



Summary of Internal Audit Reports Issued to Date

Agenda Item

REPORT OF DAP Partnership Manager
To: Audit & Governance Committee
Subject: Audit Reports Issued to Date
Date: 12th June 2018

Reference:

PURPOSE OF REPORT: To provide a summary of the audit reports issued to date to enable members to discuss any matters they wish to raise.

1. INTRODUCTION

The Audit & Governance Committee requested a regular summary of the audit reports issued to ensure there is opportunity to raise any queries on those reports.

Where possible Members are encouraged to raise any significant concerns with the Service Improvement Officer at the time of issue of the report, however this report gives the opportunity for Members as a group to discuss any related matters.

This committee report covers the audit reports issued to date and not previously reported.

2. REPORT

A summary of those reports issued to date and not included in previous committee reports is included at Appendix A.

There are seven audits to be reported upon:

- Housing Benefits
- Payroll
- Cyber Security – End User Controls
- Health & Safety
- Key Performance Indicators
- Cemeteries
- Risk Management

3. IMPLICATIONS

Legal Implications

None.

Financial Implications

None.

Human Resources Implications

None.

Sustainability Implications

None.

Equality/Diversity

None.

Risk Management

The two key outcomes from an audit are the opinion on the audit subject, which indicates the level of assurance that members can take, and the agreed actions to strengthen the control framework. Any agreed actions are evaluated against the corporate risk matrix and the audit reports include those risks that are medium or high. Low risk or housekeeping matters are reported separately and directly to management for them to manage. Progress with implementing actions is reported to the Head of Paid Service (or Senior Management Team) and to the Audit & Governance committee on a quarterly basis.

Compliance with Policies and Strategies

This report complies with the Audit & Governance Committee terms of reference and the Audit Procedures Manual.

Ward Member and Leader Member Views

Councillor Philip Hackett, Chair of Audit & Governance, commented “*The Internal Audits Reports contribute to the Council’s robust governance arrangements.*”

4. CONCLUSIONS

Seven reports have been issued since the meeting in February. The opinion for these audits at the time of publication was:

Opinion	Audit
‘Good’ (which means minimal risks identified)	Benefits; Payroll
‘Satisfactory’ (which means some risks identified; some changes should be made)	Cyber Security (End User Controls); KPIs; Cemeteries; Risk Management
‘Marginal/Satisfactory’ (which means a number of risks have been identified)	Health & Safety

Opinions range from: Good; Satisfactory; Satisfactory/Good; Satisfactory / Marginal; Marginal / Satisfactory; Marginal; Unsatisfactory; and, Unsound.

5. RECOMMENDATIONS

Committee are asked to:

Note the report issued in this reporting period and raise any queries, suggestions or proposals relating to the seven internal audits in this report.

SUPPORTING INFORMATION

Consultations: Officer - Jenny Wallace; Steve Hearse; Jamie Hollis
 Councillors - Philip Hackett
 Contact Officer: Chris Dobbs
 Background Papers: Audit files

Benefits – Good (12/13 controls were effective at the time of publishing)

Previous Audit Opinion (February 2017) – Good 12/13 controls were effective at the time of publishing)

Background

Housing Benefit (HB) is a means tested social security benefit defined in law to help people pay their rent. The Department for Work and Pensions (DWP) sets HB rates, policy and rules, but the payment of benefits is administered by Local Authorities. The DWP then pay the Authority a subsidy to cover the expenditure but only provided it has been properly administered. The external auditors Grant Thornton are required to independently review the administration controls that support the subsidy calculations but any control issues identified may impact on the subsidy paid to the Authority.

Council Tax Benefit (CTB) was abolished with effect from 31st March 2013 by the Welfare Reform Act 2012. It has been replaced in the main by a locally set Council Tax Support Scheme (CTS). The Scheme was approved by Council on 26th November 2012 and amended the previous CTB as follows:

- Limit Liability to 75%
- Limit Capital cut off threshold to £6,000 (previously £16,000)
- Abolish Second Adult Rebate
- Restrict council tax liability to a maximum liability of a Band D property
- Introduce an Exceptional Hardship Fund with a Policy for its use and administration.

This scheme has rolled forward each year with increments to the Applicable Amounts to align with the HB scheme. The Pensioner CTS scheme is nationally set by Central Government and mirrors the previous CTB.

The main aim and objectives of the service is to pay the correct level of benefit / support to the right person at the right time. A further aim is to investigate and prevent fraud.

Opinion

Overall we found that 11 controls were good and 2 were satisfactory. Controls can be strengthened for payment arrangements in the event of a disaster and to verify that data back up records can be restored effectively if they are required. These are outside of the immediate control of Customer Services and will require support from Finance and ICT to improve the controls. Spot checking of assessors work is not as effective or comprehensive as previously found as the Monitoring Officer has been responsible for training new assessors and does not have capacity for regular reviews at present. Whilst some cross checking is done by other assessors and the Team Leader, limited resources mean that this is not likely to be as effective a control for some months to come.

Management Response

Customer Support Manager - This is another positive audit of a critical service and is testament to the hard work of the team. This is set against a background of ongoing welfare reform, the delayed introduction of `full service` Universal Credit and vacancy management.

See following page for control table:



Summary of Internal Audit Reports Issued to Date

Benefits - SUMMARY OF MAIN FINDINGS IN RESPECT OF KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

KEY CONTROL	SUMMARY OF FINDINGS	Jan 18	Feb 18
C1. The computer system accurately calculates the benefit / support payable and parameters have been correctly set	Statutory and discretionary HB/CTS system parameters had been input and independently checked in a timely way. The test system was used to ensure potential issues were identified and mitigated. The system generates an event log of parameter changes.	G	G
C2. All applications awaiting further information or action are monitored to ensure none have been left outstanding or unresolved	The Benefits Team Leader monitors pending claims reports and takes appropriate action where deemed necessary.	G	G
C3. Reconciliation of council tax scheme amounts to the Council Tax system and rent allowances to the payments made are complete and up to date	Monthly reconciliations ensure HB and CTS payments and discounts post correctly between systems. A year end journal ensures Hostel Rents are posted to the general ledger.	G	G
C4. Calculations are checked periodically by an independent person to ensure both accuracy and adequate verification has been obtained.	The Monitoring Officer previously checked a sample of all officers' claims; however focus this year has been on checking the trainee officers' work. Checks are carried out by another assessor when a payment exceeds £1k, and the Team Leader checks all overpayments. This could be improved, once the trainees require less monitoring, but resources are currently limited.	G	G
C5. IT system is secure and backed up at all times. Records are secure.	There is offsite server back up and back up to Hard Disk Drive. The quality of the data on the HDD has not been verified with a test restore. In the event of a virus or ransom-ware attack the HDD may be vital for prompt restoration of the system.	A	G
C6. Satisfactory business continuity plan in place in the event of an IT failure / disaster	The BCP covers processing of claims in an emergency; however, making HB payments to landlords through BACS requires attention following the change of bank.	A	A
C7. All claims are supported by relevant claim form, supporting documentation and correspondence	Sample testing of 20 claims found that assessments were supported by all the relevant documentation.	G	G
C8. Claim details have been correctly input to the system so that benefit / support is correctly & promptly calculated. (All types: UC, IS, JSA, Tax Credit, income, self-employed, ESA, GC)	Claim input was found to be accurate and promptly calculated.	G	G
C9. Overpayments are promptly identified, and recovery action taken.	Appropriate recovery action has been taken on overpayments created in the year.	G	G
C10. Effective investigation methods are in place to ensure frauds & irregularities are identified, investigated & appropriate action taken.	Application design discourages fraudulent claims, and fraud information provided to the DWP is adequate and timely.	G	G
C11. Payments are regularly reconciled to GL	Monthly reconciliations are carried out by experienced system administrators. A printed copy is signed and dated and supporting records held.	G	G
C12. Access to the system is restricted to relevant officers and enforces adequate separation of duty	Password controls were effective for the Academy system. Account restrictions are applied where conflicts of interest exist.	G	G
C13. Overpayments and backdated cases are properly coded to ensure the subsidy claim will be correct	Testing of a sample of overpayments found that all had been classified correctly. These are monitored daily by the Team Leader.	G	G



Summary of Internal Audit Reports Issued to Date

Payroll – Good (9/10 controls were effective at the time of publishing)

Previous Audit Opinion (February 2017) – Good (10/10 controls were effective at the time of publishing)

Background

The Authority's Payroll process is designed to pay employees, members and a small number of pensioners inherited from the five former district Authorities that merged in April 1974 to form the current Torrige District Council. The Authority also offers its payroll service to Parish Councils as a method of paying their clerks.

The Human Resources team is responsible for maintaining accurate personnel records relating to staff employed by the Authority. An off the shelf software package called Sage is used for this, which was introduced in July 2008.

The Exchequer team are responsible for updating and maintaining payroll data. The Bond Teamspirit software system is used for this. The System was implemented in April 2014, is hosted by North Devon Council and accessed by Torrige via a secure dedicated line.

The Human Resources and Exchequer teams work closely together and payroll information is only added or amended following a formal instruction.

The main aims of the payroll service are to pay the correct people the correct amounts at the correct time.

Opinion

The audit has found that nine of the ten risks considered are now being mitigated effectively. Improvements have already been instigated with regard to records of Authorised signatories and with the processing of leavers. Further work on compliance with the new Data Protection Regulations is planned.

Management Response

Finance Manager - The findings of the audit are noted and where appropriate corrective action will be undertaken

HR Manager - I am pleased with the audit findings regarding the sickness procedure and related documentation. The findings regarding Leavers processes have been taken on board and the recommendations have been addressed.

See following page for control table:



Summary of Internal Audit Reports Issued to Date

Payroll - SUMMARY OF MAIN FINDINGS RE KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

RISK AREA	SUMMARY OF FINDINGS	Jan 2018	Feb 2018
R1. Fraudulent payments to ghost employees.	Checks and balances were found which reduce the risk of ghost employees being set up. Separation of duties throughout the process and the requirement for all posts to be approved by the Head of Paid Service contribute to this.	G	G
R2. Payments to incorrect individuals.	Experienced staff are used to set up employee payments and the details are then checked by up to two independent officers before payments begin. Signatory records can be improved.	A	G
R3. Payments for incorrect amounts.	Employee salary levels are set up on the payroll system based on information provided by the HR team. All changes to payroll data are subject to validation by an independent officer.	G	G
R4. Employee hardship as a result of late/non payments.	Payments were found to be timely with new starters set up promptly, timesheet data entered promptly and payroll runs occurring on schedule each month.	G	G
R5. Incorrect statutory deductions resulting in financial penalty.	System parameters relating to Pay As You Earn deductions were found to match those as published on the Government website.	G	G
R6. Inability to produce statutory returns or other key documentation such as P11D, P60.	Specialist payroll software is used to ensure the necessary returns can be produced. This includes Bond Team Spirit and Tax Shield. Data for these systems is securely and regularly backed up.	G	G
R7. Financial penalties resulting from a data breach.	Both Torridge and North Devon Council (who host the payroll system) have layers of security reducing the risk of unauthorised access from inside or outside of the network.	G	G
R8. Inefficient use of resources.	Due to the nature of the system and the need to ensure probity it is necessary to have a wide range of checks and balances in place which invariably involves multiple officers. This can be resource intensive, however we did not identify any inefficiencies within the areas examined.	G	G
R9. Material misstatements within the Accounts.	Accounting codes used are appropriate and reasonable. There are periodic reconciliations between the payroll system and general ledger to ensure postings are accurate.	G	G
R10. Reputational damage to the Authority, e.g. as a result of fraud or data breach	Effective actions are used to reduce opportunities for fraud thereby helping to protect the reputation of the Authority. IT Security around leavers should be improved.	A	A



Summary of Internal Audit Reports Issued to Date

ICT End User Controls – Satisfactory (3/4 controls were effective at the time of publishing)

No Previous Audit Opinion

Background

The proliferation of the use of malware, and particularly ransomware, is merely a reflection of the ever increasing reliance upon information technology and use of logical data assets. The greater the opportunities, the greater the number of those wishing to exploit those opportunities. Almost all of the logical information, particularly personal information, has a financial value and Cyber-crime can be conducted from anywhere in the world.

Current Government and ICT industry initiatives have raised the profile of cyber and the risks associated with what represents a broad and ever evolving area of risk. The subject of Cyber Security continues to receive ever increasing exposure from the Government and mainstream media alike. Examples, such as the impact that the "Wanna Cry" ransomware attack had on the NHS, not only serve as a reminder of the impact that a cyber-attack can have on an organisation, but also the value of baseline good practice.

HM Government's "Cyber Essentials Scheme" forms a baseline for the basic technical controls that organisations implement to mitigate the risk from common internet based threats. The "10 Steps to Cyber Security (Ten Steps)" guidance was launched in 2012 and further updated in January 2015 and provides a more comprehensive organisational approach to cyber security. Having already assessed the Council's ability to protect the corporate network and logical information assets against cyber threats using the Cyber Essentials Scheme, this audit concentrates on the non-technical elements contained within the Ten Steps framework.

Cyber (Security) can be considered to be a body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorised access.

Opinion

This high level review has found that 18 of the 28 controls reviewed were considered effective. A limited number of remedial actions can provide tangible improvements to the remaining 10 controls. Note that multiple control weaknesses will be addressed by a limited number of key actions.

Management Response

ICT Operational Manager - I agree with the findings of this audit. We have agreed a number of actions to address the issues identified by the auditor and to ensure that we have robust controls in place in this key area.

See following page for control table:



Summary of Internal Audit Reports Issued to Date

ICT End User Controls - SUMMARY OF MAIN FINDINGS IN RESPECT OF KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

SUMMARY OF FINDINGS		Dec 2017	Mar 2018
KEY CONTROL			
<p>1. User Education & Awareness - Users have a critical role to play in their organisation's security and so it's important that security rules, and the technology provided, enable users to do their job as well as help keep the organisation secure.</p>	<p>Improvements are needed in this crucial area. Both policy documentation and user guidance is in need of review and update in order to better mitigate the risks posed by poor user practice.</p> <p>The end user becomes a potential security risk from day one of their employment within any organisation and there has not been a corporate induction in eighteen months. The need to improve the user guidance made available to staff and, the lack of a strong information governance culture, create clear control weaknesses.</p> <p>Opportunities to remedy the current position revolve around the creation of better user awareness through stronger information security induction and the introduction of clear user guidance. These opportunities do not require significant investment, although the further development of online tools could further aid both the user awareness process and consent management.</p>		
<p>2. Incident Management (Security) - All incidents are managed effectively, particularly those serious enough to warrant invoking the organisation's business continuity or disaster recovery plans.</p>	<p>There is little recent evidence upon which to base the audit opinion in respect of major security incidents. However, the malware attack upon the Council in May 2015 ransomware attack provides assurance that the identification, response and review process in place is effective.</p> <p>The level of overall risk to the Council is heightened due to reliance upon a limited number of key ICT staff in the event of a major incident. This has been further exaggerated by the current absence of a senior manager to provide leadership and additional knowledge within the ICT Department.</p> <p>Low level incidents are effectively managed via the Service Desk, with a good knowledgebase having been created within the 'Heat' Service Desk Solution. The ability to respond effectively to a Major Incident would be strengthened by creating appropriate procedures and advice within 'Heat'.</p>		
<p>3. Home & Mobile Working - Mobile working and remote system access offers great business benefits but exposes new risks that need to be managed. The organisation should establish risk based policies and procedures that support mobile working or remote access to systems that are applicable to users, as well as service providers.</p>	<p>This area is generally well controlled, with good technical controls in place and an effective device handover process that highlights both good and bad practice to mobile workers. Formal clarification of policy requirements would further strengthen this area.</p>		



Summary of Internal Audit Reports Issued to Date

<p>4. Removable Media Controls - Removable media provide a common route for the introduction of malware and the accidental or deliberate export of sensitive data. The organisation should be clear about the business need to use removable media and apply appropriate security controls to its use.</p>	<p>Whilst there is little in the way of effective policy or procedural documentation in this area, the technical controls in place provide a high level of assurance that only approved devices can be connected to end user computers. The clarification of the technical requirements for safeguarding the network from the unauthorised connection of devices within a formal policy would further strengthen assurance in this area.</p>		
--	--	--	--

Health & Safety – Marginal/Satisfactory (4/8 controls were effective at the time of publishing)

Previous Audit Opinion (February 2012) – Good (7/8 controls were effective at the time of publishing)

Background

Torridge District Council provides many and varied services to the population which it serves. In common with any other multifaceted businesses there will be some operations which by their very nature will be potentially more dangerous than others. Health & Safety legislation is very comprehensive and serious breaches may render the Council liable for fines, adverse publicity and in extreme circumstances prosecution for corporate manslaughter.

It is therefore essential that the Council has robust Health & Safety policies which will reduce the possibility of death or serious injury not only to its own staff but also to visitors to Council premises. The policies need to be appropriate to the level of risk identified.

As Health and Safety is a diverse and sometimes specialist area, the scope of the current audit has been restricted to providing assurance on the overall framework, i.e. the systems and processes that the Authority has in place to manage and respond to risks relating to Health and Safety. A limited amount of testing has also been carried out to ensure appropriate records of health and safety activities are being retained by those service areas deemed to operate in the most hazardous environments.

The audit is not intended as a substitute for any statutory or specialist Health and Safety inspections that may be required under current legislation.

Opinion

The audit has found that four of the eight controls tested were working effectively. Improvements can be made with regard to ensuring sufficient resources are available to fulfil.

Management Response

Regulatory Services Manager - Audit findings noted and accepted.

See following page for control table:



Summary of Internal Audit Reports Issued to Date

H&S - SUMMARY OF MAIN FINDINGS IN RESPECT OF KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

KEY CONTROL	SUMMARY OF FINDINGS	Jan 18	Mar 18
C1. The Authority has an established Health and Safety policy.	A policy statement and extensive sub policies are in place and published. All are now overdue for review and refresh.	A	A
C2. A competent person has been nominated to manage Health and Safety matters within the Authority.	The Authority has a nominated Health and Safety Advisor, however due to the number of hours allocated to the role having reduced significantly and the officer's need to focus on his second unrelated role, this has left a resourcing gap which has resulted in key central Health and Safety activities not being maintained.	A	A
C3. Appropriate Risk Assessments are in place.	A risk assessment policy is in place and examples were seen of risk assessments from the Waste and Recycling service along with those provided by contractors.	G	G
C4. Workplaces and premises are reviewed and inspected and actions taken to manage risks identified.	A range of Health and Safety related workplace inspections take place. Many, but not all, were found to be up to date.	A	A
C5. Appropriate training has been undertaken and kept up to date by relevant officers.	Training begins with induction and is developed in accordance with the needs of the role. A reasonable budget has been allocated and all Operational Management Team members have recently attended a multi day IOSH course.	G	G
C6. Procedures have been established for Accident and Incident Reporting.	Procedures are in place but are overdue for review and update. Records such as accident reporting forms and the summary sheet could be improved by ensuring they are fully completed.	A	A
C7. Risk registers are in place	Each service area has an operational risk register. The Corporate Risk Register includes entries with a Health and Safety aspect.	G	G
C8. Health and Safety arrangements cover contractors as well as direct employees.	Health and Safety arrangements are integral to the tendering process for new contracts. Evidence was seen of ongoing H&S monitoring for an existing major contract (Leisure centres).	G	G



Summary of Internal Audit Reports Issued to Date

KPIs – Satisfactory (5/7 controls were effective at the time of publishing)

No Previous Audit Opinion

Background

Each year targets are agreed for the Council's Key Performance Indicators and progress is reported to Members via the Quarterly Business Reports. The measures are also used to compare the Council's performance with other similar authorities.

For this audit we were asked to review the collection methods and validate a selection of 7 key performance indicators:

- LE546 – End to end times for Disabled Facilities Grants (DFG's);
- BV012 – Average number of sickness days per employee;
- LE600b – Average number of Full Time Equivalent Posts;
- NI191 – Residual Household Waste
- NI192 – % of household waste recycled;
- LE821 - Fly tipping incidents and number of fly tipping enforcement actions;
- LE252 - % of One Stop enquiries.

Opinion

The audit has found that five of the seven indicators tested were reliable. Improvements can be made with regard to ensuring that source data is accurate and reliable and ensuring that data entry is carried out accurately.

Management Response

Governance Manager - I am pleased that the audit findings have given confidence in the way these key PI's are being collated and reported. The minor data corrections will be made and these will be investigated to avoid in the future.

We welcome the suggestions for improvement which will be reviewed and where appropriate implemented.

See following page for control table:



Summary of Internal Audit Reports Issued to Date

KPIs - SUMMARY OF MAIN FINDINGS IN RESPECT OF KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

Performance Indicator	SUMMARY OF FINDINGS	Jan 2018	Mar 2018
LE546 – E2E Times for DFG's	The methodology appears reasonable however changes to the way in which the data is reported could present it more favourably.	G	G
LE600b – Average number of FTE's	The methodology appears reasonable however the reliability of source data needs to be improved.	A	A
BV012 - Sickness	The methodology appears reasonable. Accuracy is dependant on FTE figures however these have been reported as an issue separately above.	G	G
NI191 – Residual Household Waste Per Household	The process is generally robust and well defined, however some errors in the data were identified.	A	A
NI192 – Percentage of Household Waste Sent for Recycling	The process is considered robust and well defined. No errors were noted in our limited testing.	G	G
LE821 – Fly Tipping	Supporting records were retained and were agreed to SPAR.net. Cumbersome process for collating statistics could introduce errors which would go undetected.	G	G
LE252 – One Stop	The process appears reasonable and CS staff demonstrated a good understanding of what constitutes a 'one-stop' resolution.	G	G



Summary of Internal Audit Reports Issued to Date

Cemeteries – Satisfactory (7/9 controls were effective at the time of publishing)

Previous Audit Opinion (November 2014) – Satisfactory (6/9 controls were effective at the time of publishing)

Background

Torrige District Council is empowered to be a burial authority as detailed in the Local Government Act, 1972. Statutory regulations for managing and maintaining cemeteries are laid down in The Local Authorities' Cemeteries Order, 1977.

The Cemeteries service at Torrige is responsible for burials and the management and maintenance of the four open cemeteries: Bideford (Higher Cemetery), Torrington (New Street), Holsworthy (Standbury Cross), Northam (Bone Hill); and for maintaining six closed cemeteries across the district. Crematoria Services are run separately, in partnership with North Devon District Council.

The administration activities for cemeteries (maintaining the Register of Graves, maintaining site plans, booking burials and liaising with Undertakers) have been centralised at Caddsdwn Business Centre, reporting to the Property and Contracts Manager.

Grave digging, grave-re-instatement, and grounds maintenance activities have been contracted out as part of the wider grounds maintenance contract. Torrige also employ a part-time caretaker at the Bideford cemetery who lives on-site and reports to the Head of Operational Services.

Opinion

The audit has found that seven of the nine controls tested were working effectively. Improvements can be made with regard to the accuracy of site plans and systems of annotation and system security.

Management Response

Property Manager - The Service is going through a period of change with the relocation of services from Customer Services to Caddsdwn with new staff and software being employed. This also allows the opportunity for streamlining and updating processes and procedures. This clearly, with other staff changes, has meant some issues are not fully up to date but are in hand.

See following page for control table:



Summary of Internal Audit Reports Issued to Date

Cemeteries - SUMMARY OF MAIN FINDINGS IN RESPECT OF KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

KEY CONTROL	SUMMARY OF FINDINGS	Mar 18	Apr 18
C1. The Cemeteries services are operated in accordance with the organisation's approved policies and financial procedure rules; Key employees are appropriately qualified and/or skilled, experienced; Officers and contracted third parties operate in accordance with legislation.	The Property Manager is conversant with key legislation and provides advice and support to other staff as necessary. Third parties such as ISS (Grounds Maintenance) are subject to formal contracts and a Cemeteries Code of Working Practice.	G	G
C2. There is documentary evidence to demonstrate that fees are charged accurately and collected in a timely manner and that fees are reviewed annually and increased as necessary (with approval by Committee).	Fees and charges are reviewed on an annual basis and approved by the Community and Resources Committee. For 2017-18 this occurred on 19/12/16. Fees and charges are published on the Authority's web-site and payment for services is received in advance.	G	G
C3. Income collection and banking are carried out regularly and promptly and arrangements with any third parties are properly monitored (and any debt recovery processes are effectively managed).	Payments are received in advance of the service. Income is promptly banked and posted to the Cemeteries account code in an accurate and timely manner.	G	G
C4. Regular surveys are undertaken to ensure that site plans are current and that all relevant parties are working with up-to-date information	In accordance with the Local Authority Cemeteries Order 1977, detailed plans are held which record the layout of Cemeteries and the plot numbers. One incorrectly named plot and inconsistent use of annotations on working copy maps reduce the overall reliability. The master copy of the maps is not being updated regularly due to software licensing issues.	A	A
C5. All financial records and accounts are updated correctly and reconciled to the GL on a regular basis	The posting of information between financial systems occurs promptly. A record of income received is maintained by staff at Caddsdawn however there is no formal reconciliation. A reconciliation of 2017-18 income by the Accountancy team specifically for this audit found no variances.	G	G
C6. Information and key records are protected from loss, damage or unauthorised access.	Access to both electronic data and paper based records is controlled; however Cemetery Pro access controls were generally weak. Electronic data is subject to regular backups however there was uncertainty regarding whether this included the AutoCAD mapping database. Manual ledgers are unique and any loss would be permanent. They are held in a fireproof safe. There is duplication for more recent burials which are recorded manually and electronically, a source of inefficiency.	A	A
C7. Management information is regularly reviewed in terms of budgetary monitoring and service performance and profitability	The Corporate Property Manager and support Accountant discuss the budget quarterly and address any developing issues. SPAR.net is used to record performance related information such as LE406.	G	G
C8. Premises are regularly checked and maintained to ensure operational effectiveness, general tidiness/respectfulness, and public safety	Grounds maintenance is carried out under contract by ISS, who were appointed from April 2014. Contract monitoring is carried out by members of the Property team. Cemeteries visited during the audit appeared well maintained.	G	G
C9. Business Continuity Plans include natural emergencies which may result in increased death rates and how these may be managed at the cemeteries.	A Business Continuity Plan was in place for the Property and Procurement Service. A key recovery objective is cemetery management in the event of large numbers of deaths.	G	G



Summary of Internal Audit Reports Issued to Date

Risk Management – Satisfactory (5/8 controls were effective at the time of publishing)

Previous Audit Opinion (May 2017) – Satisfactory (6/8 controls were effective at the time of publishing)

Background

The Authority's Risk Management (RM) Strategy defines RM as the process by which risks are identified, assessed, managed and controlled. It is about the way the Council recognizes and plans to deal with the possibility of failing to achieve its corporate and service objectives. It is concerned with identifying the risks, evaluating the impact and likelihood, recording what is in place to mitigate the risks, and if the risks are still too high to take further action to mitigate the risks effectively.

The RM process at service level is the responsibility of each Operational Manager. Operational Managers are required to maintain a risk register which identifies and evaluates the key service risks that are considered unacceptable and require more regular review and closer monitoring. At the strategic level, there is a Corporate Risk Register which is managed through the Risk Management Group, led by the Strategic Manager - Resources who then report to the Senior Management Team (SMT). SMT then review the Corporate Risk Register and conduct horizon scanning in order to identify potential future risks. Corporate Risks are a standing item on the agenda of the Audit & Governance Committee which meets throughout the year. The whole process is governed by the Risk Management Strategy, which has a three year review cycle when it is updated and approved by SMT.

In 2015 the Authority introduced Integrated Business Plans which now include operational risk registers. This was to help embed risk management and ensure risks are considered at key points such as during development of the plans.

Opinion

The audit has found that five of the eight controls tested were working effectively. Improvements can be made with regard to provision of RM training; frequency of RMG meetings; quality and update frequency of risk register information including those covering partnerships and major projects.

Management Response

Strategic Manager (Resources) - It is encouraging to see and note that some improvements and progress have been made since the previous audit, although also a few backward steps. I acknowledge however, that there is still plenty of opportunity to make more significant improvements through better training, awareness and developing simpler processes for the lower level service area risk registers, which can be achieved quite easily during the year.

Four Corporate Risk Management Group meetings have been scheduled for this year with the first having already taken place on 16 April. There is also (just set up) a regional risk management group, which will enable us to learn from how others manager this process and share best practice. I attended the inaugural meeting on 25 April.

See following page for control table:



Summary of Internal Audit Reports Issued to Date

Risk Management - SUMMARY OF MAIN FINDINGS IN RESPECT OF KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

KEY CONTROL	SUMMARY OF FINDINGS	Mar 2018	Apr 2018
C1. There is a risk management strategy and process in place that has been approved and is regularly reviewed.	A RM Strategy and RM Process documents are in place and were last reviewed and approved by Senior Management in June 2015, on a three year cycle.	G	G
C2. The Senior Management Team and Members play an effective role in monitoring risk management arrangements	<p>The Audit and Governance Committee had received periodic reports on Risk Management (RM) and the Corporate Risk Register, A copy of the register had been provided for critical review for 3 of the 5 meetings (per the Agenda packs and minutes).</p> <p>The Strategic Management Team hold discussions on RM at each meeting, including Horizon Scanning. The Risk Management Group have only met two times during the current year, down from five last year.</p>	A	A
C3. The risk management framework is aligned with the Authority's strategic plan and in particular the service business plans and performance management arrangements.	Service risk registers are subsumed into each service area's Integrated Business Plan. The Plans include cross references to strategic goals, especially with regard to overall service objectives and actions (as opposed to the risks). The Plans also include details of both performance measures and risks.	G	G
C4. The risk management strategy and process is communicated to senior staff, and those dealing with risk. A risk owner is assigned to each risk and Risk management training is provided to officers as appropriate.	<p>The Strategy and Process documents had both been updated in June 2015 and are published on the intranet where they are available to all staff. Risk and action owners are assigned to each risk within the Corporate and Service Risk Registers.</p> <p>There has been no formal training on Risk Management since 2014.</p>	A	A
C5. The roles and responsibilities of individuals in managing risk are defined, communicated and understood. There are clear and effective reporting lines for risk management both up and down the organisation.	Roles and responsibilities of members and officers in managing risk are defined in the Authority's Constitution and to a lesser degree the Risk Management Strategy. Corporate risks are monitored by RMG and reported to SMT and the A&G Committee.	G	G
C6. Programme, project and partnership risks are considered as part of day to day service management.	The Authority has limited involvement with partnerships at the present time. Service Risk Registers are used to record relevant entries and mitigating actions, however these entries were not always SMART or up to date. Major projects and contracts have RM as an embedded process and we saw evidence of a detailed and up to date risk log covering one of each of these.	G	G
C7. Risk registers are in place and accurately describe the risk and consequence and show effective mitigating controls.	A Corporate (Strategic) and Service Risk Registers are in place. The format allows for sufficient detail to be captured however some issues remain around the quality and completeness of information, as well as the update frequency of the records.	A	A
C8. There is a defined process for identifying, recording and managing new and emerging risks.	<p>A RM Process document establishes the need to identify, assess, control, review and monitor, risks. The document includes a template for the submission of newly identified risks.</p> <p>In practice, RMG, SMT and the A&G Committee all monitor risks throughout the year and RMG and SMT conduct 'horizon scanning' for new risks that may occur. Operational managers maintain Service Risk Registers.</p>	G	G