948">Asset Reconciliation</td> <td data-bbox="1429 890 1532 948">0</td> <td data-bbox="1541 890 1688 948">0</td> <td data-bbox="1697 890 1845 948">0</td> <td data-bbox="1854 890 2020 948">0</td> </tr> <tr> <td data-bbox="1133 954 1420 1011">Total</td> <td data-bbox="1429 954 1532 1011">0</td> <td data-bbox="1541 954 1688 1011">0</td> <td data-bbox="1697 954 1845 1011">0</td> <td data-bbox="1854 954 2020 1011">1</td> </tr> </tbody> </table>				Control Area	Urgent	Important	Needs Attention	Operational	Strategies, policies and procedures	0	0	0	1	Acquisitions and disposals	0	0	0	0	Lease renewals, rent, re-letting, and rental arrears	0	0	0	0	Maintenance and insurance	0	0	0	0	Property valuation	0	0	0	0	Asset Reconciliation	0	0	0	0	Total	0	0	0	1
Control Area	Urgent	Important	Needs Attention	Operational																																								
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Asset Reconciliation	0	0	0	0																																								
Total	0	0	0	1																																								
<p>SCOPE</p> <p>The objective of the audit was to review the systems and controls in place within Asset Management (Commercial Property) to help confirm that these are operating adequately, effectively and efficiently.</p>																																												

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with Asset Management (Commercial Property). The assurance opinion has been derived from no recommendations being raised upon the conclusion of our work. This demonstrates an improvement since the previous review in May 2015 which attained 'Adequate' assurance.
- The audit has raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Authorised documentation was held to support both the acquisition and disposal of commercial properties.
- System controls are in place to promptly action lease renewals with renewals clearly documented. Rent reviews are promptly actioned and formally documented.
- Controls exist to promptly re-let vacant commercial properties. As at 1st July 2016, the Commercial Property Occupancy Rate was reported as being 98% (against a target of 90%).
- Deposits are collected for new lettings and are promptly and correctly returned once the property has been vacated.
- Lease Termination Inspections are completed, with a corresponding Schedule of Dilapidations prepared and with any repair costs deducted from tenant's deposits.
- Procedures are in place for the recovery of arrears relating to commercial properties, which are being consistently applied.
- Properties are revalued and insured.

Issues to be addressed

The audit has not highlighted any areas whereby controls would benefit from being strengthened.

Operational Effectiveness Matters

The operational effectiveness matter for management to consider, relates to moving to a paperless system for retaining commercial property documentation.

Previous audit recommendations

The previous audit report included one recommendation that remained outstanding. The recommendation was for a Service Delivery and Surplus Asset Management Plan and an Investment Asset Management Plan, to be prepared.

This recommendation was discussed with the Strategic Property Manager and a revised deadline date agreed of 31st March 2017 on the basis that the Council has begun a review of commercial property yields, and is also looking to refine the allocation of costs to commercial properties. These projects will inform potential property disposals, and the Investment Asset Management Plan. The Service Delivery and Surplus Asset Management Plan will be produced once the Investment Asset Management Plan has been completed.

Assurance Review of Payroll and Human Resources

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Officers' expenses	0	2	0	0
Total	0	2	0	0

*No recommendations have been raised in respect of Payroll in particular legislative requirements, starters and leavers, changes to payroll records, pension contributions, reconciliations and payroll processing. In addition, no recommendations have been raised for sickness absence monitoring and performance and appraisals, in respect of Human Resources.

SCOPE

The objective of the audit was to review the systems and controls in place within Payroll and Human Resources, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with Payroll and Human Resources. The assurance opinion has been derived as a result of two 'important' recommendations being raised upon the conclusion of our work.

KEY FINDINGS

Positive Findings

- Starters, leavers and changes had been processed promptly and accurately.
- Third party payments (childcare vouchers and deductions under the Cycle Scheme) had been processed accurately.
- Pension contributions had been correctly calculated and deducted from the payroll.
- Establishment changes had been subject to approval by senior staff, with justification recorded.
- Payroll exception reports had been run and reviewed.

Issues to be addressed

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings two 'important' recommendations have been made.

Officers' expenses

- Officers to submit VAT receipts with their expense claims for fuel purchases. This is to reduce the risk of the Council not complying with HM Revenue and Customs requirements and the risk of financial loss to the Council where VAT cannot be reclaimed without the requisite evidence.
- Officers to submit invoices with their expense claims in support of items such as hotels, lunches and dinners. This is to reduce the risk of fraudulent claims being submitted and the risk of financial loss to the Council where payments are made for expenses that are not valid.

Other Issues

On 1st November 2016 the Council requested that officers provide driving documentation (driving licence, insurance certificate and MOT certificate) within 10 working days, in order to confirm that valid documentation is held by officers that use their vehicle for official Council business. Sample testing through the audit has highlighted that as at 30th November 2016, documentation had been received for six out of ten staff reviewed. As the Council is actively chasing for the outstanding documentation for the remaining four cases, a recommendation is not considered necessary.

The Council is in the process of reviewing all its HR policies and procedures which coincides with a similar review at South Holland District Council. The review is scheduled to be completed by April 2017.

Follow up on previous recommendations

The previous audit of Payroll and HR (BRK/15/11) was completed in March 2015 with a 'limited' assurance as a result of one high and three medium priority recommendations being raised. All four recommendations have been confirmed as implemented through internal audit's cyclical follow up checks.

Assurance Review of Licensing and Business Support

Executive Summary

<p>OVERALL ASSURANCE ASSESSMENT</p>  <p>The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: 'SUBSTANTIAL ASSURANCE' (light green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<p>ACTION POINTS</p> <table border="1"> <thead> <tr> <th>Control Area</th> <th>Urgent</th> <th>Important</th> <th>Needs Attention</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>Policies and procedures (for issuing taxi licences)</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Processing applications (new and renewals)</td> <td>0</td> <td>0</td> <td>0</td> <td>2</td> </tr> <tr> <td>Complaints, appeals and revocations of licences</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Recording and reconciliation of income (including fees)</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>0</td> <td>1</td> <td>2</td> <td>2</td> </tr> </tbody> </table> <p>* No recommendations have been raised in respect of on line applications for alcohol licenses.</p>	Control Area	Urgent	Important	Needs Attention	Operational	Policies and procedures (for issuing taxi licences)	0	0	1	0	Processing applications (new and renewals)	0	0	0	2	Complaints, appeals and revocations of licences	0	0	1	0	Recording and reconciliation of income (including fees)	0	1	0	0	Total	0	1	2	2
Control Area	Urgent	Important	Needs Attention	Operational																											
Policies and procedures (for issuing taxi licences)	0	0	1	0																											
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Recording and reconciliation of income (including fees)	0	1	0	0																											
Total	0	1	2	2																											
<p>SCOPE</p> <p>The objective of the audit was to review the systems and controls in place within Licensing and Business Support, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.</p>																															

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with Licensing and Business Support. The assurance opinion has been derived as a result of one 'important' recommendation and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised two 'operational effectiveness matters', which set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

We found that Breckland and South Holland have demonstrated the following point of good practice as identified in this review and we will be sharing details of these operational provisions with other member authorities in the Consortium:

- Both Councils have introduced an online application facility for certain licences (mainly Licensing Act 2003 at present), which allows users to apply for licences both during and outside of office opening times. Breckland has already received positive feedback citing the flexibility this offers.

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Taxi licences had been processed promptly by both Councils, with supporting documentation held on the licensing system (LalPac).
- Continuous audits of the completeness of documentation held on LalPac are completed by both Councils.
- Action has been taken by both Councils in readiness for the changes to the licensing regime resulting from the Immigration Act, which came into force on 1st December 2016.

Issues to be addressed

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings one 'important' recommendation has been made.

Recording and reconciliation of income (including fees)

- Taxi licence fees for both Councils to be reviewed in order to reduce the risk that fees are not set an appropriate level to meet the costs of the service thereby resulting in financial loss to the respective Councils.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Policies and procedures (for issuing taxi licenses)

- Hackney Carriage and Private Hire Licensing procedures for both Councils to be updated, and to include accurate licence periods, and for Breckland Council, to also include reference to five yearly medical checks from age 45. This is to reduce the risk that processes are not completed in a correct and consistent manner.

Complaints, appeals and revocations of licences

- Documented procedures for complaint handling to be produced. This is to reduce the risk of complaints not being resolved in a prompt and consistent manner.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider, relate to reviewing the narrative included in LalPac for taxi licence fees for pay.net transactions in order to improve the audit trail over each transaction, and the appointment of a Deputy Systems Administrator for the licensing system (LalPac) to provide cover for staff absences.

Assurance Review of Website Content Management

Executive Summary

OVERALL ASSURANCE ASSESSMENT	ACTION POINTS																																						
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Change Control	0	0	2	0																																			
Business Continuity/Resilience	0	2	0	0																																			
Performance Management	0	0	0	1																																			
Total	0	7	5	1																																			
<p>SCOPE</p> <p>The objective of the audit was to review the systems and controls in place within Website Content Management, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.</p>																																							

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Limited' in managing the risks associated with the management of the Council's website. The assurance opinion has been derived as a result of seven 'important' recommendations and five 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Council has documented an overall Digital Transformation Strategy that incorporates the Council's website;
- The website uses a consistent page template that is aligned to corporate branding requirements;
- The updated website was found to be easily accessible, is mobile compatible and incorporates a menu structure allowing users of the site to navigate easily to the content that they require.
- Relevant staff with responsibilities for editing and approving website content have received training to coincide with the recent upgrade of the website infrastructure;
- The Goss ICM website infrastructure incorporates audit trail functionality that can be queried on demand. In addition, each content edit includes summary history setting out the steps taken to create the changes;
- The website is hosted externally by Goss and is covered by relevant support contracts.

Issues to be addressed

The audit has highlighted the following areas where seven 'important' recommendations have been made.

Policies and Procedures

- Website management policies and procedures to be formally documented, agreed and communicated to help prevent inconsistencies when managing the website and its content;
- Management to review the current policy of allowing certain users to edit and approve their own content to help mitigate the risk of inappropriate content being published inadvertently;
- All users to be required to change their Goss passwords on a regular basis to help mitigate the risk of unauthorised access into the website's administration features;

- Relevant cookie warnings to be configured into the website to mitigate the risk of non-compliance with relevant EU law;

Roles and Responsibilities

- Website roles and responsibilities to be formally documented, agreed and communicated to all relevant staff. All staff to be required to sign off their agreement to comply with said roles and responsibilities to help mitigate the risk of a lack of accountability and ownership of website content;

Business Continuity

- Management to work with Goss to understand the reasons for not securing the website management internet link and to implement remedial actions where it is considered appropriate to do so to help mitigate the risk of inappropriate access to the website's administration features.
- Management to implement an appropriate Disaster Recovery solution that provides the ability to continue accessing the Goss application during an incident where primary Council systems are not available to help mitigate the risk of customers not being kept informed of an incident that could affect services that they consume.

The audit has also highlighted the following areas where five 'needs attention' recommendations have been made.

Policies and Procedures

- A review of all administrator and power user accounts to be conducted with a view to reducing the number of such accounts wherever possible. This is to help mitigate the risk of unauthorised activity.
- Management to conduct a review of the existing cookie policy that has been published on the Council's website in order to ensure that it remains relevant to the Council's current requirements and that it is complete. This is to help mitigate the risk of reputational damage and inadequate compliance with relevant EU law.

Roles and Responsibilities

- Management to implement a process whereby the SortSite scans and related reports are run on a regular basis and communicated to all relevant web editor staff to help mitigate the risk of website content being inaccurate or faulty.

Change Control

- Management to review all of the available housekeeping tasks, for example, the "StaleArticleCheck" task, and enable (schedule) all those that are considered to add value to the management of the website to help mitigate the risk of out of date or otherwise irrelevant content remaining on the website.
- Management to update the website templates to include the date when the content on the pages being viewed was last updated. This is to mitigate the risk that relevant content may be thought to be outdated by customers.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to need to ensure that all relevant performance indicators in Covalent that relate to website activity be updated in a timely manner.

APPENDIX 3 – PERFORMANCE MEASURES

Area / Indicator	Target
<u>Audit Committee / Senior Management</u> 1. Audit Committee Satisfaction – measured annually 2. Chief Finance Officer Satisfaction – measured quarterly	Adequate Good
<u>Internal Audit Process</u> 3. Each quarters audits completed to draft report within 10 working days of the end of the quarter 4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter 5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager) 6. Compliance with Public Sector Internal Audit Standards 7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.	100% 100% 100% Full 100%
<u>Clients</u> 8. Average feedback score received from key clients (auditees) 9. Percentage of recommendations accepted by management	Adequate 90%
<u>Innovations and Capabilities</u> 10. Percentage of qualified (including experienced) staff working on the contract each quarter 11. Number of training hours per member of staff completed per quarter 12. Number of high and medium priority recommendations made per quarter 13. Number of audits which are considered to add value	60% 1 day To decrease over the life of the contract (from year 2) To increase over the life of the contact (from year 2)