

**WAVERLEY BOROUGH COUNCIL**

**AUDIT COMMITTEE - 19/11/2014**

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**Title:**

**PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT  
RECOMMENDATIONS**

**[Wards Affected: All]**

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**Summary and purpose:**

To inform the Audit Committee of Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their service areas. This report will enable the Committee to consider what action is required in respect of those that are overdue or appear likely to be implemented later than the target date.

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**How this report relates to the Council's Corporate Priorities:**

Internal Audit work contributes to the safeguarding of assets against loss and waste and for identifying other value or money issues.

**Financial Implications:**

Internal audit work helps management in achieving good value for money and, individual recommendations may have value for money implications.

**Legal Implications:**

There are no direct legal implications, although good governance is strengthened by attention to the matters raised in audit recommendations.

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**Introduction**

1. This report provides the Audit Committee with the latest position regarding the implementation of Internal Audit recommendations.
2. Annexe 1 provides the current position on recommendations due for completion by 31<sup>st</sup> December 2014.
3. Progress update, as requested by the September 2014 Audit Committee, on the recommendations raised by the External Auditors Grant Thornton in their Audit Findings Report is attached in Annexe 2.

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**Conclusion**

4. Recommendations relate to the control environment and hence the overall governance and risk management of the Council, and it is important that agreed actions are completed within timeframes agreed with the relevant Head of Service.

5. Progress has been made on the recommendations raised by the External Auditors, Grant Thornton.

### **Recommendation**

It is recommended that the Committee

1. considers the information contained in Annexe 1 and identifies any action it wishes to be taken; and
  2. notes the progress made on the recommendations raised by the External Auditors, Grant Thornton
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### **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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# ANNEXE 1



## Audit Recommendations overdue or due within next month

Generated on: 06 November 2014



Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

### Head of Service Evans, Matthew


<b>Action Code &amp; Description</b>	IA15/02.003 Overall Annual Business Value	The council must ensure that checks are made to ensure that a prospective contractor's overall annual business from the Council's contracts does not go over 35%. This could be achieved by including the requirement to notify the Council if a breach is to occur a condition of the contract. Alternatively, the contractors could be asked to complete a self-declaration to the Council which would give their total annual income.	<b>Exit Meeting Date</b>	22-Aug-2014
			<b>Due Date</b>	28-Nov-2014
<b>Audit Report Code and Description</b>		IA15/02 Planning - Procurement of Specialist Services		
<b>Agreed Action</b>		Noted and requirement to be placed in pro-forma letter.		
<b>Status</b>		In Progress	<b>Progress</b>	80%
			<b>Head of Service</b>	Matthew Evans
<b>All Notes</b>	Instruction has been given to update our standard contracts to ensure that this requirement is met. This will be completed by the target.			05-Nov-2014

### Head of Service Mills, Kelvin


<b>Action Code &amp; Description</b>	IA15/01.001 Storage of Cards	To ensure that fuel cards are not held in Council vehicles overnight, the Council should consider the methods available to ensure that fuel cards are held in a secure location. Preferably fuel cards should be kept in a locked safe/drawer when not in use.	<b>Exit Meeting Date</b>	28-Jul-2014
			<b>Due Date</b>	31-Dec-2014
<b>Audit Report Code and Description</b>		IA15/01 Fuel Cards		
<b>Agreed Action</b>		I feel the vehicle is the most appropriate place, particularly with the ranger service due to their role travelling through borough. System will be updated to 'hide' the card from view.		
<b>Status</b>		In Progress	<b>Progress</b>	90%
			<b>Head of Service</b>	Kelvin Mills
<b>All Notes</b>	A secure place has been identified in 3 of the 5 vehicles and has been implemented by the ranger service.			05-Nov-2014
	A system of safe storage has been identified and an order will be placed for the necessary equipment.			28-Aug-2014


	Meetings have taken place to ascertain the most appropriate place to store fuel cards. It is felt operationally that storage within the vehicle remains the best option. The Senior Ranger is exploring secure/hidden ways of achieving this.				14-Aug-2014	
<b>Action Code &amp; Description</b>	IA15/01.003 Tender Review	The Council should review and tender the Sainsbury's contract to ensure that the Council is receiving value for money.		<b>Exit Meeting Date</b>	28-Jul-2014	
				<b>Due Date</b>	31-Dec-2014	
<b>Audit Report Code and Description</b>		IA15/01 Fuel Cards				
<b>Agreed Action</b>		Head of Community Service and major projects raised the question whether this should be actioned by countryside or customer services. Audit can confirm that the Procurement and Improvement Officer is happy to be involved in this but ownership should be held with Countryside service as the majority of usage relates to that service and the original procurer of the card.				
<b>Status</b>		In Progress	<b>Progress</b>	20%	<b>Head of Service</b>	Kelvin Mills
<b>All Notes</b>	Now that confirmation has been received who should lead this tender review. A meeting has been arranged with the Procurement and Improvement Officer to define the best approach and the appropriate way forward. Following this meeting we will be able to confirm the timelines involved and whether the current Due Date is accurate.				05-Nov-2014	
<b>Action Code &amp; Description</b>	IA15/01.005 Corporate Procedures	The Council should produce a set of corporate procedures which outline: <ul style="list-style-type: none"> <li>. The process for identifying the need for additional fuel cards, authorisation process of additional/new cards, and application process.</li> <li>. The steps involved in obtaining, using and returning fuel cards securely.</li> <li>. The responsibility of the drivers' to ensure that the fuel cards are held securely (and not left in the vehicle).</li> <li>. A form of statement for the drivers to sign which confirms their understanding of the procedures.</li> <li>. Administration records, reconciliation controls and exception monitoring processes.</li> <li>. Regular trend analysis monitoring and reporting to the Head of Operational Services A year end process of checking that all fuel cards are still valid and needed to be held by the Council.</li> </ul>		<b>Exit Meeting Date</b>	28-Jul-2014	
				<b>Due Date</b>	31-Dec-2014	
<b>Audit Report Code and Description</b>		IA15/01 Fuel Cards				
<b>Agreed Action</b>		Do not agree with the high categorisation due to the number of vehicles and the amounts involved. However agree with the recommendation see point 1.1 to be included in appraisal.				
<b>Status</b>		In Progress	<b>Progress</b>	85%	<b>Head of Service</b>	Kelvin Mills
<b>All Notes</b>	Only the documentation of procedures and processes need to be completed and this is be achieved within the due date.				05-Nov-2014	
	System is now in operation awaiting returned signed copies accepting new process from some of the Ranger Team, once annual leave period is over this will be completed.				28-Aug-2014	
	A new system for reconciliation has been implemented by the Countryside service to ensure receipts and claims are monitored, storage of cards is being reviewed.				14-Aug-2014	

## Head of Service Standing, Roger


<b>Action Code &amp; Description</b>	IA14/01.005 Guidance documented	Management should ensure that guidance on site design using the SharePoint Central Administration site is documented and made available to all appropriate staff i.e. those with systems administrator and design responsibilities. A review and update schedule should be defined.	<b>Exit Meeting Date</b>	02-Jun-2014
			<b>Due Date</b>	31-Dec-2014
<b>Audit Report Code and Description</b>		IA14/01 Sharepoint		
<b>Agreed Action</b>		Still to recruit to post so, bedding in period required after appointment, hence 6 months to implementation date.		
<b>Status</b>		In Progress	<b>Progress</b>	70%
		<b>Head of Service</b>	Roger Standing	
<b>All Notes</b>	Guidance draft and will be implemented by target date.			06-Nov-2014


## Head of Service Vickers, Peter


<b>Action Code &amp; Description</b>	IA14/18.004 Attachments applied to Debtors Account	It should be investigated whether it is possible to attach e-mail correspondence directly to a debtor's account on the Agresso system.	<b>Exit Meeting Date</b>	18-Feb-2014
			<b>Due Date</b>	31-Dec-2014
<b>Audit Report Code and Description</b>		IA14/18 Sundry Debtors		
<b>Agreed Action</b>		Will explore when Agresso Representative comes in on June 2014.		
<b>Status</b>		In Progress	<b>Progress</b>	0%
		<b>Head of Service</b>	Peter Vickers	
<b>All Notes</b>	Agresso consultant due on site 19/20 November 2014 this will be part of the work detail.			21-Oct-2014
	This required input from Agresso (Software supplier) who was intending to visit in June now rescheduled for later in the year.			27-Aug-2014
	Will be actioned in June 2014			29-May-2014

<b>Action Code &amp; Description</b>	IA14/18.005 Financial Regulations	The Financial Regulations need to be amended to reflect the restructure and the job title changes that have happened at the Council. A review should also be completed to confirm that the documents still reflect the current practice of the Council and that the authorisation limits are still appropriate. A review of the authorisation limits and the staff completing the authorisation should be reviewed to ensure that this still reflects the current practice of the Council.	<b>Exit Meeting Date</b>	18-Feb-2014
			<b>Due Date</b>	15-Dec-2014
<b>Audit Report Code and Description</b>		IA14/18 Sundry Debtors		
<b>Agreed Action</b>		To review and report to July Council Meeting		
<b>Status</b>		In Progress	<b>Progress</b>	80%
		<b>Head of Service</b>	Peter Vickers	
<b>All Notes</b>	Finance regulations have been updated and ready to go to Audit Committee and Council			21-Oct-2014

**Head of Service** Wagstaff, Hugh

<b>Action Code &amp; Description</b>	IA15/03.004 Component Lifetimes	Component lifetimes for property elements must be consistently recorded within the Keystone database. In this respect extract exception reports must be produced from the Keystone system and reviewed to identify component lifetimes that are incorrectly recorded.	<b>Exit Meeting Date</b>	29-Aug-2014
			<b>Due Date</b>	24-Dec-2014
<b>Audit Report Code and Description</b>		IA15/03 Housing Keystone Asset Management Database		
<b>Agreed Action</b>		Decent Homes Component lifetimes will be clearly defined on the guide provided to the auditor during the review to ensure that they mirror the decent home years. Agreed		
<b>Status</b>		In Progress	<b>Progress</b>	50%
<b>Head of Service</b>	Hugh Wagstaff			
<b>All Notes</b>				

<b>Action Code &amp; Description</b>	IA15/03.005 Reconciliations	Routine reconciliations (quarterly) should be undertaken between the Housing Management Database (Orchard) and the stock condition database (Keystone). These reconciliations must provide assurances that property acquisitions, disposals have been accurately updated on Keystone and that overall property numbers and profiles agree. Evidence of this reconciliation must be retained and signed off by the Asset and Information Team Manager.	<b>Exit Meeting Date</b>	29-Aug-2014
			<b>Due Date</b>	24-Dec-2014
<b>Audit Report Code and Description</b>		IA15/03 Housing Keystone Asset Management Database		
<b>Agreed Action</b>		This will be completed quarterly.		
<b>Status</b>		In Progress	<b>Progress</b>	25%
<b>Head of Service</b>	Hugh Wagstaff			
<b>All Notes</b>				

<b>Action Code &amp; Description</b>	IA15/03.006 Procedures	Detailed written procedures are required to prescribe the processes and controls intended to maintain the completeness and accuracy of the keystone database and those officers responsible for their implementation In particular these procedures must define those daily/ weekly/ monthly / quarterly processes for capturing material changes in stock condition as a result of i) response maintenance or on-going stock condition surveys; ii) cyclical or planned works; iii) Disposals, RTB's or acquisition of new properties All process should be diarised and recorded on a schedule that is routinely monitored by the Asset and Information Team Manager	<b>Exit Meeting Date</b>	29-Aug-2014
			<b>Due Date</b>	24-Dec-2014
<b>Audit Report Code and Description</b>		IA15/03 Housing Keystone Asset Management Database		
<b>Agreed Action</b>		Agreed		
<b>Status</b>		In Progress	<b>Progress</b>	75%
<b>Head of Service</b>	Hugh Wagstaff			
<b>All Notes</b>				

Rec No	Recommendation	Priority	Management Response	Implementation date and responsibility	Update/outcome
1	<p>Management should review domain-level accounts that have elevated privileges to the network to ensure that the permissions are necessary. Management should be reminded that administrative privileges to the network should be kept to a minimum, but which also reflect the needs of the business to ensure that IT operations can be delivered effectively.</p>	Medium	Agreed – This review has been undertaken	Completed – Linda Frame IT Lead Officer	<p>Completed -Management has recently completed a review of all of Waverley Borough Councils active directory accounts with administrator privileges and removed all those that were not required for the effective delivery of their IT services. They will continue to ensure that accounts are only elevated to administrator privileges if necessary.</p> <p>With regard to ‘guest administrator’, the account would be disabled and only enabled if we need emergency support from a trusted individual. Once situation has been resolved the account would be disabled again.</p>
2	<p>Where possible, management should consider either:</p> <ul style="list-style-type: none"> <li>• transferring the responsibility of administering security within Agresso and iTrent to specific IT system administrators who do not perform financial reporting or</li> </ul>	Medium	Agreed. The Head of Finance will undertake a risk assessment and then consider any action necessary, balancing the need to ensure sound segregation of duties	October 2014 – Peter Vickers Head of Finance	Agresso and iTrent are specific technical systems to finance and payroll. It is necessary for systems administrators to hold detailed knowledge of these systems, and not practicable for IT to

	<p>end – user processes or controls. All security administration rights within Agresso and iTrent granted to personnel performing financial reporting and end-user processes and controls should be revoked;</p> <ul style="list-style-type: none"> <li>Implementing a formal/documented monitoring process designed to detect misuse of administrative functionality by personnel responsible for performing financial reporting and end-user processes or controls.</li> </ul>		<p>with recognition of the size of team and limited spread of expertise in these key areas.</p>		<p>undertake as general administration. Both teams are small in number and therefore division of and segregation of duties is not entirely practicable. To mitigate risk, all key accounts such as bank, payroll and supplier are fully reconciled and management reviewed. Any changes to individual access rights on Agresso are emailed as confirmation to the user. Audit trails, supplier detail changes, journals, and user access information is reviewed by the head of finance quarterly.</p>
3.	<p>We recommend that the council regularly reviews the aged-debtor listing and takes action to write-off uncollectable debt once it has been identified as being uncollectable to improve the accuracy of its accounting information.</p>	Low	<p>Agreed – Significant number of write offs approved by Executive 2 September – this should be completed quarterly in future.</p>	<p>September 2014 – Peter Vickers Head of Finance</p>	<p>Write off process has been held up by the unfortunate sudden ill health of a staff member. The chief accountant is reviewing the procedure for scrutinising write off debt proposals to speed up the flow of information.</p>
4.	<p>We recommend that the Council takes a draft Annual Governance Statement to the March and June Audit Committees to allow management and Members full sight and comment on the draft as it is formed, as well as the September</p>		<p>The draft AGS will be considered at the June Audit Committee meeting in future with final sign off at the September meeting.</p>	<p>May 2015 – Peter Vickers Head of Finance and Robin Pellow, Monitoring Office and Returning Officer</p>	<p>The AGS will be incorporated into the Annual accounts closure timetable for 2014/15 closure programme ensuring that it becomes an integral action within</p>



	Audit Committee for approval and sign-off.				the project and effected much earlier in the year.
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