



RUSHCLIFFE BOROUGH COUNCIL

Internal Audit Progress Report 2017/18

Corporate Governance Group

10 May 2018

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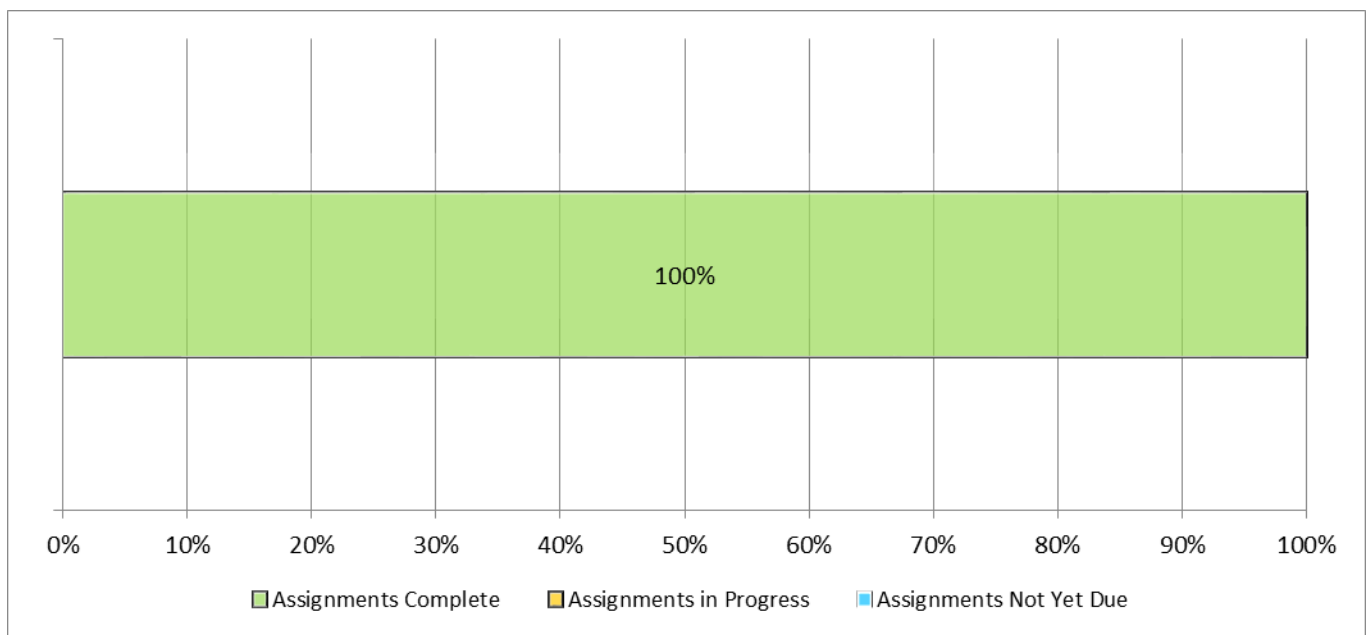
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1 INTRODUCTION





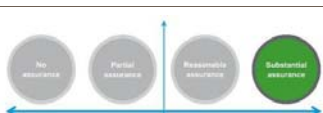

The Internal Audit Plan for 2017/18 was approved by the Corporate Governance Group on 11 May 2017 and includes a total of 14 planned reviews.

This report provides a summary update on progress against that plan and summarises the results of our work to date



2 REPORTS CONSIDERED AT THIS CORPORATE GOVERNANCE GROUP

This table informs of the audit assignment that has been completed since the last Corporate Governance Group.

Assignment	Status	Opinion issued	Management Actions agreed		
			H	M	L
Corporate Governance (08.17/18)	Final		0	1	0
Main Accounting (09.17/18)	Final		0	0	6
GDPR (10.17/18)	Final	Advisory	12 Action Points Raised		
Contract Management (11.17/18)	Final		0	2	2
Creditors and e-Procurement (12.17/18)	Final		0	0	1
Follow Up (13.17/18)	Final	Good Progress	0	1	0
Allowances (14.17/18)	Final		0	0	1
Cyber Security and ISO27001 (15.17/18)	Final		0	0	6

2.1 Impact of findings to date



Corporate Governance (08.17/18)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one medium priority finding was identified and a management action was agreed in respect of this finding relating to:

- The Council is not fully complying with the Transparency Code 2015 under which the Government requires local authorities to publish certain data sets to make them available to public scrutiny. Testing of a sample of 10 data sets identified that only five were published on the Council's website as required.
-



Main Accounting (09.17/18)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, six low priority findings were identified and management actions agreed in respect of the findings.



GDPR (10.17/18)

Conclusion: Advisory

Impact on Annual Opinion: N/A

This was an advisory review which identified 12 actions for the Council to consider.



Contract Management (11.17/18)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, two medium and two low priority findings were identified and agreed. The medium management actions related to:

- The Contracts Register was found to contain outdated information regarding lead officers in charge of managing and monitoring the contracts; and
 - For three of the 20 contracts tested, formal signed contracts were not in place.
-



Creditors and e-Procurement (12.17/18)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one low priority finding was identified and a management action was agreed in respect of this finding.



Follow Up (13.17/18)

Conclusion: Good Progress

Impact on Annual Opinion: Positive

As a result of testing undertaken, one medium priority management action remained outstanding.



Allowances (14.17/18)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one low priority finding was identified and a management action was agreed in respect of this finding.



Cyber Security and ISO 27001 (15.17/18)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, six low priority findings were identified and management actions agreed in respect of the findings.

3 LOOKING AHEAD

All audits for 2017/18 have now been completed and all reports finalised.

4 OTHER MATTERS

4.1 Changes to the audit plan

There are no changes to the internal audit plan since the previous Corporate Governance Group.

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Assignment	Status	Opinion issued	Management Actions agreed		
			H	M	L
Garden Waste (01.17/18)	Final		0	1	5
Review of the Arena Project (02.17/18)	Final	Advisory	0	0	1
Procurement of IT Equipment (03.17/18)	Final		0	0	1
Country Park (04.17/18)	Final		0	0	1
Payroll (06.17/18)	Final		0	0	0
Housing Benefits (07.17/18)	Final		0	0	0

FOR FURTHER INFORMATION CONTACT

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CORPORATE GOVERNANCE - DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Risk: The Councils governance arrangements do not provide assurance to management, members or for accountability purposes								
1	The Council publishes all data that it is required to in line with the Transparency Code 2015. The relevant departments are responsible for collating and publishing the information on the Council's web site. The Constitutional department monitor the Council's website to ensure that the data is published onto the	Yes	No	For a sample of 10 Transparency Code requirements testing established that in five instances the information was not published on the Council's website: <ul style="list-style-type: none"> The Expenditure exceeding £500 for Quarter 2 (July to September 2017) data has as yet not been published. The procurement card transactions were published up to 2016/17 however for 2017/18 this information has not been published. 	Medium	The missing information identified at this audit will be published onto the Council's website All the relevant departments will be reminded to ensure that the Transparency Code information is published on the Council's website and on a timely basis. To ensure that the required data has been published and on a timely	31 January 2018	Service Manager - Finance and Commercial

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	Council's website as required.			<ul style="list-style-type: none"> Procurement information is not published. Information on grants to voluntary, community and social enterprise organisations is not published. For Trade Union facility time the names of all trade unions represented in the Council is not published. <p>The Transparency Code was issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision-making process and help shape public services. There is a risk that requirements of the Transparency Code 2015 are not being met by the Council and as a result local people may not be able to make a contribution to local decision making process and help shape public services.</p> <p>The Transparency Code states the data and information that is required to be published quarterly should be published not later than one month after the quarter to which the data and information is applicable. There</p>		<p>basis, a member of staff will be identified and the responsibility for undertaking monitoring checks will be assigned to them.</p> <p>The Council will link its information / data to data.gov.uk.</p>		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>is a risk that this requirement is not being met.</p> <p>As good practice local authorities can link their published information onto the government's web site - data.gov.uk to become more transparent and foster innovation. Making this data easily available means it will be easier for people to make decisions and suggestions about government policies based on detailed information. On review of the Council's website and the data.gov.uk web site it was noted that the Council does not use data.gov.uk.</p>				

CONTRACT MANAGEMENT - DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Risk: Failure to ensure the most efficient and effective selection of contractors and suppliers for Council goods and services?								
2	The Council maintains a Contracts Register. The Register is maintained up to date and reflects all contracts which the Council have in place and the details of the contract.	Yes	No	A formal Contracts Register was found to be in place. The Register details current contracts in place throughout the Council and includes key information such as the value of the contract as well as start and end dates. It was noted upon review, that the Register contains outdated information, such as primary contacts who are no longer employed within the Council and inaccurate contract dates. By not maintaining an up to date Contract Register, there is a risk that contracts are not managed and	Medium	The Contracts Register will be reviewed and updated to ensure the documented information is up to date.	31 July 2018	Transformation Projects and Procurement Officer

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				monitored appropriately as a result of having a lack of central record.				
Risk: The Council does not achieve value for money.								
4	A formal contract is in place and signed by the successful contractor and the Council.	Yes	No	<p>A sample of 20 contracts throughout the Council were selected and tested. In 16 instances a formal contract was found to be in place which had been fully completed and signed by both parties. In one instance, it was identified that it referred to a license as opposed to a contract.</p> <p>However, we noted three instances where a formal signed contract could not be located or had not been completed.</p> <p>Without a formal signed contract in place, there is a risk that the agreed terms with the contractor may not be enforceable in the event of dispute, as well as obligations of the agreement being unclear.</p>	Medium	<p>We will ensure that formal signed agreements are in place with all contractors currently providing service to the Council. Going forward an additional step will be added to the procurement process on ProContract.</p> <p>This final stage will ensure that the procurement process cannot be marked as complete until a formal contract has been entered into with the Contractor.</p>	31 July 2018	Legal Services and Transformation Projects and Procurement Officer