

Derby City Council –  
Internal Audit Progress Report  
(Covering the period April 2017 to September 2017)  
Audit & Accounts Committee: 31<sup>st</sup> October 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.

## Contacts

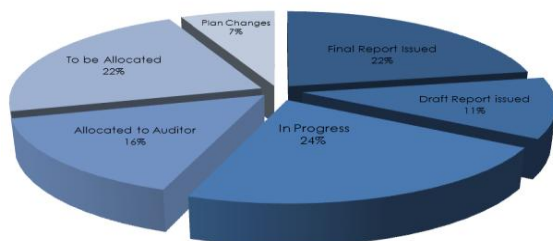
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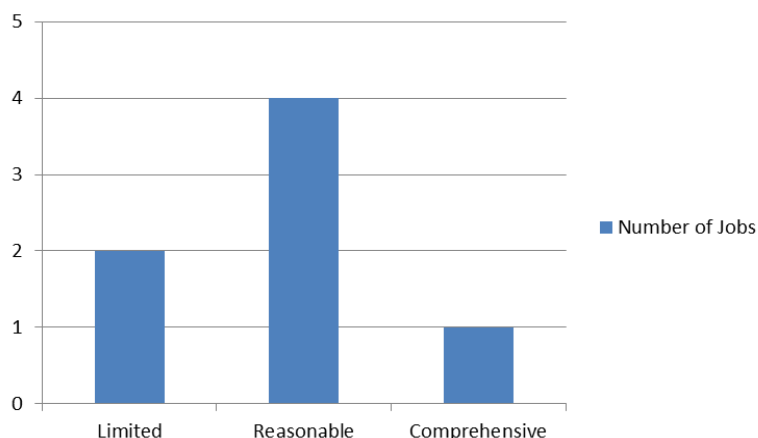


JOB STATUS	TOTALS	% OF PLAN
Final Report Issued	16	22%
Draft Report issued	8	11%
In Progress	16	23%
Allocated to Auditor	11	15%
To be Allocated	16	22%
Plan Changes	5	7%
<b>TOTAL</b>	<b>72</b>	<b>100%</b>

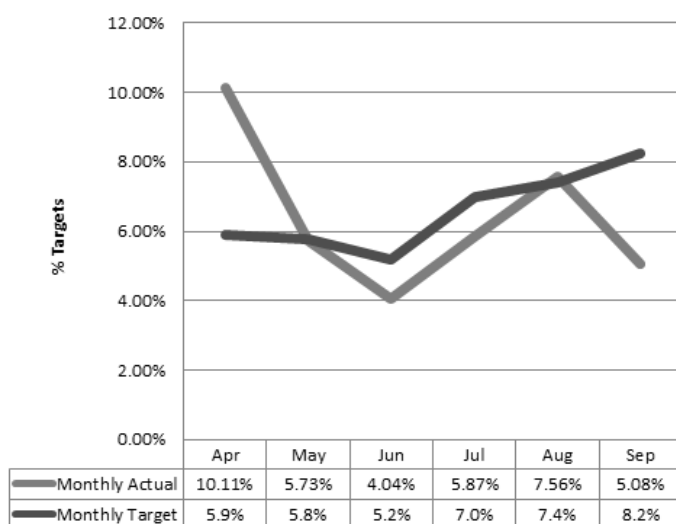
### APPENDICES

- **A** = Control environment Assurance Categories and control Risk Ratings explained.
- **B** =Details of control issues raised in the period, assessed as Moderate Risk
- **C** =Details of recommendations not implemented by Action Date

### Assurance Opinion for jobs completed July to September 2017



### Service Delivery year to date



### Recommendation Tracking

Recommendations not implemented as at 30<sup>th</sup> September 2017

Risk Rating	Low Risk	Moderate Risk	Significant Risk	Total
Total recs open last meeting	60	38	1	99
Recs made in period	40	16	0	56
Recs closed in Period	16	8	0	24
<b>Recs currently open</b>	<b>84</b>	<b>46</b>	<b>1</b>	<b>131</b>

### Continuous Improvement

1. Trialling the new "Agile" audit approach which should improve customer buy-in and engagement and reduce assignment turnaround times.
2. Ongoing provision of assurance through assisting on Counter fraud measures and in an advisory capacity on various systems development and policy groups.
3. Improvements are being made to Committee reports to reduce the quantity of information presented, to better focus on the priority risks and issues.
4. All auditors are now completing detailed Continuous Professional Development (CPD) records and have re-engaged with their respective professional bodies.

## Brought Forward and Current Plan Work

Job No	2016/17 Job Names	Assurance	Status	% Job Complete
<b>Organisation &amp; Governance</b>				
OG1	National Domestic Rates 16/17	Comprehensive	Final Report Issued	100%
OG2	Council Tax 2016/17	Comprehensive	Final Report Issued	100%
OG3	Treasury Management 2016/17	Reasonable	Final Report Issued	100%
OG4	Payroll 2016/17	Reasonable	Final Report Issued	100%
OG5	Data Quality & Performance	Reasonable	Final Report Issued	100%
OG6	Income Management (Civica Icon)	Reasonable	Final Report Issued	100%
OG7	ICT - Asset Management	Reasonable	Final Report Issued	100%
OG11	People Management	Reasonable	Final Report Issued	100%
OG8	Main Accounting – key reconciliations		Draft Report issued	95%
OG9	Capital Contracts		Draft Report issued	95%
OG10	Housing Benefits & Council Tax support		Draft Report issued	95%
OG12	Fixed Assets		Draft Report issued	95%
OG13	Procurement Control		In Progress	80%
OG14	Procurement monitoring		In Progress	80%
OG15	Taxation		In Progress	80%
OG16	Revenues Contracts		In Progress	40%
<b>People Service</b>				
PS1	Business Intelligence	Reasonable	Final Report Issued	100%
PS2	Public Health - Pooled Budgets	Reasonable	Final Report Issued	100%
PS3	External Funding	Reasonable	Final Report Issued	100%
PS5	Integrated Commissioning		Draft Report issued	95%
PS6	Independent living funds		Draft Report issued	95%
PS4	Direct Payments - Mental Health		In progress	75%
PS7	Residential care investigation		Superseded	100%
PS8	LAC – looked after children – Virtual school		In Progress	60%
<b>Communities &amp; Place</b>				
CP1	Health & Safety	Limited	Final Report Issued	100%
CP2	Economic Regeneration	Comprehensive	Final Report Issued	100%
CP4	Highways & Engineering	Reasonable	Final Report Issued	100%
CP3	Refuse Collection & Recycling		Draft Report issued	95%
CP5	Property Maintenance		In progress	80%

**APPENDIX A** - Control Environment Assurance Categories explained.



Job No	2017/18 Job Names	Assurance	Status	% Job Complete
<b>Organisation &amp; Governance</b>				
OG17	Key Financial Systems -Creditors	Reasonable	Final Report issued	100%
OG24	Revenues Write off procedures.		In Progress	50%
OG29	Grant Certification		In Progress	65%
OG30	Schools SFVS		In Progress	30%
OG32	Council House /Land Sales		In Progress	90%
OG36	Severlec Synergy Children services		In Progress	80%
OG37	User Access management		In Progress	50%
OG39	AP access Permissions		In Progress	80%
OG40	CCTV Management		Allocated	
OG28	Document Management & Network printing		See Plan Changes	
OG33	Elections Services & Land Charges		See Plan Changes	
OG18	Main Accounting - reconciliation S24 action plan		Allocated	
OG19	Fixed Assets – Capital valuation S24 action plan		Allocated	
OG20	Key Financial Systems -Year- end procedure S24 action plan		Allocated	
OG21	Key Financial Systems - Data quality S24 monitoring		Allocated	
OG22	Key Financial Systems-High level Controls on Revenues & Debtors		Allocated	
OG23	Key Financial systems -High level controls - Treasury Management		Allocated	
OG34	Organisational Culture & Ethics		Allocated	
OG35	Assurance Mapping Review		Allocated	
OG38	CM2000 Care rostering system		Allocated	
OG41	IT Data quality checks		Allocated	
OG25	Use of social Media		To be allocated to auditor	
OG26	People Management – HR recruitment		To be allocated to auditor	
OG27	Payroll – Key controls review & IR35 process		To be allocated to auditor	
OG31	Procurement Monitoring		To be allocated to auditor	

## People Services

<b>PS13</b>	SEND – School Payments	Draft Report issued	95%
<b>PS19</b>	Public Health – Performance & Data Quality	See plan changes	
<b>PS17</b>	Out of Area Placements	Allocated	
<b>PS9</b>	Direct Payments(ContrOCC system)	To be allocated to auditor	
<b>PS10</b>	Personal Budget – RAS system	To be allocated to auditor	
<b>PS11</b>	Adults Commissioning – contract management	To be allocated to auditor	
<b>PS12</b>	Looked After Residents Funds	To be allocated to auditor	
<b>PS14</b>	Leaving Care Payments	To be allocated to auditor	
<b>PS15</b>	Safeguarding - MASH	To be allocated to auditor	
<b>PS16</b>	Payment of Adoption Allowances	To be allocated to auditor	
<b>PS18</b>	Children's Commissioning – Contract Monitoring	To be allocated to auditor	

## Communities & Place

<b>CP9</b>	Markets – Old Hall; Allenton; Farmers	In progress	75%
<b>CP11</b>	Strategic Housing	See Plan Changes	
<b>CP8</b>	Licensing - Taxi	See Plan Changes	
<b>CP10</b>	Connect Derby - Rents	To be allocated to auditor	
<b>CP12</b>	Asset Management & Rationalisation	See Plan Changes	
<b>CP6</b>	Bus Station Income Recharges	To be allocated to auditor	
<b>CP7</b>	Waste Disposal & Processing	See Plan Changes	

**APPENDIX A** - Control Environment Assurance Categories explained.

Job No	ANTI-FRAUD & PROBITY AUDITS Job Name	Assurance*	Status	% Job Complete
AF1	Registrars	Limited	Final Report issued	100%
AF2	Probit Audit - Cash Count The Shine Children's Residential Home		Draft Report Issued	95%
AF3	Probit Audit - Cash Count Cricklewood Children's Residential Home		Draft Report Issued	95%
AF4	Probit Audit - Cash Count Tourist Centre		In Progress	40%
AF5	Probit Audit - Cash Count Derby Arena		In Progress	40%
AF6	Probit Audit - Cash Count Springwood Leisure Centre		In Progress	40%
AF7	Probit Audit - Cash Count Queens Leisure Centre		In Progress	40%
AF8	Probit Audit - Vulnerable Adults Funds GASH Accounts		In Progress	80%
AF9	Probit Audit - Controlled Stationery		In Progress	40%
AF10	Probit Audit - Compliance HR		Allocated	
AF11	Probit Audit - Medium Term Financial Planning (AGILE)		Allocated	

GRANT CERTIFICATION	Definition	Status	% Job Complete
GC1	BSOG Bus Service Operators Grant	Certificate submitted	100%
GC2	LTC Local Transport capital block fund	Certificate submitted	100%
GC3	DHMA Derby HMA-Growth Fund	Certificate submitted	100%
GC4	OCOR One City One River-Floods Growth fund		
GC5	CRC Carbon Reduction Commitment		
GC6	STAF Sustainable Travel Access Fund		

## IT SECURITY

### IT Forensics work

See Pink Papers

### Urgent Security Issues Identified and recommendations actioned

See Pink Papers

### Data matching:

Single Person's Discount (SPD) validation- Matching a random sample of 2000 SPD records from Council Tax to 4 other datasets (payroll, electoral register, blue badges & personal budgets) as part of a validation exercise to identify instances whereby single person discount claimants show in other systems as living in properties with more than one adult resident.

## OTHER INITIATIVES

### Risk Management

CMAP have been working with consultants to assist the Council with developing and embedding Enterprisewide Risk Management

### Agile Auditing

Targeted, more focused consultation;- Empowerment of management, with no surprises Opportunity for managers and audit to drill down into system operations and identify risks within the system. Quick turnaround to final report. A more collaborative approach to the identification of solutions to the issues raised and brings about greater understanding and ownership of the agreed actions and provides for more realistic implementation dates.



The 2017-18 Internal Audit Plan has been reviewed halfway through the year, to ensure it continues to be reflective of emerging risks to the assurance and control environment of the Authority.

Discussions were held with the Monitoring Officer, who is responsible for the Annual Governance Statement and the Chair and Vice Chair of the Audit and Accounts Committee.

As well as the changes detailed below, the original scope of various financial systems audits listed, have been amended to ensure assurance is provided on progress made on implementation of the action plan for the statutory recommendations under S24.

JOB No	Job Name	DETAIL OF CHANGE
OG28	<b>Document Management &amp; Network Printing</b>	To be postponed and replaced with review of progress on the Council's action plan for implementation of requirements of General Data Protection Regulations (GDPR)
OG33	<b>Election Services &amp; Land Charges</b>	To be postponed to 2018 and time to be transferred to extension of people management review to incorporate review of robustness of JE Panel process
PS19	<b>Public Health – Performance &amp; Data Quality</b>	To change the focus of the audit on to review of controls over needle stocks
CP8	<b>Licensing – Taxi</b>	To be postponed to 2018/19 and focus changed to review of processing of liquor licensing
CP11	<b>Strategic Housing</b>	To replace with review of governance arrangements over 2 key partnership arrangements with neighbouring Authorities. Building Controls with Derbyshire Councils and Fly tipping arrangements with Nottingham City Councils
CP12	<b>Asset Management Rationalisation</b>	To replace with review of robustness of process for valuing assets for insurance purposes.
CP7	<b>Waste Disposal and processing</b>	To change focus of the audit to review governance arrangements over Shared working arrangement with Nottingham City Council- Metro Dynamics





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## ASSIGNMENTS COMPLETED DURING PERIOD

1<sup>st</sup> JULY 2017 to 30<sup>th</sup> September 2017

Job No	Final Report Date	Job Name	Control Environment	Low Risk	Moderate Risk	Grand Total
CP1	12/07/2017	Health & Safety	Limited	4	4	8
AF1	01/09/2017	Registrars	Limited	4	6	10
OG5	24/08/2017	Data Quality & Performance 2016-17	Reasonable	7	2	9
OG17	31/08/2017	Creditors 2017-18 (Agile Audit)	Reasonable	9	2	11
OG11	20/09/2017	People Management 2016-17	Reasonable	10	2	12
CP4	28/09/2017	Highways & Engineering	Reasonable	5	0	5
CP2	21/08/2017	Economic Regeneration	Comprehensive	1	0	1
TOTAL				40	16	56

**APPENDIX B.** –details of MODERATE or SIGNIFICANT control Issues raised in period

### All Assignments–Recommendations not implemented

#### Directorate: Organisation & Governance

Assurance Category	Final Report Date	Job Name	Low Risk	Moderate Risk	Significant Risk	Grand Total
Limited	05/08/2016	Creditors 2015-16	0	1	0	1
	18/11/2016	Information Governance	4	0	0	4
	18/01/2017	Active Directory	2	2	0	4
	20/06/2017	ICT Asset Management	3	4	0	7
Reasonable	22/04/2015	Configuration Management	1	2	0	3
	02/02/2016	EDRMS Application	1	0	0	1
	31/03/2016	Wireless Network Infrastructure	1	1	0	2
	23/05/2016	Payroll 2015-16	3	1	0	4
	21/09/2016	RIPA	1	0	0	1
	11/10/2016	Fixed Assets 2015-16	2	0	0	2
	09/11/2016	Insurance	1	0	0	1
	09/01/2017	MiPeople Application Audit	1	1	0	2
	30/06/2017	Payroll 2016-17	4	1	0	5
	24/08/2017	Data Quality & Performance 2016-17	5	1	0	6
	31/08/2017	Creditors 2017-18 (Agile Audit)	9	2	0	11
	20/09/2017	People Management 2016-17	10	2	0	12
Comprehensive	28/01/2016	Housing Benefits & Council Tax Support 2015-16	1	0	0	1
	02/03/2017	Grant Certification Work 2016-17	1	0	0	1
<b>Grand Total</b>			<b>50</b>	<b>18</b>	<b>0</b>	<b>68</b>

#### Directorate: People Services

Assurance Category	Final Report Date	Job Name	Low Risk	Moderate Risk	Significant Risk	Grand Total
Reasonable	21/12/2016	Fostering Services	1	0	0	1
	05/05/2017	Public Health - Pooled Budgets	5	2	0	7
	30/05/2017	Business Intelligence	5	3	0	8
<b>Grand Total</b>			<b>11</b>	<b>5</b>	<b>0</b>	<b>16</b>

#### Directorate: Communities & Place

Assurance Category	Final Report Date	Job Name	Low Risk	Moderate Risk	Significant Risk	Grand Total
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Limited	03/03/2015	Asset Management & Estates	1	0	1	2
	08/02/2017	Derby Arena	2	0	0	2
	12/07/2017	Health & Safety	4	4	0	8
Reasonable	19/11/2013	Markets	0	1	0	1
	22/11/2016	Licensing	1	0	0	1
	02/03/2017	Commercial Rents	1	3	0	4
	23/06/2017	External Funding	1	2	0	3
	28/09/2017	Highways & Engineering	5	0	0	5
Comprehensive	21/08/2017	Economic Regeneration	1	0	0	1
<b>Grand Total</b>			<b>16</b>	<b>10</b>	<b>1</b>	<b>27</b>

## Anti-Fraud Assurance

Assurance Category	Final Report Date	Job Name	Low Risk	Moderate Risk	Significant Risk	Grand Total
Limited	10/01/2017	Purchase Cards	1	3	0	4
Limited	01/09/2017	Registrars	2	6	0	8
<b>Grand Total</b>			<b>3</b>	<b>9</b>	<b>0</b>	<b>12</b>

### Recommendations not implemented- **Requiring Committee's Attention**

#### **ORIGINAL ACTION DATE EXCEEDED BY OVER 12 MONTHS**

Department Name: Organisation & Governance

Job Name	Assurance Category	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Configuration Management	Reasonable	1	Moderate Risk	ICT client Services Manager	31/12/2015	31/08/2017
		4	Moderate Risk	ICT client Services Manager	31/12/2015	31/08/2017
Wireless Network Infrastructure	Reasonable	7	Moderate Risk	Head of Client Services	01/04/2016	31/08/2017

Department Name: Communities and Place

Job Name	Assurance Category	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Asset Management & Estates	Limited	1	Significant Risk	Head of Strategic Asset Management & Estates	01/09/2015	31/03/2018
Markets	Reasonable	4	Moderate Risk	Markets Officer	01/01/2014	31/03/2017

#### **ORIGINAL ACTION DATE EXCEEDED BY OVER 6 to 12 MONTHS**

Department Name: Organisation & Governance

Job Name	Assurance Category	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Active Directory	Limited	9	Moderate Risk	Head of Client Services	10/03/2017	27/10/2017
Creditors 2015-16	Limited	1	Moderate Risk	AP Manager	01/09/2016	01/09/2017
ICT Asset Management	Limited	1	Moderate Risk	Head of Client Services	30/12/2016	31/10/2017
MiPeople Application Audit	Reasonable	3	Moderate Risk	HR Shared Services Manager	28/02/2017	31/05/2017
Payroll 2015-16	Reasonable	2	Moderate Risk	HR Shared Services Manager	31/10/2016	31/10/2017



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## ORIGINAL ACTION DATE EXCEEDED BY OVER 3 to 6 MONTH

Department Name: Organisation & Governance

Department Name: People Services

Job Name	Assurance Rating	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Public Health - Pooled Budgets	Reasonable	1	Moderate Risk	Service Director – Integration & Direct Services	31/05/2017	30/09/2017
ICT Asset Management	Limited	72	Moderate Risk	Service Director – Integration & Direct Services	31/05/2017	30/09/2017

Department Name: Communities and Place

Anti-Fraud Assurance

Job Name	Assurance Rating	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Purchase Cards	Limited	1	Moderate Risk	Category Manager	01/04/2017	31/08/2017

Job Name	Assurance Rating	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Commercial Rents	Reasonable	1	Moderate Risk	Head of Strategic Asset Management & Estates	30/04/2017	31/12/2017
		9	Moderate Risk	Senior Valuation Technician	01/06/2017	31/12/2017
		11	Moderate Risk	Head of Strategic Asset Management & Estates	30/04/2017	31/12/2017
		6	Moderate Risk	Category Manager	01/04/2017	01/10/2017



Department Name: Organisation & Governance

Job Name	Assurance Rating	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Creditors 2017-18 (Agile Audit)	Reasonable	6	Moderate Risk	Head of Procurement & Contracting	01/08/2017	
		8	Moderate Risk	Head of Procurement & Contracting	01/08/2017	
ICT Asset Management	Limited	2	Moderate Risk	ICT Client Services Manager	31/08/2017	
		9	Moderate Risk	ICT Client Services Manager	31/08/2017	
Payroll 2016-17	Reasonable	10	Moderate Risk	HR Data Manager	31/08/2017	

Department Name: People Services

Job Name	Assurance Rating	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Business Intelligence	Reasonable	4	Moderate Risk	Acting Head of Integrated Commissioning	31/07/2017	02/10/2017
		5	Moderate Risk	Head of Community Support	05/09/2017	01/04/2018
		7	Moderate Risk	Head of Performance & Intelligence	30/09/2017	01/10/2017

Department Name: Communities and Place

Job Name	Assurance Rating	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
External Funding	Reasonable	2	Moderate Risk	Principal Accountant	31/07/2017	
		3	Moderate Risk	Principal Accountant	31/07/2017	

Anti-Fraud Assurance

Job Name	Assurance Rating	Rec No	Risk Rating	Responsible Officer	Action Date	Revised Action Date
Registrars	Limited	2	Moderate Risk	Senior Registration Services Officer	31/08/2017	31/10/2017

## APPENDIX C - details of all above Recommendations

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The central midlands audit partnership was formed to provide shared internal audit services to local authorities in the region. CMAP currently provides audit services to three District Councils, a Unitary Council, a Housing ALMO and a Fire Authority and welcomes further public sector partners or clients from within the region.



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