

Audit & Governance Committee

23 June 2014



Internal Audit – Implementation of Recommendations

Report of the Corporate Head, Financial Management

Ward(s) affected: All

- 1 **Purpose of Report** – To update committee members on internal audit recommendations outstanding and report on those that were completed in the second quarter of 2013/14.
- 2 **Recommendations** – Members are recommended to:
 - 2.1 Note the contents of Appendix A – Outstanding Internal Audit Actions where the original target completion date was prior to March 2014 and consider inviting responsible officers to the next meeting where appropriate. (No referrals have been made by Value for Money Clinics.)
 - 2.2 Note the contents of Appendix B – Audit Actions completed in the period and approve the contents of that Appendix. Recommendations will not be archived before this approval is received together with that of the Principal Auditor, Shared Audit Service.
- 3 **Implications**
 - 3.1 **Financial and Value for Money (vfm) Implications** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.2 **Legal Implications** - None
 - 3.3 **Contribution to Council Priorities** – Not applicable
 - 3.4 **Risk Management** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.5 **Equality Analysis** – Not applicable
- 4 **Consultations with Others**
CLT and Senior Managers/Action Owners
- 5 **Access to Information: Background Documents**
None
- 6 **Author of the Report**
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Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.
- 7 **Appendices** –
Appendix A – Outstanding Internal Audit Actions where the original target completion date was prior to November 2013
Appendix B – Audit Actions completed in the period

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Appendix A – Outstanding Internal Audit Actions where original target date was prior to November 2013

Source Report	Recommendation Name	Original Target Date	Service Area	Latest Update		Status	Action Updater
Report IT 08-03 IT Service Support (Dated Feb 09) - Priority 2 Report C2/6 - IS Procurement - Priority 2	IA 13/14 005 Produce an IT Strategy ensuring that it is documented and appropriately held so as to enable access when necessary	Originally 31 Oct 09 but revised to 31 May 2011 Revised 31 May 2012 Revised Dec 2012	Information Services	Production of an IT Strategy is in progress and is now scheduled for end of May 2014.		Amber	Graeme Thistlethwaite
Report 0/01 - Sundry Debtors - Priority 2	IA 13/14 010 Consider amending the Fair Debt Collection Policy to provide clearer guidance	December 2012	Financial Management	Review of policy forms part of the implementation of the Legal Debt Recovery module, part of the Agresso financial management system. Work has commenced on reviewing procedures as part of the preliminary work for implementation of the module which due to slippage of some other Agresso related project work, other projects coming on stream and consultant/officer availability. Implementation of the Legal Debt Recovery module is anticipated for final completion in July 2014.		Amber	Claire Hudson
Report 0/01 - Sundry Debtors - Priority 2 Report C2/4 - Sundry Debtors - Priority 2	IA 13/14 011 Amend debt collection procedures (to include how debts beyond the 2nd reminder stage should be treated and further recovery action required for items that are still owed after court order obtained)	Revised in C2/4 report to December 2012	Financial Management	Review of procedures forms part of the implementation of the Legal Debt Recovery module, part of the Agresso financial management system. Work has commenced on reviewing procedures as part of the preliminary work for implementation of the module which due to slippage of some other Agresso related project work, other projects coming on stream and consultant/officer availability. Implementation of the Legal Debt Recovery module is anticipated for final completion in July 2014.		Amber	Claire Hudson

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Source Report	Recommendation Name	Original Target Date	Service Area	Latest Update		Status	Action Updater
Report C1/2 - Sundry Debtors 2010/11 - Priority 2 Report C2/4 - Sundry Debtors 2011/12 - Priority 2 Report C3/3 - Sundry Debtors 2012/13 - Priority 2	IA 13/14 014 Progress should continue to be made to interface BACAS with Agresso.	November 2011 Report C3/3 - Deadline revised to November 2013	Bereavement Services	The interface will mean that double entering of data into Bacas and then Agresso is no longer required to produce debtor invoices via Agresso as the process will be automated. This will free up staff time . The BACAS interface is now in place in test mode. Further testing has taken place following the recent upgrade to BACAS. Further set up and final testing to take place during late June - mid July. It is anticipated that the process will be transferred to live status and be fully operational by end July early August.		Amber	Michael Brown
Report C1/2 - Sundry Debtors 2010/11 - Priority 2	IA 13/14 015 Develop the daily BACAS and Agresso reconciliation reports to ensure that they can be produced easily and are inclusive of all charging information required	August 2011 Deadline revised to June 2012	Bereavement Services	Reconciliation reports will be updated once the revised BACAS / Agresso interface is in place.		Amber	Michael Brown
Report C2/4 - Sundry Debtors - Priority 2	IA 13/14 032 Updated debtor processing procedures should be fully completed and circulated to all staff	December 2012	Financial Management	Some slippage due to other priorities coming on stream. Procedures for raising debtor invoices will be reviewed and updated by end July 2014.		Amber	Claire Hudson
Report C2/4 - Sundry Debtors - Priority 3 Report C3/3 - Sundry Debtors - Priority 3	IA 13/14 036 Amend Financial Procedure Rules to reflect 25/7/07 Policy decisions on Corporate Head - Financial Management's authority to write off bad debts in prescribed circumstances	December 2012 Revised to November 2013	Financial Management	The Financial Procedures Rules (FPRs) are currently being updated, and the required change will be incorporated alongside other amendments. The revised FPRs will be submitted to committee for member approval by the end of September 2014. First phase of update completed. Updates currently being reviewed for accuracy & "fit for purpose" with intention to reduce size from 60+ pages.		Amber	Nicola Chick
Report C2/7 - Data Handling - Priority 2	IA 13/14 044 Management should examine the current staffing structure and consider how the Senior Information Risk Owner and Information Asset Owner roles and responsibilities could be appropriately provided for	December 2012	Information Services	The SIRO has now been identified as Graeme Thistlethwaite.		Amber	Graeme Thistlethwaite

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Source Report	Recommendation Name	Original Target Date	Service Area	Latest Update		Status	Action Updater
Report C2/7 - Data Handling - Priority 1	IA 13/14 045 The ICT Manager should continue to investigate the suitability of available technical products providing control over shared information and consider the feasibility of use at Craven	December 2012	Information Services	Looking into product Egress and have setup a trial to ensure the product is fit for purpose		Amber	Graeme Thistlethwaite
Report C2/7 - Data Handling - Priority 1	IA 13/14 059 A strategy should be compiled as to the most appropriate way in which to carry out a Council wide review of all data sharing, and arrangements put in place to promptly address this to ensure compliance with the guidelines	August 2012	Information Services	An information sharing protocol has been formulated by Deborah Davies as part of the office move to BVS.		Amber	Graeme Thistlethwaite
C3/3 Sundry Debtors - Priority 2	IA 13/14 084 The Agresso legal debt recovery module should be implemented subject to available resources	November 2013	Financial Management	The implementation date for Legal Debt Recovery was initially agreed to be by end November 2013. However, due to slippage of some other Agresso related project work, other projects coming on stream and consultant/officer availability implementation of the Legal Debt Recovery module. Preliminary work has commenced and system testing taking place. Anticipated the system will be live in July 2014 as it has been pushed back due to other priorities. The focus is on ensuring debtor invoicing takes place in these significant areas of income. Legal Debt recovery work on sundry debtors is still taking place and significant debt being recovered. The legal debt recovery module will aid the process in the future for reminders and commencing any court proceedings.		Amber	Claire Hudson
C3/3 Sundry Debtors - Priority 3	IA 13/14 086 Consider delegation of write-offs under £10 to the Finance Support Officer	November 2013	Financial Management	This is currently under consideration and will be implemented once the Financial Procedure Rules are updated.		Amber	Claire Hudson
Report C3/7 - Council Tax and Non Domestic Rates - Priority 2	IA 13/14 093 The planned access restrictions to prevent users from accessing their own accounts and those of close family should be progressed	November 2013	Revenues & Benefits	The Control Team are updating the Register of Interest; there are still some forms outstanding which will be chased up. When the list is complete the Technical Team will ensure users are denied access to relevant accounts.		Amber	Deborah Davies

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Source Report	Recommendation Name	Original Target Date	Service Area	Latest Update		Status	Action Updater
Report C3/11b -- Payroll H.R. Priority 1	IA 13/14 098 Disclosure and Baring Service (DBS) checks must be undertaken for all posts that fall within the DBS eligibility requirements	August 2013	Human Resources	All relevant people have been checked with DBS other than some benefits staff who will be considered under the Disclosure Scotland Scheme. In addition, DBS checks are now being carried out for all appropriate people prior to the start of employment with the Council, or change of role. A designated officer is now responsible for ensuring that the correct procedure is followed.		Amber	Jacque Hodgson
C3/5 Data Handling (members) - Priority 1	IA 13/14 104 The means of enabling Members to use appropriately encrypted equipment should be pursued	December 2013	Information Services	Approval given to use Airwatch Mobile Device Management (MDM) with Apple iPads. Rollout due April 2014.		Amber	Graeme Thistlethwaite
C3/5 Data Handling (members) - Priority 1	IA 13/14 106 Ensure that personal and/or sensitive information is handled securely by members	December 2013	Information Services	Training and awareness given to Members and secure tablet devices to be rolled out April 2014		Amber	Graeme Thistlethwaite
C3/6 IS Service Desk - Priority 2	IA 13/14 107 Update Support Work Procedures to reflect officers roles	November 2013	Information Services	Ongoing process - To be completed by March 2014		Amber	Graeme Thistlethwaite
C3/6 IS Service Desk - Priority 2	IA 13/14 108 Explore use of systems solutions section to build up knowledge base	November 2013	Information Services	Knowledge base is Service Desk system to be used from April 2014. All Members of staff instructed to add fixes to the Work Log in the Service Desk to help with fixes in future		Amber	Graeme Thistlethwaite
C3/6 IS Service Desk - Priority 2	IA 13/14 109 Consider options available for workload coverage in the absence of the Technical Analyst/Applications & Development	November 2013	Information Services	New structure proposed for ICT Service to address this issue		Amber	Graeme Thistlethwaite
C4/12 Members Expenses	IA 13/14 121 Both the mileage and subsistence claim forms need to be amended to reflect stronger wording on the signed declarations.	Jan 2014	Financial Management	Mileage forms have been updated and circulated to Members in April. Subsistence to be amended and circulated in due course		Amber	Claire Hudson

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Source Report	Recommendation Name	Original Target Date	Service Area	Latest Update		Status	Action Updater
C4/ Craven Pool Follow Up	IA 13/14 126 Investigate whether the day passes can be restricted to 1 day only. If this is not possible, introduce a control whereby the Gym Duty Officer has to remove the card from the non-member before they leave	Jul 2013	Craven Pool	We are due to place an order with a new gym card manufacturer, this will enable us to give all users a gym card. This will enable us to use the 1 day pass feature (or time limited). However, we will also need to update the access control system (a turnstile), members would be granted free access and PAYG customers would have to buy a pass for the day to be granted access.		Amber	David Smurthwaite
C4/ Craven Pool Follow Up	IA 13/14 127 Sportsoft's on-line booking system should be introduced for all Pay As You Go customers	Sep 2013	Craven Pool	Not possible unless the system is upgraded, this is about to be trialled by Harrogate BC, it has not yet been installed. It is likely that we would be close to installing a new system with an alternative supplier once the HBC trial has been completed.		Red	David Smurthwaite
C4/ Craven Pool Follow Up	IA 13/14 128 EPOS Users should be retrained	Mar 2014	Craven Pool	No additional formal training has been arranged, but the staff that attended the training in January 2014 have re-inducted the rest of the reception team. Tenders are being considered for a new EPOS system, we will be shortly inviting tenderers to CDC give presentations of their systems.		Amber	David Smurthwaite
C4/ Craven Pool Follow Up	IA 13/14 129 The signage around the town and especially that at the entrance to the site should be drastically improved so as to sell the site, especially to Pay As You Go Members or holidaymakers. Any cost incurred in making these improvements should be repaid through additional income generated from new members as a result.	No date specified	Craven Pool	A map of the signs have been sent to property and audit. This shows 12 road signs in and around Skipton. We feel that the two signs on the access road should be replaced and this recommendation has been sent to property to action.		Amber	David Smurthwaite

Appendix B – Audit Actions completed in the period (including one superseded action)

Source Report	Recommendation Name	Original Target Date	Service Area	Latest Update		Status	Action Updater
Report C2/3 - Creditor Spending Analysis - Priority 2 Report C3/1 - Creditor Spending Analysis - Priority 2	IA 13/14 029 The possibility of adopting the MSTAR government framework for temporary agency staff should be investigated. If not suitable, a full tender process should be undertaken for this area of spend.	June 2013	Financial Management	A tender has been undertaken for a recruitment Agency to supply temporary staff for waste management , the contract was awarded in March 2014		Green	Carol Lee
C3/4 Creditors - Priority 2	IA 13/14 077 Direct debits must be approved by the Corporate Head (Financial Management & S151) before being set up on Agresso Creditors	May 2013	Financial Management	An updated list of current direct debits has been produced. Any new direct debits being created will be signed off in accordance with the Council's bank mandate as required. Invoices that are paid by direct debits are processed as manual payments and processed through agresso workflow. Financial procedure rules are in the process of being updated. Likely reference to direct debit payments will be removed as the current document is over detailed.		Green	Claire Hudson
C3/3 Sundry Debtors - Priority 3	IA 13/14 082 Ensure debtors held in the system are appropriate and that details are correct	November 2013	Financial Management	The auditor correctly identified that there are duplicate debtors in the system. This is a necessary due to the fact that the same debtor is invoiced for varying reasons by different departments. For ease of administration it has been more appropriate to set up debtors in this way. A review will be undertaken to ensure details for debtors held in the system are up to date and duplicate debtors will be removed where possible, To date work has been completed on updating the debtor details for gambling and small lotteries licensing. Other debtor details will be reviewed over the next few months as necessary. This is a routine task.		Green	Claire Hudson

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Source Report	Recommendation Name	Original Target Date	Service Ares	Latest Update		Status	Action Updater
C3/5 Data Handling (members) - Priority 1	IA 13/14 103 IS security responsibility document to be devised for Members and agreement to abide by conditions obtained	December 2013	Information Services	A project has started to address Data Protection issues around Members. Business case going to Select Committee on 22 January 2014 for approval to Policy Committee. This will be done as part of the final rollout of selected equipment. Document created and handed to Members for signing before we have them the iPad for use.		Green	Graeme Thistlethwaite
C4/12 Members Expenses	IA 13/14 114 Finance staff responsible for reimbursement of mileage and subsistence claims should review all claims received and where there is any element of doubt as to whether reimbursement is appropriate, further checks should be made before the expense claim is authorised. If necessary the claim may be referred to Democratic Services for action.	April 2014	Financial Management	Officers responsible for processing claims are now referring any queries to the Finance Manager for approval and will refer to Democratic Services in due course once in post.		Green	Claire Hudson
C4/12 Members Expenses	IA 13/14 115 The relevant Councillor must reimburse £15.50 to the Council for the alcoholic beverages that were erroneously paid over.	Jan 2014	Financial Management	Recovery of the overpaid amount was made and received in February 2014.		Green	Claire Hudson
C4/12 Members Expenses	IA 13/14 116 Where claims are received late, these must be referred for approval in line with Council policy.	Jan 2014	Financial Management	Late claims will now be referred for approval in line with Policy		Green	Claire Hudson
C4/12 Members Expenses	IA 13/14 117 One councillor must reimburse Craven District Council for the £23.42 received in error.	Jan 2014	Financial Management	Recovery of the overpaid amount was made and received in February 2014.		Green	Claire Hudson
C4/12 Members Expenses	IA 13/15 118 Councillors must be reminded that all claims must be clear with the reasons for any receipt amendments being clearly stated on the claim. Claims should never require additional explanation.	April 2014	Financial Management	Following the Member Expense Review a number of members submitting claims have been verbally reminded regarding ensuring claims are clear, as necessary. Forms for member claims are to reviewed and updated in the next few months and will include further notes regarding clarity of claims.		Green	Claire Hudson

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Source Report	Recommendation Name	Original Target Date	Service Ares	Latest Update		Status	Action Updater
C4/12 Members Expenses	IA 13/14 120 Members need to be reminded that they must submit a copy of a petrol receipt with each mileage claims in order that the council can reclaim input VAT for this expense.	April 2014	Financial Management	A letter was sent to Members in April to remind them of the necessity to submit petrol receipts.		Green	Claire Hudson
C4/12 Members Expenses	IA 13/14 123 Obtaining insurance and driving licence details is not a one off exercise but something that should be constantly reviewed. If anything changes, councillors need to remember that they have a duty to inform finance.	Jan 2014	Financial Management	Mileage claim forms have been updated and the declaration improved regarding insurance and licence details. These changes and requirements have been communicated to Members. Officers obtain new insurance documents annually.		Green	Claire Hudson
C4/04 Trade Waste	IA 13/14 124 The Council's policy on Complaints (May 2012) states that "We will record all complaints on a central complaints database". However, contact details of the Technical Officer are noted on the Waste Transfer Note and consequently complaints are received direct.	Aug 2014	Waste Management	All complaints, bothe commercial and domestic, are now being directed to customer services in line with the complaints policy.		Green	Paul Florentine
C4/04 Trade Waste	IA 13/14 125 Cash receipting transactions relating to trade waste sack sales were not in line with sales invoicing transactions, in that an element of the full sale price had been treated as VAT in the accounts; this amounting to some £450 in 2013/14.	Mar 2014	Financial Management	Completed. VAT has been recovered.		Green	Nicola Chick