

central midlands audit partnership

Derby City Council – Internal Audit Progress Report (Covering the period March 2017 to June 2017) Audit & Accounts Committee: 18th July 2017



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Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

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Derby City Council – Internal Audit Progress Report

Summary

Role of Internal Audit

The Internal Audit Service for Derby City Council is provided by the Central Midlands Audit Partnership (CMAP). The Partnership operates in accordance with standards of best practice applicable to Internal Audit (in particular, the Public Sector Internal Audit Standards – PSIAS). CMAP also adheres to the Internal Audit Charter.

The role of internal audit is to provide independent assurance that the organisation's risk management, governance and internal control processes are operating effectively.

Recommendation Ranking

To help management schedule their efforts to implement our recommendations or their alternative solutions, we have risk assessed each control weakness identified in our audits. For each recommendation a judgment was made on the likelihood of the risk occurring and the potential impact if the risk was to occur. From that risk assessment each recommendation has been given one of the following ratings:

- Critical risk.
- Significant risk.
- Moderate risk.
- Low risk.

These ratings provide managers with an indication of the importance of recommendations as perceived by Audit; they do not form part of the risk management process; nor do they reflect the timeframe within which these recommendations can be addressed. These matters are still for management to determine.

Control Assurance Definitions

Summaries of all audit reports are to be reported to Audit & Accounts Committee together with the management responses as part of Internal Audit's reports to Committee on progress made against the Audit Plan. All audit reviews will contain an overall opinion based on the adequacy of the level of internal control in existence at the time of the audit. This will be graded as either:

- **None** - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Limited** - We are able to offer limited assurance in relation to the areas reviewed and the effectiveness of the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Reasonable** - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Comprehensive** - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

This report rating will be determined by the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks. Any audits that receive

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a None or Limited assurance assessment will be highlighted to the Audit & Accounts Committee in Audit's progress reports.

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Audit Coverage

Progress on Audit Assignments

The following tables provide Audit & Accounts Committee with information on how audit assignments were progressing as at 30th June 2017.

Audit Plan Assignments B/fwd from 2016-17 Plan	Type of Audit	Current Status	%
Independent Living Funds	Systems/Risk Audit	In Progress	75%
Direct Payments - Mental Health	Systems/Risk Audit	Allocated	20%
Looked After Children (LAC) Strategy & Reviews	Systems/Risk Audit	Allocated	40%
Public Health - Pooled Budgets	Systems/Risk Audit	Final Report	100%
Integrated Commissioning	Systems/Risk Audit	Draft Report	95%
Business Intelligence	Systems/Risk Audit	Final Report	100%
Data Quality & Performance 2016-17	Governance & Ethics Review	Draft Report	95%
People Management	Systems/Risk Audit	Draft Report	95%
Main Accounting Systems 2016-17 - Reconciliations	Key Financial System	Draft Report	95%
Treasury Management 2016-17	Key Financial System	Final Report	100%
Fixed Assets	Key Financial System	Fieldwork Complete	80%
Taxation 2016-17	Systems/Risk Audit	In Progress	70%
Procurement Monitoring	Procurement/Contract Audit	In Progress	75%
Procurement Control	Procurement/Contract Audit	In Progress	75%
Capital Contracts	Procurement/Contract Audit	Draft Report	95%
Revenue Contracts	Procurement/Contract Audit	Allocated	15%
Housing Benefits & Council Tax Support 2016-17	Key Financial System	Draft Report	95%
Council Tax 2016-17	Key Financial System	Final Report	100%
NDR 2016-17	Key Financial System	Final Report	100%
Revenues and Benefits System Project	Consultancy/Advice/Emerging Issues	Complete	100%
Payroll 2016-17	Key Financial System	Final Report	100%
ICT Asset Management	IT Audit	Final Report	100%
Income Management (Civica ICON)	IT Audit	Final Report	100%
Refuse Collection & Recycling	Systems/Risk Audit	Fieldwork Complete	80%
Health & Safety	Governance & Ethics Review	Draft Report	95%
Economic Regeneration	Systems/Risk Audit	Reviewed	90%
External Funding	Systems/Risk Audit	Final Report	100%
Property Maintenance	Systems/Risk Audit	In Progress	70%
Highways & Engineering	Systems/Risk Audit	In Progress	75%
Investigation - Residential Care Requisition	Anti-Fraud/Probity/Investigation	Fieldwork Complete	80%
Registrars	Anti-Fraud/Probity/Investigation	Draft Report	95%
Schools SFVS Self Assessment 2016-17	Schools	Final Report	100%
2017-18 Audit Plan Assignments	Type of Audit	Current Status	%
Statement of Educational Needs & Disability (SEND) School Payments	Systems/Risk Audit	Allocated	10%
Grant Certification Work 2017-18	Grant Certification	In Progress	15%
Creditors 2017-18 (Agile Audit)	Key Financial System	Draft Report	95%
Revenues Write-offs	Key Financial System	In Progress	30%
Servelec Synergy (Children's Management System)	IT Audit	In Progress	45%
User Access Management	IT Audit	Allocated	15%
CM2000 Social Care Rostering System	IT Audit	Allocated	0%
Licensing	Systems/Risk Audit	Allocated	5%
Investigation - Shine 2	Anti-Fraud/Probity/Investigation	Allocated	15%
Investigation - Settlement Agreement	Anti-Fraud/Probity/Investigation	Allocated	5%
Various Cash-ups 2017-18	Anti-Fraud/Probity/Investigation	Allocated	0%
Schools SFVS Self Assessment 2016-17	Schools	In Progress	20%
20 Schools SFVS visits	Schools	Allocated	Various

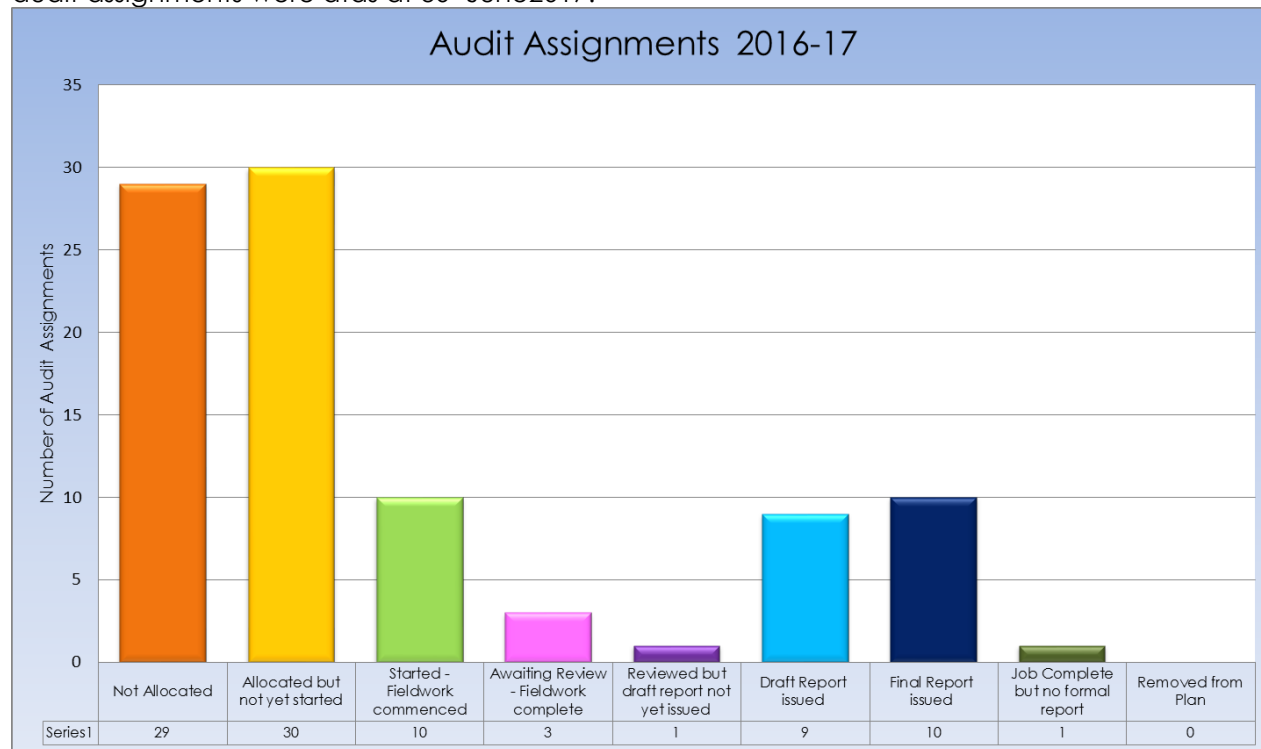
5 more audit assignments finalised in March 2017 are also included in this report to Committee.

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Audit Coverage

Progress on Audit Assignments Chart

The following graph provides Audit & Accounts Committee with information on what stage audit assignments were at as at 30th June 2017.



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Audit Coverage

Completed Audit Assignments

Between 1st March 2017 and 30th June 2017 Internal Audit has completed the following 16 audit assignments for Derby City Council as well as 3 Schools SFVS reviews:

Audit Assignment	Overall Assurance Rating
Pearlree Junior School	None
Website Review	Limited
ICT Asset Management	Limited
Public Health - Pooled Budgets	Reasonable
Business Intelligence	Reasonable
Treasury Management 2016-17	Reasonable
Payroll 2016-17	Reasonable
Income Management (Civica ICON)	Reasonable
External Funding	Reasonable
Commercial Rents	Reasonable
Grant Certification Work 2016-17	Comprehensive
Council Tax 2016-17	Comprehensive
NDR 2016-17	Comprehensive
Revenues and Benefits System Project	N/A
Schools SFVS Self Assessment 2016-17	N/A
Various Cash-ups	N/A

All audits leading to a rating of "Limited" or "None" will be brought to the Committee's specific attention. Accordingly, the 3 audit assignments highlighted above are brought to Committee's attention from this period.

We no longer provide full details of any Low risk recommendations where management has decided not to take any mitigating actions. These will still be highlighted to this Committee in the assignment summaries provided in these Progress reports. However, we will continue to provide full details of any Moderate, Significant or Critical risk issues where management has decided not to take any mitigating actions.

The following summarises the internal audit work completed in the period and seeks to highlight issues which Committee may wish to review in more detail at the next meeting.

Assurance Rating – None & Limited

Pearlree Junior School

Overall Control Assurance Rating: **None**

This audit focused on assessing the adequacy of the schools governance arrangements to ensure accountabilities, financial management, rules and regulations and security arrangements were in place and properly maintained. Audit testing focused on invoice payments and imprest account transactions completed during the financial periods of 2014-15, 2015-16 and April 2016 to October 2016. The school has experienced substantial governance issues which have led to significant on-going changes being made that have been reflected within this audit report.

From the 37 key controls evaluated in this audit review, 16 were considered to provide adequate control and 21 contained weaknesses. This report contained 22 recommendations, 13 of which were considered to present a low risk, the other 9 presenting a moderate risk. The following issues were considered to be the key control weaknesses:

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1. The school did not have a formalised agreement in place with the IEB that clearly set out the roles, responsibilities and financial arrangements for the payment of services being provided by each of its members. (Moderate Risk)
2. The school financial delegations of authority were not recorded fully in a consolidated document and were inconsistent with the limits set in Oracle which had also not been updated to ensure former employee delegated permissions had been promptly disabled. (Moderate Risk)
3. The official minutes and appending papers to the IEB meetings were being filed and retained by the former Headteacher instead of the clerk who was independent of the decision making processes. (Moderate Risk)
4. Contrary to the job description the School Business Manager was not a member of the Senior Leadership Team and had not been invited to attend the IEB meetings and support the members with the financial management of the school. (Low Risk)
5. The minutes of the former IEB failed to evidence that budget management and the financial monitoring process was being effectively challenged and scrutinised. (Moderate Risk)
6. Business interest declaration forms had not been completed by the members of the previous or current IEB and for 11 members of staff and neither was a consolidated record maintained in the form of a register of business interests. (Low Risk)
7. Significantly high levels of funding were being carried forward for each of the 3 financial years from April 2014 to year ending March 2017, but there was no formalised and approved plan of action for its use. (Low Risk)
8. Although the School Improvement Plan indicated the required resources in terms of cost and staff time, there was not a clear link to the funding stream or the relevant ledger code. (Low Risk)
9. There was limited evidence in the minutes which could verify that the former IEB had scrutinised any significant variations between budgets allocated and actual spend. (Low Risk)
10. The school was not using IPROC, the official electronic ordering system to raise official purchase orders for all expenditure incurred by the school. (Moderate Risk)
11. The school imprest account was not being operated in accordance with the requirements of the school finance policy and there were no detailed procedural guidelines that explained how the imprest account was to be managed, controlled and monitored. (Moderate Risk)
12. The school had not undertaken an analysis of benchmarking data to compare its expenditure to other similar schools since 2014. (Low Risk)
13. The School could not demonstrate that quotes had been obtained and price comparisons formally recorded for all purchases between £5k and £30k and where aggregate spend exceeded £30k a suitable tender exercise had not been completed to evidence best value had been sought. (Moderate Risk)
14. The DfE Model Policy for Appraising and Managing Teacher performance had not been formally adopted and ratified by the IEB. (Low Risk)
15. The School Financial Regulation Manual adopted from the LA for use in the School had not been formally ratified for use by the IEB. (Low Risk)
16. The school did not have in place a Fraud Policy that had been formally ratified by the IEB. (Low Risk)
17. Goods and Services were bought from a freelance provider and an online shopping website with no proper agreements and contractual arrangements in place. (Moderate Risk)
18. The School's Whistleblowing Policy was overdue for review and did not include details of a suitable contact external to the School. (Low Risk)

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19. The Private School Fund account had not been properly controlled leading to inappropriate use of funds and neither had it been reconciled since 2011 - 12. (Moderate Risk)
20. The school did not have a formally approved and up-to-date business continuity or disaster recovery plan in place. (Low Risk)
21. The school did not have in place a complete and up-to-date school inventory that was regularly reviewed and subject to annual physical verification check. (Low Risk)
22. The school had inadequate insurance cover in place to meet its overnight safe limit requirements. (Low Risk)

All 22 of the control issues raised in this report were accepted and positive action had already been taken to address 21 of these control issues. Positive action has been agreed to address the 1 remaining issue by 10th April 2017.

Website Review

Overall Control Assurance Rating: **Limited**

This audit focused upon accessibility, browser compatibility, content management, errors, usability, and compliance against the Privacy and Electronic Communications Regulations (PECR) for a sample of websites on the Council's inventory. This review was requested by the former Director of Digital Services as the result of a recently issued Chief Officers Group (COG) report, titled "Review of Council Website(s)".

Due to the size of the inventory of websites (55 sites) provided in the COG report which prompted this audit, it was deemed impractical to audit in any great detail each site, and each page within each site for accessibility, browser compatibility, errors (i.e. broken links, spelling mistakes), and other usability issues. As such we filtered the inventory provided in the COG report to a sample of 13 sites.

From the 20 key controls evaluated in this audit review, 3 were considered to provide adequate control and 17 contained weaknesses. This report contained 10 recommendations 6 of which were considered to present a low risk and 4 presenting a moderate risk. The following issues were considered to be the key control weaknesses:

1. There were a number of issues on the sample of sites reviewed which were clear violations of principle 1 (perceivable) of the WCAG. For example, absence of ALT attributes on images on the sites made the sites not accessible to users with visual impairments, who rely on useful information in ALT attributes, so assisted technologies such as screen readers can read them aloud to the user. (Moderate Risk)
2. There were a number of issues identified that meant sites developed by or on behalf of the Council were not compliant with principle 2 (operable) of the WCAG. These issues would cause accessibility issues to a number of users, such as those with motor impairments, as well as users who rely on the keyboard tab option to tab through a website to view content. (Moderate Risk)
3. There were a number of issues identified that meant sites developed by or on behalf of the Council were not compliant with principle 3 (understandable) of the WCAG. On many pages and PDF linked documents, the LANG attribute had not been set to identify the language of the page/document, which would cause accessibility issues to a number of users, such as those who browse sites with assistive technology such as screen readers. These pronounce words dependant on the HTML language assigned to a website/document. (Moderate Risk)
4. There were a number of issues identified that meant sites developed by or on behalf of the Council were not compliant with principle 4 (robust content) of the Web Content Accessibility Guidelines. These issues would mean contents could not be reliably interpreted by a wide variety of users, who rely on the accuracy of the site to ensure it is compatible with assistive technologies to assist users with disabilities, such as screen readers, text readers, speech input software. (Moderate Risk)

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5. There were a number of sites in the scope of the review that did not appear compliant with the Privacy and Electronic Communications Regulations (PECR) around the use of cookies:
 - Some sites did not tell users that cookies had been set, what the cookies did and why,
 - Other sites failed to get the users' consent. (Low Risk)
6. There were broken links in many of the websites reviewed as part of the audit, indicating ineffective content management procedures were in operation, leading to a poor end user experience, and reputational damage to the Council. (Low Risk)
7. There were numerous spelling mistakes on several of the websites reviewed, causes accessibility issues for some users as screen readers require dictionary words to be used in order to relate them to users with visual impairments. (Low Risk)
8. The Council's current web development guidelines did not appear detailed enough to ensure 3rd party developers are aware they must get the user's consent on the use of cookies, nor did they reference the PECR regulations. (Low Risk)
9. From the sample of sites reviewed, in 8 cases, the web development team had not been involved in the procurement and assessment stage, and as such these developments may have been progressed without any knowledge of the Council's web development guidelines. (Low Risk)
10. There were a small number of web browser compatibility issues that meant some content on certain websites was not accessible on certain web browsers (e.g. flash content), or that produced security warning messages in other web browsers. (Low Risk)

All 10 of the issues raised were accepted and positive action was agreed to address these issues by the end of September 2017.

ICT Asset Management

Overall Control Assurance Rating: **Limited**

This audit focused on the Council's ICT asset management policies and procedures. This included a review of the IT asset procurement process, tracking procedures, equipment inventories, data quality and management, and disposal procedures.

Due to an on-going transfer from the corporate EE contract to Vodafone, smartphone assets had to be removed from the scope of the testing, as the records relating to these were changing at a fast pace at the time of audit testing, making it impractical to accurately assess them from a data quality and procedural compliance perspective.

From the 28 key controls evaluated in this audit review, 11 were considered to provide adequate control and 17 contained weaknesses. This report contained 15 recommendations, 10 of which were considered to present a low risk and 5 a moderate risk. The following issues were considered to be the key control weakness:

1. Whereas all devices had an asset tag assigned within Provance, in a small number of cases there were duplicate records in the system showing 2 or 3 records with the same asset tag. In some cases the system also stored conflicting information about each record, such as the lifecycle status. (Low Risk)
2. The Council was not accurately tracking assets recorded in the Provance system as their lifecycle status was recorded as 'NULL' and devices that had recent login activity within the Derbyad.net domain, were listed as either disposed, retired or stored, raising concerns around the reliability and accuracy of the data. (Moderate Risk)
3. The 'assigned to' property within the Provance system was not being completed to record that the asset had been assigned to an end user, though these devices were actively in use and being routinely connected to the Derbyad.net domain so had clearly been assigned to an end user. (Low Risk)

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4. In 267 instances, devices joined to the Derbyad.net domain with recent login activity were not even recorded in Provance. (Moderate Risk)
5. There had been no test restores of the backups of the live Provance database, to ensure they could be relied upon in situations where the database had to be restored from backup. (Low Risk)
6. Members of the end user computing team had not been assigned with the relevant permissions in Provance to enable them to update records. (Low Risk)
7. The Council had not defined or documented an asset management policy, nor any equipment replacement policy, to provide options available and to ensure users cannot own more than one device unless authorised to do so. (Moderate Risk)
8. There were no formal schedules for performing data quality exercises to assess the accuracy of data recorded against assets in Provance. (Low Risk)
9. Access to the key which was used to open the IT stockroom in the Council House basement was openly accessible to everyone in the department, as the PIN to the key safe was known by all ICT employees. (Moderate Risk)
10. The 'CST Stock Current' spreadsheet (the record of new unallocated equipment located in the Council House basement) was openly accessible to the entire ICT department, was not password protected, and did not have track changes enabled for auditing and accountability. (Low Risk)
11. The current asset tags assigned to devices were essentially stickers which could be easily removed. (Moderate Risk)
12. The Council did not have any formal procedures in place for verifying the whereabouts of devices which had not connected to the Council's networks for a significant period of time. (Low Risk)
13. A data matching exercise between disposals recorded by the appointed contractor and records on the Provance system, identified 101 cases where devices had been disposed of by Retec, but were still showing as installed or stored in Provance. (Low Risk)
14. There was no formally defined, documented and implemented retention policy for disposed assets. (Low Risk)
15. There were no documented standard operating procedures for asset management activities, and records maintenance, making the Senior ICT Client Support Officer who undertook these activities a single point of failure for asset management related activities. (Low Risk)

All 10 of the issues raised were accepted and positive action was agreed to address these issues by the end of September 2017.

Assurance Rating – Reasonable

Public Health - Pooled Budgets

Overall Control Assurance Rating: **Reasonable**

This audit focused on reviewing the adequacy of the governance arrangements and performance framework in place for the management, monitoring and reporting of the Better Care Fund.

From the 19 key controls evaluated in this audit review, 11 were considered to provide adequate control and 8 contained weaknesses. This report contained 8 recommendations, 6 of which were considered to present a low risk and 2 a moderate risk. The following moderate risk issues were considered to be the key control weakness:

1. The risk management arrangements in place for the administration and delivery of the Better Care Fund were inadequate. (Moderate Risk)

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2. Although the terms of reference for the Partnership Board and the joint finance and performance sub-group had been drafted, the group had not been established to support the Partnership Board in accordance with the Section 75 Agreement. (Moderate Risk)

All 8 control issues raised within this report were accepted and positive action was agreed to address 6 by 31st May 2017 (including the moderate risks) and the remaining 2 by 30th June 2017.

Business Intelligence

Overall Control Assurance Rating: **Reasonable**

This audit focused on the systems of control over the Council's Business Intelligence function used for controlling and monitoring the adult social care provision.

From the 32 key controls evaluated in this audit review, 19 were considered to provide adequate control and 13 contained weaknesses. This report contained 10 recommendations, 6 of which were considered to present a low risk and 4 a moderate risk. The following moderate risk issues were considered to be the key control weakness:

1. Teams responsible for monitoring contracts were not always aware of other on-going monitoring as the notification facility in the LAS system was not always being utilised. (Moderate Risk)
2. Quality assurance information was not being recorded on the ContrOCC system and the Organisational Safeguarding Module on the LAS system had yet to be implemented. (Moderate Risk)
3. Care Plans, and the subsequent care packages, were not being reviewed on a timely basis. (Moderate Risk)
4. Various officers had made informal requests for reporting requirements, for monitoring Residential and Community Care contracts, but there had been no formal Terms of Reference or guidance on what was actually required and what performance information should have been reported. (Moderate Risk)

All 10 of the control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Positive action in respect of 1 issue was due to be taken by 14th July 2017, 4 issues (including 2 of the moderate risk issues) were due to be addressed by 31st July 2017, another moderate risk issue was due to be addressed by the 5th September 2017, with 3 more (including the remaining moderate risk issue) due to be implemented by 30th September 2017, and the remaining issue is due to be addressed by 31st March 2018.

Treasury Management 2016-17

Overall Control Assurance Rating: **Reasonable**

This audit focused on reviewing controls over investments, cash flow, borrowings, monitoring and reporting activities during 2016-17. The audit also considered risk management activities within the Treasury Management Function.

From the 33 key controls evaluated in this audit review, 28 were considered to provide adequate control and 5 contained weaknesses. This report contained 4 recommendations, 3 of which were considered to present a low risk and 1 presenting a moderate risk. Another minor risk issue was also highlighted for management's consideration. The following moderate risk issue and the low risk accepted were considered to be the key control weaknesses:

1. Insufficient information was received from the Treasury Management Advisors to facilitate the reviewing of the credit standing of investment institutions. (Moderate Risk)
2. There was no evidence to demonstrate the assessment and scoring of Treasury Management risks. (Low Risk – Risk Accepted)

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All 4 of the issues raised within this report were accepted. Management had taken action to address 3 of the issues at the time of issuing the final report. Management accepted the risk relating to 1 issue and decided not to take any further action.

Payroll 2016-17

Overall Control Assurance Rating: **Reasonable**

This audit focused on reviewing the controls in place over the monthly pay run and the entry of data to the system. Attention was also paid to the controls in place regarding the early notification to Payroll Services of staff leaving the Authority.

From the 26 key controls evaluated in this audit review, 14 were considered to provide adequate control and 12 contained weaknesses. This report contained 11 recommendations, 8 of which were considered to present a low risk and 3 presenting a moderate risk. The following moderate risk issues were considered to be the key control weaknesses:

1. There was no process in place to ensure that managers were regularly alerted to notify the Payroll Team of all leavers' details, in a timely manner, to prevent overpayments and no escalation process where late notification by managers were repeated. **(Moderate Risk)**
2. The payroll system did not enforce data entry controls to ensure consistent formats for information input to the various key fields, resulting in multiple data issues that had yet to be cleansed. This also impacted on the Council's mandatory data matching exercises. **(Moderate Risk)**
3. A formal and structured Data cleansing process had not been established in the Council's Payroll system since its introduction in 2014. **(Moderate Risk)**

All 11 of the issues identified were accepted. Positive action had already been taken to address 5 of the issues by the end of the audit (including the 2nd moderate risk issue). Further positive action in respect of 5 issues was agreed to be taken by 31st July 2017 (including the 1st moderate risk issue) with the final moderate risk issue to be addressed by 31st August 2017.

Income Management System (Civica ICON)

Overall Control Assurance Rating: **Reasonable**

This audit focused on evaluating the adequacy of arrangements for:

- the security, management and configuration of the ICON applications,
- the security and compliance of the hosted service,
- the access controls around the import and export files transferred to and from the supplier,
- the security and access controls around the file transfer server and process.

From the 77 key controls evaluated in this audit review, 62 were considered to provide adequate control and 14 contained weaknesses. This report contained 10 recommendations, 6 of which were considered to present a low risk and 4 presenting a moderate risk. The following moderate risk issues were considered to be the key control weaknesses:

1. Backups of the e>Returns database, and system databases associated with the instance CRPINST12 were accessible to every user in the network. **(Moderate Risk)**
2. Both Kiosks had local accounts with weak corresponding passwords (5 characters which mirrored the username for all but a single character substitute). **(Moderate Risk)**
3. Over 228 unique accounts had access to the Lloyd's deposit file located on a directory on \\dcc-fs06-v\fin, which may expose bank account information. **(Moderate Risk)**

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4. The Council was operating a version of Civica ICON that had not been covered by any security updates for newly discovered security vulnerabilities since June 2016. (Moderate Risk)

All 10 of the issues raised were accepted and positive action had already been taken to address 9 of the issues raised by the end of the audit. The final and 4th moderate risk issue was agreed to be addressed by the 29th June 2017.

External Funding - Derby Enterprise Growth Fund

Overall Control Assurance Rating: **Reasonable**

This audit focused on assessing the adequacy of the governance arrangements in place for managing, monitoring and accounting for the loans and grants made from the Derby Enterprise Growth Fund. The Derby Enterprise Growth Fund of £20 million, launched in December 2012, was supported by the Regional Growth Fund and had now been fully committed moving onto the next phase of operating as a revolving loan fund.

From the 21 key controls evaluated in this audit review, 17 were considered to provide adequate control and 4 contained weaknesses. This report contained 10 recommendations, 6 of which were considered to present a low risk and 3 presenting a moderate risk. The following moderate risk issues were considered to be the key control weaknesses:

1. The Derby Enterprise Growth Fund cash flow spreadsheet was not password protected and access permissions had not been appropriately restricted to designated officers. (Moderate Risk)
2. The spreadsheets used to calculate and monitor loan repayments and produce an up-to-date cash flow statement contained formula driven cells that had not been locked down and protected from unwanted changes being made and tracked changes was not activated on the spreadsheets. (Moderate Risk)
3. The methodology for calculating and monitoring loan repayments and producing the Derby Enterprise Growth Fund cash flow statement was complex, convoluted and time intensive involving a number of spreadsheets with interdependencies that were prone to human error. (Moderate Risk)

All 4 control issues raised within this report have been accepted and positive action has already been taken to address 1 of the control issues which was a moderate risk. For the remaining 3 of which 2 are rated a moderate risk, positive action has been agreed to be taken by 31st July 2017.

Commercial Rents

Overall Control Assurance Rating: **Reasonable**

This audit focused on reviewing controls within the process for maximising income through the adherence of lease terms and calculation of rent, managing debt levels and debt recovery and the application of incentive schemes.

From the 31 key controls evaluated in this audit review, 20 were considered to provide adequate control and 11 contained weaknesses. This report contained 11 recommendations, 8 of which were considered to present a low risk, the other 3 presenting a moderate risk. Another minor risk issue was also highlighted for management's consideration. The following issues were considered to be the key control weaknesses:

1. There was no documented process or procedural guidance available for the valuation of properties and subsequent calculation of rents. (Moderate Risk)
2. Due to a review of the efficiency of the current debt recovery process, priority was being given to the recovery of high and more complex debts, potentially to the detriment of the successful collection of other debts. (Moderate Risk)
3. The Council did not have a policy for the application of rent free periods and other incentives to tenant's properties. (Moderate Risk)

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All 11 of the issues identified were accepted. Positive action had already been taken to address 6 of the issues by the end of the audit. Further positive action in respect of 4 issues was agreed to be taken by 30th April 2017 with another to be addressed by 1st June 2017.

Assurance Rating - Comprehensive

Grant Certification Work 2016-17

Overall Control Assurance Rating: **Comprehensive**

No issues arose from the certification process and we were able to provide a 'Comprehensive' assurance score for each of the reviews undertaken using our grant certification assessment criteria. We audited 7 grants each of which had been certified by Management. However, as part of our audit testing we identified 4 control weaknesses, 2 being considered low risk and 2 a moderate risk. We issued 2 separate audit memos highlighting these.

The following moderate risk issues were considered to be the key control weaknesses:

Broadband UK (BDUK) 2014/15 – 2015/16

1. Duplicate payments had been made to three separate suppliers, and recovery action was not taken until six months after they were identified (**Moderate Risk**). Implementation date 30/04/2017

Local Transport Settlement 2015/16

1. There was a non-compliant arrangement in place with Vinshires Ltd for them to provide the Council with plumbing and heating services as part of the Health Housing Assistance project (**Moderate Risk**). Implementation date 30/04/2017.

Council Tax 2016-17

Overall Control Assurance Rating: **Comprehensive**

This audit focused on three discrete areas of Council Tax; the accuracy of the records relating to the collection process, the adherence to regulations and procedures, and the prompt and accurate refund of overpayments.

From the 21 key controls evaluated in this audit review, 19 were considered to provide adequate control and 2 contained weaknesses. This report contained 2 recommendations, both of which were considered to present a low risk.

Both recommendations were accepted and action had already been taken to address the issues at the time of issuing the final report.

NDR 2016-17

Overall Control Assurance Rating: **Comprehensive**

This audit focused on three discrete areas, those being, that policies and procedures were in place and being followed, that liability amendments and valuation list amendments were being processed promptly and with appropriate controls.

From the 19 key controls evaluated in this audit review, 16 were considered to provide adequate control and 3 contained weaknesses. This report contained 2 recommendations, both of which were considered to present a low risk.

Both issues raised within this report were accepted and action had already been taken to address 1 of the issues at the time of issuing this final report. The other remaining issue was agreed to be addressed by 7th July 2017.

Derby City Council – Internal Audit Progress Report

Assurance Rating – N/A

Various Cash-ups

Overall Control Assurance Rating: **N/A**

Surprise Cash Ups

In addition to the probity work and establishment visits already reported, short unannounced visits were undertaken to three locations. The number of controls examined varied dependent on the activity at each establishment. Findings were reported to management in the form of memos and no overall assurance rating was given due the limited number of controls examined.

Arboretum House (Home for Older People)

From the 6 controls evaluated in this audit review, 3 were considered to provide adequate control and 3 contained weaknesses. This memo contained 3 recommendations, all of which were considered to present a low risk.

All 3 of the control issues raised within this memo were accepted and positive action was undertaken for all of the issues by 7th November 2016.

Inspire Day Centre

From the 7 controls evaluated in this audit review, 3 were considered to provide adequate control and 3 contained weaknesses. This memo contained 3 recommendations, all of which were considered to present a low risk.

All 3 of the control issues raised within this memo were accepted and positive action was undertaken for all of the issues by 31st October 2016.

Eagle Market Centre

From the 5 controls evaluated in this audit review, 3 were considered to provide adequate control and 2 contained weaknesses. This memo contained 2 recommendations, all of which were considered to present a low risk.

Both of the control issues raised within this memo were accepted and positive action was undertaken for all of the issues by 30th December 2016.

Revenues & Benefits System Project

Overall Control Assurance Rating: **N/A**

Audit was represented on both the Project Board (decision making) and the Working Group (operational). The Working Board contributed to the collation of the specification, and evaluated the bids. The Project Board oversaw the process, making adjustments to the timetable as necessary and ensuring that the project kept to budget.

Actions, risk and issue logs were maintained and challenged at each meeting. Audit involvement included ensuring that the Risk Register was maintained in accordance with the Council's Risk Register, clarifying elements for the specification, making observations on the returned tender bids, and verifying and checking the scoring calculations and outcome of the evaluation process.

Audit also attended a demonstration day provided by the preferred bidder who had included newly developed elements as part of their submission. This was useful to inform future audits.

Schools Financial Value Standards (SFVS) 2016-17

Overall Control Assurance Rating: **N/A**

Derby City Council – Internal Audit Progress Report

In order to fulfil the Chief Financial Officers responsibility, Internal Audit co-ordinates an annual exercise whereby every schools completes a SFVS self-assessment. On a four year cyclical basis, we perform an independent assessment of each school against the standard.

The Council's 81 schools completed a SFVS self-assessment and returned it to Internal Audit. We also visited 19 schools to perform an independent assessment of their performance against the SFVS objectives.

For 16 schools we were able to offer **comprehensive** assurance and 3 schools we were able to offer **reasonable** assurance. We found that the key weaknesses in control were in relation to:

- The relative responsibilities between the Governing Body and those of the school staff in the financial field were not always defined.
- The business interests of Governing Body members (and senior staff) were not always properly registered.
- Suitable tender exercises had not always been undertaken where spend with a single supplier had totalled £30k or more over a 3 year rolling period.
- Business continuity plans were not always in place.
- Asset registers were not being kept up-to-date.

The weaknesses identified occurred in at least one third of the schools visited.

Derby City Council – Internal Audit Progress Report

Audit Performance

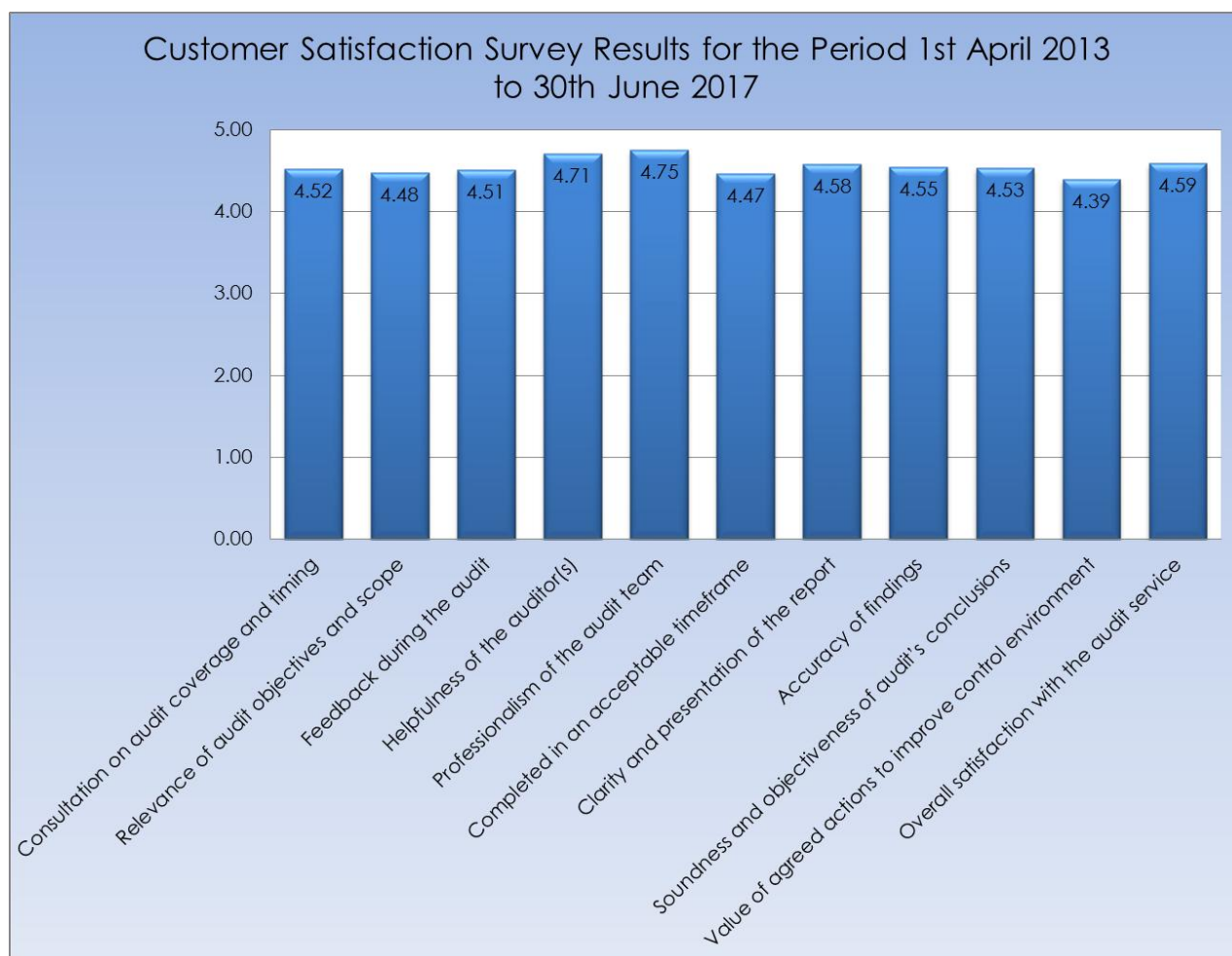
Customer Satisfaction

The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. The chart across summarises the average score for each question from the 141 responses received between 1st April 2013 and 30th June 2017. The overall average score from the surveys was 50.1 out of 55. The lowest score received from a survey was 29, whilst the highest was 55 which was achieved on 45 occasions.

The overall responses are graded as either:

- Excellent (scores 47 to 55)
- Good (scores 38 to 46)
- Fair (scores 29 to 37)
- Poor (scores 20 to 28)
- Very poor (scores 11 to 19)

Overall 103 of 141 responses categorised the audit service they received as excellent, another 35 responses categorised the audit as good and 3 categorised the audit as fair. There were no overall responses that fell into the poor or very poor categories.



Derby City Council – Internal Audit Progress Report

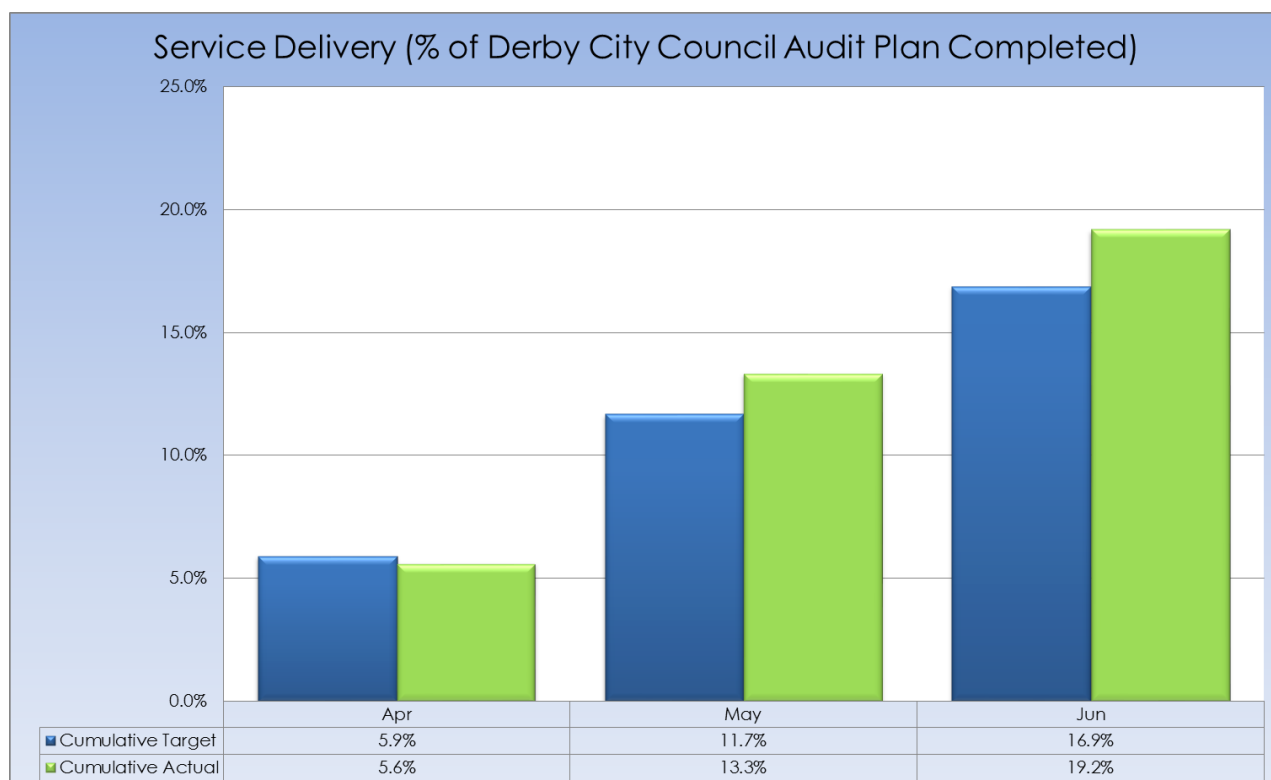
Audit Performance

Service Delivery (% of Audit Plan Completed)

At the end of each month, Audit staff provide the Audit Manager with an estimated percentage complete figure for each audit assignment they have been allocated. These figures are used to calculate how much of each Partner organisation's Audit Plans have been completed to date and how much of the Partnership's overall Audit Plan has been completed.

Shown across is the estimated percentage complete for Derby City Council's 2017-18 Audit Plan (including incomplete jobs brought forward) after 3 months of the Audit Plan year.

The monthly target has been profiled to reflect the expected productive time available each month, but still assumes that time will be spent evenly over each partner organisation in proportion with their contributions which is not always the case.



Derby City Council – Internal Audit Progress Report

Recommendation Tracking

Follow-up Process

Internal Audit has sent emails, automatically generated by our recommendations database, to officers responsible for action where their recommendations' action dates have been exceeded. We will request an update on each recommendation's implementation status, which will be fed back into the database, along with any revised implementation dates. Each recommendation made by Internal Audit will be assigned one of the following "Action Status" categories as a result of our attempts to follow-up management's progress in the implementation of agreed actions. The following explanations are provided in respect of each "Action Status" category:

- **Blank(Due)** = Action is due and Audit has been unable to ascertain any progress information from the responsible officer.
- **Blank (Not Due)** = Action is not due yet, so Audit has not followed up.
- **Implemented** = Audit has received assurances that the agreed actions have been implemented.
- **Superseded** = Audit has received information about changes to the system or processes that means that the original weaknesses no longer exist.
- **Being Implemented** = Management is still committed to undertaking the agreed actions, but they have yet to be completed. (This category should result in a revised action date)
- **Risk Accepted** = Management has decided to accept the risk that Audit has identified and take no mitigating action.

Implementation Status Details

Reports to Committee are intended to provide members with an overview of the current implementation status of all agreed actions to address the control weaknesses highlighted by audit recommendations made between 1st April 2013 and 30th June 2017. All recommendations made prior to this period have now been resolved.

	Implemented	Being Implemented	Risk Accepted	Superseded	Action Due	Future Action	Total
Low Risk	452	36	24	2	12	24	550
Moderate Risk	164	19	8	3	7	14	215
Significant Risk	6	2	1	1	0	0	10
Critical Risk	1	0	0	0	0	0	1
Totals	623	57	33	6	19	38	776

The table below shows those recommendations not yet implemented by Dept.

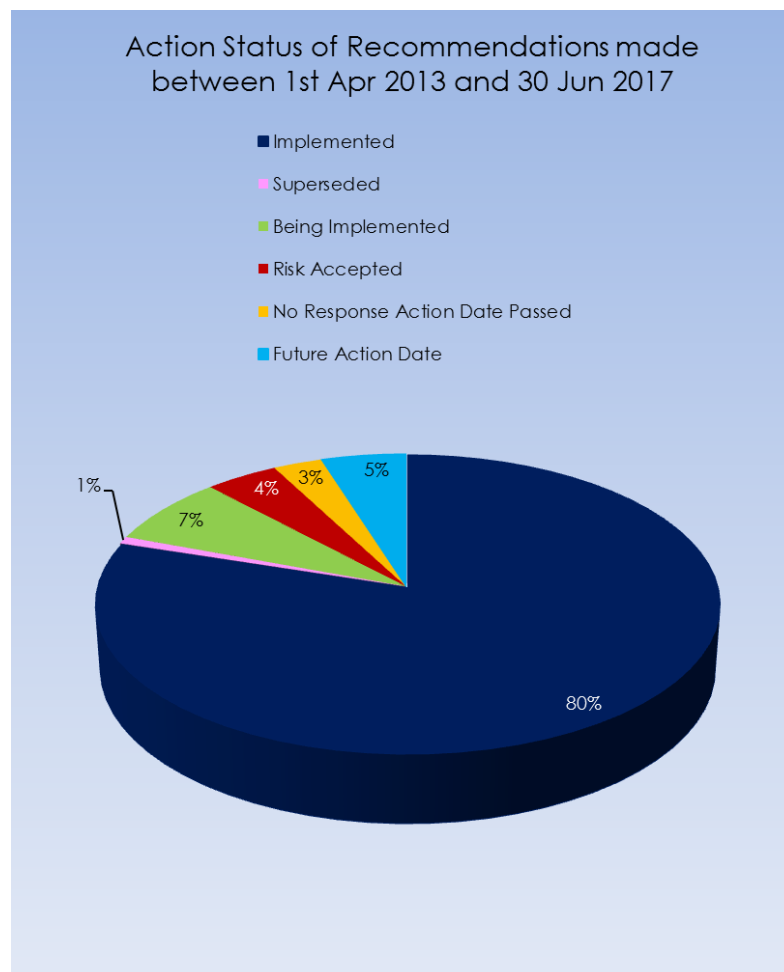
Recommendations Not Yet Implemented	Anti-Fraud & Corruption	People Services	Organisation & Governance	Communities & Place	TOTALS
Being Implemented	1	7	35	14	56
Action Due	4	8	1	6	20
	5	15	36	20	76

Internal Audit has provided Committee with summary details of those recommendations still in the process of 'Being Implemented' and those that have passed their due date for implementation. 32 of the risk accepted issues shown above have already been reported to this Committee. Management has chosen to accept the risk on another low risk issue that has been highlighted in the body of this report.

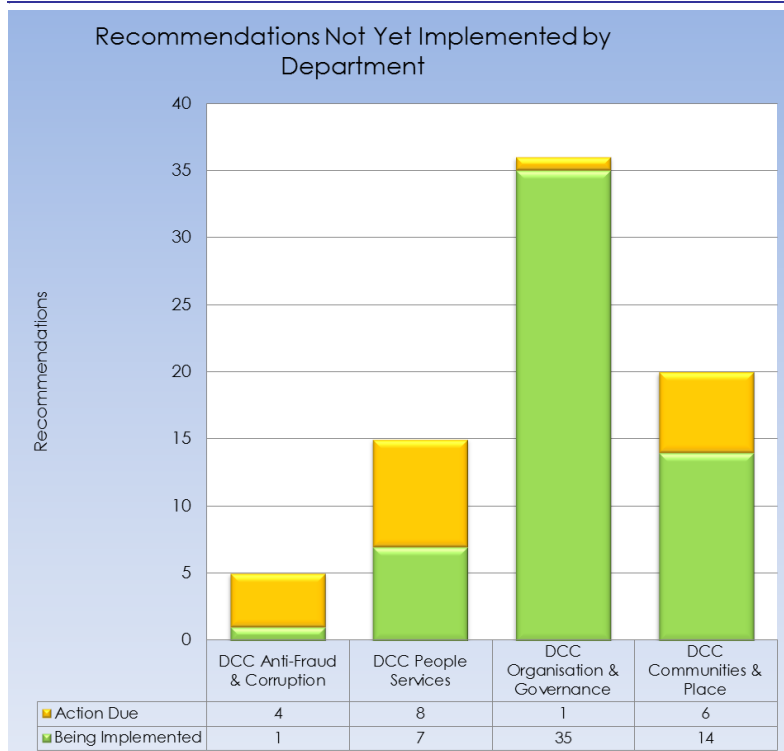
Derby City Council – Internal Audit Progress Report

Recommendation Tracking

Implementation Status Charts



Derby City Council – Internal Audit Progress Report



Recommendation Tracking

Recommendations Not Yet Implemented

Anti-Fraud & Corruption

Audit Assignment	Being Implemented	Action Due	Final Report
Vulnerable Adults Payments	1	0	12-Oct-16
Pearlree Junior School	0	1	8-Mar-17
Purchase Cards	0	3	10-Jan-17
Total No. of Outstanding Recommendations	1	4	

People's Services

Audit Assignment	Being Implemented	Action Due	Final Report
Fostering Services	2	0	21-Dec-16
Market Development (Adult Social Care)	4	0	24-Aug-16
Child Protection - Local Authority Designated Officer (LADO)	1	0	18-Nov-16
Public Health - Pooled Budgets	0	8	30-Jun-17
Total No. of Outstanding Recommendations	7	8	

Communities & Place

Audit Assignment	Being Implemented	Action Due	Final Report
Commercial Rents	5	0	02-Mar-17
Trading Standards	0	4	22-Nov-16
Licensing	1	0	22-Nov-16
External Funding	0	1	23-Jun-17
Derby Arena & XN Leisure System	5	1	08-Feb-17
Asset Management & Estates	2	0	03-Mar-15
Markets	1	0	19-Nov-13
Total No. of Outstanding Recommendations	14	6	

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Organisation & Governance

Audit Assignment	Being Implemented	Action Due	Final Report
Creditors 2015-16	2	0	05-Aug-16
Payroll 2015-16	4	0	23-May-16
Information Governance	4	0	18-Nov-16
RIPA	1	0	21-Sep-16
Housing Benefits & Council Tax Support 2015-16	1	0	28-Jan-16
ICT Asset Management	2	0	20-Jun-17
MiPeople Application Audit	2	0	09-Jan-17
EDRMS Application	1	0	02-Feb-16
Configuration Management	3	0	22-Apr-15
Network Access Management	1	0	15-Jul-15
Wireless Network Infrastructure	3	0	31-Mar-16
Active Directory	6	0	18-Jan-17
NDR 2016-17	0	1	30-May-17
Fixed Assets 2015-16	5	0	11-Oct-16
Total No. of Outstanding Recommendations	35	1	

Derby City Council – Internal Audit Progress Report

Recommendation Tracking

Highlighted Recommendations

We have included this section of this report to bring recommendations to your attention for the following reason:

- Any Moderate, Significant or Critical risk recommendations (either being implemented or with no response) that have passed their original agreed implementation date.

Community & Places

Asset Management & Estates

Control Issue 1 - The asset list submitted for insurance did not reflect asset transactions undertaken outside of the Estates Section. The SAM system had not been updated as there was no process for notifying Estates of these changes.

Risk Rating – Significant Risk

Status Update - The revised Corporate Landlord Policy and Procedure is at draft stage and is being reviewed. This will enforce all property transactions to be approved by the Head of Strategic Asset management and estates and will ensure that transactions do not take place outside of the SAM system. There will be some system updates required to allow for full automation of notifications between the various key teams (legal, maintenance, insurance, capital accounts) which will enhance the information flow between teams. Date extended due to waiting for the implementation of the SAM/RAM interface.

Original Action Date 1 Sep 15 **Revised Action Date** 31 Mar 18

Markets

Control Issue 4 – There was no approved Council policy in place for offering concessions on rental charges to market stall traders in the Council's three markets.

Risk Rating – Moderate Risk

Status Update – Transfer of the Eagle Market to INTU is imminent and the closure of the Cattle and Wholesale markets is expected to go ahead soon such that in the not too distant future only the Market Hall will be left. It is anticipated that it will be far easier to establish a concessionary model for the Market Hall, especially as leases are shortly due for renewal. It is proposed to establish a Markets Stall Holders Leaflet which it is intended will contain details on any future concessionary model.

Original Action Date 1 Jan 14 **Revised Action Date** 31 Mar 17

Derby Arena & XN Leisure System

Control Issue 8 – Appropriate evidence was not always sought to confirm eligibility for concessionary membership.

Risk Rating – Moderate Risk

Status Update – Delayed due to delay to the Health & Fitness Plan review

Original Action Date 30 Apr 17 **Revised Action Date** 31 Jul 17

Derby City Council – Internal Audit Progress Report

External Funding

Control Issue 1–The Derby Enterprise Growth Fund cash flow spreadsheet was not password protected and access permissions had not been appropriately restricted to designated officers.

Risk Rating – Moderate Risk

Status Update – No Response Received

Original Action Date 24Jun 17 **Revised Action Date** n/a

Commercial Rents

Control Issue 1–There was no approved Council policy in place for offering concessions on rental charges to market stall traders in the Council's three markets.

Risk Rating – Moderate Risk

Status Update – Appointment of new Estates Manager fell through and post is being re-advertised with a planned interview date of 11/12 May 2017. Estates Manager start date expected to be 17 Jul 17.

Original Action Date 30Apr 17 **Revised Action Date** 30 Jun 17

Control Issue 9–Due to a review of the efficiency of the current debt recovery process, priority was being given to the recovery of high and more complex debts, potentially to the detriment of the successful collection of other debts.

Risk Rating – Moderate Risk

Status Update – Progress is being made on this. Action is being taken on at least the top twenty now each month, usually much further, and the total arrears was reported to be reducing steadily. A standardised process and procedure is in place for all cases except Pride

Original Action Date 1Jun 17 **Revised Action Date** 31Dec 17

Control Issue 11–The Council did not have a policy for the application of rent free periods and other incentives to tenant properties.

Risk Rating – Moderate Risk

Status Update – Appointment of new Estates Manager fell through and post is being re-advertised with a planned interview date of 11/12 May 2017. Estates Manager start date expected to be 17 Jul 17.

Original Action Date 30Apr 17 **Revised Action Date** 30 Jun 17

Organisation & Governance

ICT Asset Management

Control Issue 1–It was possible to synchronise an @derby.gov.uk mailbox to an Android device with no PIN or Password configured. Further investigations showed all users were subject to the 'Default' ActiveSync policy which allowed devices that did not meet password/encryption requirements to still synchronise their email to their smartphone.

Risk Rating – Moderate Risk

Status Update – We are very much still in the early prep stages, but we have discovered that Riusal did implement a fully integrated Microsoft Intune solution. This may not be the most powerful solution on the market, but should easily meet our current demands. The issues we currently have is that it is a very small installation, and we need to scale up significantly. Yet to determine an implementation date.

Original Action Date 30Dec 17 **Revised Action Date** 31 Jul 17

Derby City Council – Internal Audit Progress Report

Control Issue 7–There was no documented asset management policy, nor any documented equipment replacement policy, to state options available and to ensure users cannot own more than one device unless authorised to do so.

Risk Rating – Moderate Risk

Status Update – Policy documented in draft, awaiting approval from management.

Original Action Date 30Jun 17 **Revised Action Date** 31Jul 17

Active Directory

Control Issue 1–656 accounts that were still enabled in the domain had not logged into the DerbyAD domain in over 90 days (or sometimes ever) and did not have an account expiration date value. From a sample of 25 stale accounts reviewed, some were found to have left the Council based on their payroll record, and others could not be found on Payroll or iDerby phonebook at all.

Risk Rating – Moderate Risk

Status Update – We need to review our sales users process following the changes of responsibilities in the restructure. We aim to do this and run the new process by the end of July.

Original Action Date 28Apr 17 **Revised Action Date** 1Aug 17

Control Issue 9–There were 4 enabled devices in the DerbyAD, all of which had been in recent use, running Windows XP operating systems and 8 servers running Windows 2003 Server operating systems, both of which are no longer supported by Microsoft. Unsupported operating systems on computers and servers joined to the DerbyAD domain provide a security weakness, as newly discovered vulnerabilities are not patched by Microsoft.

Risk Rating – Moderate Risk

Status Update – We are down to 1 XP machine in use, and 2 Server 2003 in use. Pressure is being applied to system owners and projects board to get these replaced. I am unsure of time line. The old VPAYROLL server on 2003 still exist, but they are behind a firewall.

Original Action Date 10Mar 17 **Revised Action Date** 31Jul 17

Network Access Management

Control Issue 2 –We found 50,622,078 instances across the 6 Council File Servers, where a user, group or service account had full control of the contents of a folder. This included 74,180 instances where the Everyone group had full control and 122,222 instances where the BUILTIN\Users group had full control.

Risk Rating – Significant Risk

Status Update – This has been extended to allow IT Audit to recreate the reports produced previously to ascertain the current position.

Original Action Date 31Mar 16 **Revised Action Date** 1Jul 17

Creditors 2015-16

Control Issue 1 –Accounts Payable Section was no longer able to undertake regular checks to highlight duplicate payments. Reliance was being placed on the budget monitoring work of Accountancy to highlight potential duplicate payments.

Risk Rating – Moderate Risk

Status Update –The duplicates report will be run and examined on a weekly basis.

Original Action Date 1 Sep 16 **Revised Action Date** 1 Sep 17

Derby City Council – Internal Audit Progress Report

Payroll 2015-16

Control Issue 2 – Managers had not been consistently carrying out checks on MOT certificates, driving licences or insurances which contributed to ensuring that officers met the legally required driving standards.

Risk Rating – Moderate Risk

Status Update – Work was progressing in the summer, but the responsible officer has been on long term sick but is now back at work. Date extended due to staffing changes within team - new policy and guidance due for issue shortly.

Original Action Date 31 Oct 16 **Revised Action Date** 31 Oct 17

Configuration Management

Control Issue 1 – There were no formally defined or documented requirements around configuration management data scope, span or granularity. Without formally defining and documenting requirements around data capture and maintenance within a CMDB (Configuration Management Database), there is no platform on which to identify defects, data quality issues and non-compliance problems.

Risk Rating – Moderate Risk

Status Update – All outstanding configuration management recs extended until the end of July as responsibility has been passed from the Head of ICT. Officers have requested a meeting with IT Audit to get familiar with the audit and recommendations.

Original Action Date 31 Dec 15 **Revised Action Date** 31 Jul 17

Control Issue 4 – There were no formally defined, documented or implemented procedures for auditing and verifying the accuracy of data within the CMDB. Documented audit and verification procedures are crucial to validate and improve the accuracy and completeness of the CMDB, to ensure timely and accurate data is available for resolving IT incidents and considering changes.

Risk Rating – Moderate Risk

Status Update – All outstanding configuration management recs extended until the end of July as responsibility has been passed from the Head of ICT. Officers have requested a meeting with IT Audit to get familiar with the audit and recommendations.

Original Action Date 31 Dec 15 **Revised Action Date** 31 Jul 17

Wireless Network Infrastructure

Control Issue 4 – There was no Intrusion Detection/Prevention System in place on the wireless network despite there being known security vulnerabilities that could be prevented through the deployment of such a system.

Risk Rating – Moderate Risk

Status Update – To be included in scope of wifi upgrade work with Updata

Original Action Date 1 Jun 16 **Revised Action Date** 31 Jul 17

Control Issue 7 – Security vulnerabilities identified in penetration scans undertaken by the third party security consultancy had not been addressed.

Risk Rating – Moderate Risk

Status Update – To be included in scope of wifi upgrade work with Updata

Original Action Date 1 Apr 16 **Revised Action Date** 31 Jul 17

Derby City Council – Internal Audit Progress Report

MiPeople Application Audit

Control Issue 3–The Council did not have effective plans in operation for unexpected termination of the contract with the Provider (e.g. company goes out of business or the Council experiences unsatisfactory performance or costs).

Risk Rating – Moderate Risk

Status Update –We are exploring how easy it is for someone in Procurement to check the financial position of the provider so we have an early warning system of company financial problems but also looking to re-negotiate the terms of the contract through an early extension so we could discuss this with the provider at the same time.

Original Action Date 28Feb 17 **Revised Action Date** 31 May 17

Fixed Assets 2015-16

Control Issue 1–The infrastructure asset records used for informing the assets figure in the 2015/16 Accounts were incomplete and inaccurate.

Risk Rating – Moderate Risk

Status Update –Structures data is currently stored in BridgeStation, which is a complete asset management tool for bridges and highway structures and provides engineers everything they need to complete their day to day tasks. For the purposes of completing asset valuation, we are reviewing the information stored in Bridgestation and auditing data provided, in accordance with Cipfa spreadsheets, ensuring transparency and that it is fit for purpose. We will ensure information is provided for each component. Officers are also reviewing the information stored in separate spreadsheets/systems for traffic signals and public transport and liaising with Pitney Bowes who provide the Confirm software on costs involved in transferring data.

Original Action Date 31Mar 17 **Revised Action Date** 30 Sep 17

Control Issue 2–The CIPFA Toolkits had not been fully utilised in the preparation of the infrastructure asset valuations. Historical data for Land and Street Furniture had been entered onto the CIPFA Valuation Toolkit as source data was not located.

Risk Rating – Moderate Risk

Status Update – Structures data is currently stored in BridgeStation, which is a complete asset management tool for bridges and highway structures and provides engineers everything they need to complete their day to day tasks. For the purposes of completing asset valuation, we are reviewing the information stored in Bridgestation and auditing data provided, in accordance with Cipfa spreadsheets, ensuring transparency and that it is fit for purpose. We will ensure information is provided for each component. Officers are also reviewing the information stored in separate spreadsheets/systems for traffic signals and public transport and liaising with Pitney Bowes who provide the Confirm software on costs involved in transferring data.

Original Action Date 31Mar 17 **Revised Action Date** 30 Sep 17

Control Issue 3–Depreciation for Traffic Management and Street Furniture assets had not been included on the CIPFA Valuation Toolkit.

Risk Rating – Moderate Risk

Status Update – Structures data is currently stored in BridgeStation, which is a complete asset management tool for bridges and highway structures and provides engineers everything they need to complete their day to day tasks. For the purposes of completing asset valuation, we are reviewing the information stored in Bridgestation and auditing data provided, in accordance with Cipfa spreadsheets, ensuring transparency and that it is fit for purpose. We will ensure information is provided for each component. Officers are also reviewing the information stored in separate spreadsheets/systems for traffic signals and public transport

Derby City Council – Internal Audit Progress Report

and liaising with Pitney Bowes who provide the Confirm software on costs involved in transferring data.

Original Action Date 31Mar 17 Revised Action Date 30 Sep 17

Peoples Services

Public Health - Pooled Budgets

Control Issue1 - The risk management arrangements in place for the administration and delivery of the Better Care Fund were inadequate.

Risk Rating – Moderate Risk

Status Update – No response received.

Original Action Date 31May17 Revised Action Date n/a

Control Issue2 - Although the terms of reference for the Partnership Board and the joint finance and performance sub-group had been drafted, the group had not been established to support the Partnership Board in accordance with the Section 75 Agreement.

Risk Rating – Moderate Risk

Status Update – No response received.

Original Action Date 31 May 17 Revised Action Date n/a

Anti-Fraud & Corruption

Purchase Cards

Control Issue 1 - The Procurement Card Policy was still in draft and as such had not been published.

Risk Rating – Moderate Risk

Status Update – No response received.

Original Action Date 1 Apr 17 Revised Action Date n/a

Control Issue4 - The purchasing activity of individual cardholders was not reviewed which may mean that cards which were rarely or never used had not been highlighted. This may afford a greater opportunity for the card to be lost or used fraudulently.

Risk Rating – Moderate Risk

Status Update – No response received.

Original Action Date 2 May 17 Revised Action Date n/a

Control Issue6 - Transactions logs were not always submitted promptly to Accountancy, to enable expenditure posted to the miscellaneous budget code on the General Ledger to be reallocated appropriately.

Risk Rating – Moderate Risk

Status Update – No response received.

Original Action Date 1 Apr 17 Revised Action Date n/a

Derby City Council – Internal Audit Progress Report

Peartree Junior School

Control Issue¹ - The school did not have a formalised agreement in place with the IEB that clearly set out the roles, responsibilities and financial arrangements for the payment of services being provided by each of its members.

Risk Rating – Moderate Risk

Status Update – No response received.

Original Action Date 10 Apr 17 **Revised Action Date** n/a