



Derby City Council –
Internal Audit Progress Report
Covering the period 1st March 2015 to 31st May 2015)
Audit & Accounts Committee: 8th July 2015



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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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 a None or

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Limited assurance assessment will be highlighted to the Audit &

Accounts Committee in Audit's progress reports.

Audit Coverage

Progress on Audit Assignments

The following tables provide Audit & Accounts Committee with information on how audit assignments were progressing as at 28th February 2015.

In Progress at year end - 2014-15 Audit Plan Assignments B/Fwd	Type of Audit	Current Status	% Complete
Corporate Programmes	Governance Review	In Progress	35%
Safeguarding	Systems/Risk Audit	Draft Report	95%
Payroll 2014-15	Key Financial System	In Progress	75%
Business Support	Systems/Risk Audit	In Progress	60%
Fixed Assets 2014-15	Key Financial System	Final Report	100%
Treasury Management 2014-15	Key Financial System	In Progress	60%
Main Accounting System 2014-15	Key Financial System	In Progress	10%
Creditors 2014-15	Key Financial System	Fieldwork Complete	80%
Debtors 2014-15	Key Financial System	In Progress	70%
IT Governance	IT Audit	In Progress	35%
Configuration Management	IT Audit	Final Report	100%
Virtualisation Management	IT Audit	Final Report	100%
Oracle Business Intelligence	IT Audit	Fieldwork Complete	80%
Wireless Network Infrastructure	IT Audit	In Progress	65%
Network Access Management	IT Audit	Draft Report	95%
Oracle EBS R12 Security Assessment	IT Audit	Draft Report	95%
Strategic Housing	Systems/Risk Audit	Draft Report	95%
Integrated Commissioning: Younger Adults	Systems/Risk Audit	In Progress	75%

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Progress on Audit Assignments (Cont.)

2015-16 Audit Plan Assignments	Type of Audit	Current Status	% Complete
Data Quality 2015-16	Governance Review	Allocated	5%
Locality Services	Systems/Risk Audit	Allocated	
Children in Care & Registered Services	Systems/Risk Audit	Allocated	
Integrated Commissioning	Systems/Risk Audit	Allocated	5%
Investigation - St Chads Nursery & Infants School	Investigation	In Progress	50%
Procurement	Procurement/Contract Audit	Allocated	5%
Teachers Pensions 2014-15	Key Financial System	In Progress	40%
Grant Certification Audits 2015-16	Grant Certification	In Progress	15%
Insurance	Systems/Risk Audit	In Progress	10%
Anti-Fraud & Corruption 2015-16	Governance Review	In Progress	15%
Internal Groups 2015-16	Advice/Emerging Issues	In Progress	10%
IT Forensics 2015-16	Advice/Emerging Issues	In Progress	25%
EDRMS Application	IT Audit	In Progress	20%
Income Management (Civica ICON)	IT Audit	In Progress	10%
Payroll/HR Application	IT Audit	Allocated	
IT Risk Management	IT Audit	Allocated	
Waste Management & Disposal	Systems/Risk Audit	Allocated	5%
Trading Standards & Bereavement Services	Systems/Risk Audit	In Progress	30%
Sector Development	Systems/Risk Audit	Allocated	
Business Intelligence	Systems/Risk Audit	Allocated	5%
Schools Self Assessments 2015-16	Schools	In Progress	25%
20 Schools SFVS Assessments	Schools	Various	Various

13 planned audit assignments have yet to be allocated.

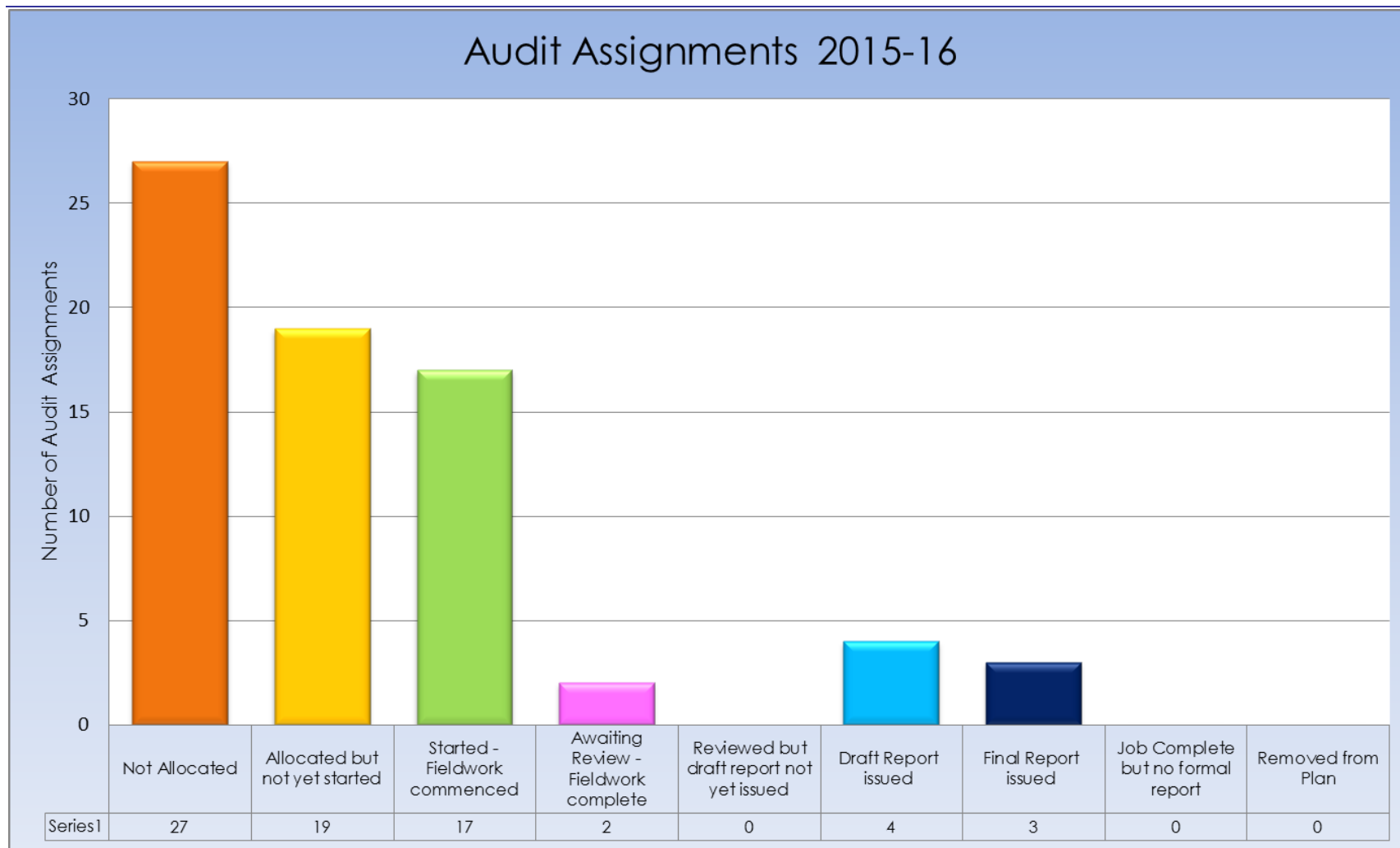
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Audit Coverage

Progress on Audit Assignments Chart

The following graph provides Audit & Accounts Committee with information on what stage audit assignments were at as at 31st May 2015.

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Audit Coverage

Completed Audit Assignments

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Between 1st March 2015 and 31st May 2015 Internal Audit has completed the following 13 audit assignments for Derby City Council as well as completing 4 School's Financial Value Standard reviews:

Audit Assignment	Overall Assurance Rating
Regeneration	Limited
Local Sustainable Transport Funding 2014-15	Not Applicable
Our City Our River (OCOR) Grant	Not Applicable
Anti-Fraud & Corruption 2014-15	Not Applicable
Council Tax 2014-15	Comprehensive
Job Evaluation	Limited
Conflicts of Interest	Limited
CIS Payments	Limited
Fixed Assets 2014-15	Reasonable
Configuration Management	Reasonable
Virtualisation Management	Reasonable
Asset Management & Estates	Limited
Pest Control & Licensing	Reasonable

All audits leading to a rating of "Limited" or "None" will be brought to the Committee's specific attention. Accordingly, the audit assignments relating to Regeneration, Job Evaluation, Conflicts of Interest, CIS Payments and Asset Management & Estates are brought to Committee's attention from this period.

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.

Chief Executives

Regeneration

Internal audit was requested by the former Chief Executive to provide an independent view on:

- The legitimacy of a transaction with a company due to State Aid concerns.
- The justifications for a proposed lease surrender payment.
- Compliance with the proper approval process.

We concluded that there was no doubt as to the regeneration benefits of supporting the company, but weaknesses were identified in the robustness and transparency of the Council's decision making.

Resources

Local Sustainable Transport Funding 2014-15

In 2012/13 we reported receipt and use of £3,815,416 of funding which had been allocated to Derby City Council. Due to a miscoding in the Council's accounts, an underspend of £743,389 was identified following submission of last year's audit certificate. This value was added to the 2013/14 allocation to make a total balance of £4,652,389.

In the year 2013/14 we were able to confirm spending totalling £4,112,420 on capital projects, leaving a remaining balance to carry forward into 2014/15 of £539,969. We examined the documents to support the various projects and having scrutinised a sample of payments, we were able to offer the following opinion:

"To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination 2013/14: No 31/2150 have been complied with".

Our City Our River (OCOR) Grant

We were able to confirm receipt and use of £4,931,670 of the £6m Floods Growth Funding allocated to Derby City Council. We examined the documents to support the project and having scrutinised a sample of payments, we were able to offer the following opinion:

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“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Floods Growth Fund Grant Determination 2013:2 have been complied with”.

Anti-Fraud & Corruption 2014-15

At the start of the year, work was completed on the NFI matches produced from the data submissions made in Autumn 2012. The final total for the 2013 exercise showed 3,022 matches being investigated, with 11 frauds being found (all of which related to Housing Benefit). These frauds, together with amendments to accounts identified during the exercise, clawed back a total of £215,085.34.

The cycle of NFI data submissions and matches continued, data was again submitted in October 2014, producing 9,967 matches (a reduction of nearly 14% on the previous cycle). These matches include a variety of housing benefit based matches and other reports related to payroll, creditors, housing, concessionary travel, residential care homes and blue badges. By the end of March 2015, 181 matches had been checked and a further 8 were under investigation. Progress on these matches has speeded up since the start of the new financial year. This work is due to continue during 2015/16. Internal Data matching continued; over 5,000 matches were examined. As yet, the amount to be clawed back has still to be identified.

Council Tax 2014-15

This audit focused on testing the robustness of the Council Tax recovery process; ensuring that there were adequate controls in place to ensure the Council Tax property database (Academy) was up to date and agreed with the Valuation Office records; and ensuring that there were adequate controls in place around the use of the External Printers (FDM). From the 20 key controls evaluated in this audit review, 20 were considered to provide adequate control and 5 contained weaknesses. This report contained 6

recommendations which were all considered a low risk. The following issues were considered to be the key control weaknesses:

- Copies of the VO Schedules of Alterations were not retained as evidence to support the new properties added and changes made to the property database. There were also 3 instances identified during testing where the dates on the VO Schedule of Alterations did not agree to those on Academy. (Low Risk)
- There were instances of signed and returned completion notices not having been processed correctly through the Images system which meant the Council Tax team had not received the documents to process the relevant details on Academy. (Low Risk)
- There was not a process for monitoring the Academy system for accounts that had outstanding completion notices, or for monitoring instances where completion dates had been added to Academy but were not supported by adequate documentation. (Low Risk)
- There was not a documented procedure that covered the process for reconciling the Valuation Office Property Listing to the Academy System Property Listing. Reconciliations were not checked and countersigned by a second officer. (Low Risk)
- The quality checks undertaken on the external printers and the issues noted and actions taken were not being consistently recorded. (Low Risk)
- There were errors in the reconciliations of the data sent to and returned from FDM for Council Tax files. (Low Risk)

All 6 issues raised within this report were accepted. Management agreed to take action to address 1 of the issues by 31st March 2015, 2 of the issues by 15th April 2015, 1 of the issues by 31st May 2015, 1 of the issues by 1st July 2015 and the remaining issue by 1st August 2015.

Job Evaluation

The now Acting Chief Executive requested that Internal Audit examine the contract between the Council and its strategic partner for the Job Evaluation exercise. We provided an independent view

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on whether all payments were made in accordance with the agreed contract; whether the Job Evaluation methodology used was appropriate and as agreed; whether project risks had been appropriately managed.

Audit work led to the appointment of a Designated Independent Person (DIP) to carry out an independent investigation of senior officers' actions. Audit findings also led to the Council having to enter into a contract with Hay Group to complete the job evaluation process at an additional cost of approximately £1.1m. Audit work also identified that individual(s) on behalf of the Council may have deliberately blocked or concealed information held by the Council, requested under the Freedom of Information Act, from both the requestor and the ICO.

Conflicts of Interest

Internal Audit work identified occasions where employees of the Council were undertaking additional work which could be considered to be in direct conflict with their Council employment. The Council's Code of Conduct is very clear on this issue and directs employees to the appropriate course of action. However, a number of failings of both management and employees were identified which were brought to management's attention. The following issues were considered to be the key control weaknesses:

- Not all managers and employees were fulfilling their responsibilities with regard to additional employment. Examples have been identified where additional employment had been inappropriately recognised, managed and recorded. (Moderate Risk)
- The Council had no process for checking that conflicts of interest had been appropriately declared and managed in accordance with the Council's Code of Conduct. The Council's process expects employees and Line Managers to act with integrity and operate a self governing process. (Low Risk)

Both of the issues raised within this report were accepted. Action was agreed to be taken to address both of the issues before the end of March 2015.

CIS Payments

The Director of Finance & Procurement requested that Internal Audit examine the circumstances surrounding an overpayment to the Main Contractor working on the Cathedral Quarter Enterprise Centre. In our opinion, the payment controls in place on this project were adequate and robust. Works were being independently verified by an external contractor with standardised valuation certificates issued to the Council to validate monthly invoices from the contractor. The controls broke down when officers chose to make a £993,487 overpayment to maximise the Council's expenditure on the project in order for DCLG to retain additional European Commission regeneration funding. The Council reported the 'error' to DCLG and recovered the overpayment from the Main Contractor through future payments. We concluded that officers were acting outside of the standardised payment process and in contravention of the Council's Financial Procedure Rules and should the Main Contractor have gone into liquidation during this period, there would have been a significant risk of non-recovery.

Fixed Assets 2014-15

This audit focused on the adequacy of the valuation process for informing the Council's Fixed Asset Register. From the 10 key controls evaluated in this audit review, 5 were considered to provide adequate control and 5 contained weaknesses. This report contained 5 recommendations, 3 of which were considered to present a low risk and 2 were considered to present a moderate risk. The following issues were considered to be the key control weaknesses:

- It was not standard practice for the completed valuation template to be cross-referenced to the relevant reports and documents that supported and justified the methodology used to perform the calculation. (Low Risk)

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- Contrary to the 'Method of Valuation' described in the 'Asset Valuation Process' document, it was not routine for the Principal Asset Valuer to quality assess each valuation as and when it was completed. (Low Risk)
- There was not a complete and reliable rolling programme in place for valuating all the Council's assets over a period of 5 years in accordance with CIPFA guidance. (Moderate Risk)
- It was not standard practice to ensure the rolling programme for undertaking valuations was routinely updated to include acquisitions, sales and new constructions. (Moderate Risk)
- There was not a formalised timetable in place that required information to be made available to all respective parties to help ensure that the valuations and the Fixed Asset Register was updated within the specified deadlines. (Low Risk)

All 5 of the control issues raised in this report were accepted. Positive action had already been taken to address the 3 low risk control issues and positive actions was agreed to address 1 of the moderate risk control issues by 31st July 2015 and the remaining moderate risk issue by 31st December 2015.

Configuration Management

This audit focused on the Council's configuration management policies and procedures, and integration of the Council's configuration management process with other key service management processes such as change management and incident management. From the 20 key controls evaluated in this audit review, 6 were considered to provide adequate control and 14 contained weaknesses. This report contained 6 recommendations, 3 of which were considered to present a low risk and 3 were considered to present a moderate risk. The following issues were considered to be the key control weaknesses:

- 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. (Moderate Risk)

- There were no formal documented procedures for identifying Configuration Items (CIs). The process for adding a new CI was manual, however audit data analysis testing had identified several hundred CIs missing from the CMDB. Unidentified CIs configuration cannot be effectively controlled or managed. (Low Risk)
- There were no formal documented procedures for status tracking and accounting. This could lead to inaccurate or outdated status related information being stored against configuration items which could impact on service delivery and incident resolution. (Low Risk)
- 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. (Moderate Risk)
- From a sample of the last 15 incidents resolved, we found that none of the incidents had been tied to configuration items. Tying incidents to configuration items is used to assist in incident resolution and incident resolution times. (Low Risk)
- There were 734 servers or computers enabled in the Council's Active Directory that were missing from the CMDB. Failure to accurately record and update information about Configuration Items and their interdependencies means the Council cannot effectively always manage business risk that is associated with changes to the IT infrastructure and environment. (Moderate Risk)

All 6 of the issues raised were accepted and positive actions were agreed to be taken to address all of the control weakness by the end of December 2015.

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Virtualisation Management

This audit focused on the security, design and management of the Council's VMware Infrastructure. At the time of the audit, this comprised of 49 hosts, 49 data stores, 297 active virtual machines, 3 clusters, and 1 data store cluster. We could not provide assurance as to the adequacy of controls in the following areas as evidence pertinent to these controls could not be provided within audit testing deadlines:

- Licencing compliance of the VMware environment.
- Health monitoring and alerting procedures for the VMware environment.
- Backup routines for ESXi and IBM configurations.
- Hardware warranty and service maintenance agreements.

From the 27 key controls evaluated in this audit review, 20 were considered to provide adequate control and 7 contained weaknesses. This report contained 7 recommendations, 4 of which were considered to present a low risk and 3 were considered to present a moderate risk. The following issues were considered to be the key control weaknesses:

- The version of vCenter Server (build 1235232) was missing 5 updates and was only current as of 1st August 2013. Failure to apply updates in a timely manner makes the vCenter application prone to known vulnerabilities and bugs. (Low Risk)
- The SQL Server housing the vCenter databases was operating an unsupported build of SQL Server (10.50.2500.00 – Service Pack 1 for SQL Server 2008 R2). Unsupported database server software is not supported by Microsoft to address newly discovered security vulnerabilities, or provide support for functionality issues. (Low Risk)
- There were 2 SQL Server authentication accounts with weak corresponding passwords, one of which had sysadmin permissions for the SQL Server housing the vCenter Server databases, which could be exploited to gain unauthorised access to the vCenter databases and cause significant

disruption to the availability, integrity and confidentiality of the system. (Moderate Risk)

- The VMware compliance checker for vSphere identified a number of higher risk non-compliant settings, including ESXi lockdown mode not enabled on any host, and DCUI mode not disabled on any host. Failure to configure such settings means local activity will bypass audit logging for actions not completed through supported tools such as vCenter Server, and also makes data theft opportunities more realistic where physical access to the data centre is available. (Low Risk)
- 53 virtual machines had less than 10% disc space available, and in 15 cases, less than 1GB free (including 2 systems with 0% free space). Allowing production servers to exceed dangerous free space thresholds without following appropriate capacity plans and capacity management procedures can lead to service outages of production IT systems. (Moderate Risk)
- On 5 virtual machines, VMware tools was not installed at all (albeit 4 of these were powered off), on 263 virtual machines VMware tools was out-of-date, and 2 virtual machines were operating unsupported versions of VMware tools. Installing and maintaining the version of VMware tools is key to ensure virtual servers properly communicate with their ESXi host. (Low Risk)
- There were 2 virtual servers which had consistently dangerous CPU utilisation statistics during the course of the audit (DCC-XENAPP096 and DCC-EDRMS-SCAN, around 90% utilisation). This had also created alerts in vCenter Server under the "virtual machine CPU usage" alarm definition. Allowing production systems to constantly exceed high resource utilisation without following capacity management plans can lead to performance issues which can impact on service delivery. (Moderate Risk)

All 7 of the issues raised were accepted and positive actions were agreed to address 1 of the moderate risk issues by the end of May 2015, another by the end of June 2015, 1 more by the end of July 2015, and the remaining 4 low risk issues by the end of June 2016.

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Neighbourhoods

Asset Management & Estates

This audit focused on reviewing the controls which ensure that Council fixed assets are identified and protected through adequate insurance provision and the monitoring and enforcement of lease agreements where applicable. From the 19 key controls evaluated in this audit review, 9 were considered to provide adequate control and 10 contained weaknesses. This report contained 10 recommendations, 7 of which were considered to present a low risk, 2 were considered to present a moderate risk and 1 was considered to present a significant risk. The following issues were considered to be the key control weaknesses:

- The asset list submitted for insurance purposes 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. (Significant Risk)
- No reconciliations were being undertaken by Estates to agree the details on SAM with the records held in Legal, Housing and Accountancy Sections. (Low Risk)
- The list provided by Estates for insurance purposes did not value the assets listed at reinstatement value, needed for correct assessment of insurance cover. Data to enable the computation of reinstatement values was not available at the time of the Insurance review. (Moderate Risk)
- The project plan to up-date and maintain the asset management database had not been actioned in a timely manner. Tasks had not been assigned and timescales for action not agreed. (Low Risk)
- Some data relating to changes in the Commercial property estate was not being routinely shared with other Sections who need the information. (Low Risk)

- There was no process for ensuring that the lease terms of all leased properties recorded on the SAM data base was being monitored at regular intervals throughout the year. (Low Risk)
- There was no evidence that the costs of insurance premiums paid by the Council for landlord insuring lease agreements were being recovered. (Low Risk)
- Lease agreements did not all include a provision to allow the Council to check the lessee's insurance policy or the premium receipt, for assurance that the leased property had been adequately insured. (Moderate Risk)
- Evidence was not being retained of checks undertaken to verify compliance with lease terms. (Low Risk)
- There was not a documented policy to provide guidance as to when it was acceptable to waive the recharging to commercial tenants the costs of dilapidation repairs. (Low Risk)

All 10 issues raised within this report were accepted and action had already been taken to address 2 of the issues at the time of issuing the final report. A further 3 issues were agreed to be addressed by the end of March 2015, one by the end of June 2015, 2 by the start of September 2015 and the 2 remaining actions to be taken by 30th September 2015.

Pest Control & Licensing

This audit focused on reviewing processes within two separate Council Services falling under the Environmental Health & Licensing Section - Pest Control and Licensing (scrap metal, sex shops, skin piercing and gambling/gaming), to provide assurance as to the adequacy of controls within the processes. From the 35 key controls evaluated in this audit review, 26 were considered to provide adequate control and 9 contained weaknesses. This report contained 9 recommendations, 5 of which were considered to present a low risk, 4 were considered to present a moderate risk and 1 was considered to present a significant risk. The following issues were considered to be the key control weaknesses:

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- The Pest Control Officers were handling and administering cash as part of their daily duties exposing them to possible attack and allegations of misappropriation of funds, as well as reducing the time available to undertake income generating work. (Moderate Risk)
- The in-house Pest Control Service was not being used by the Council Property Services for dealing with pests in Council establishments, potentially costing the Council more to use private providers. (Low Risk)
- Office procedures to bank takings on a daily basis were not being adhered to. Banking of income was being undertaken up to 2 weeks after collection in some cases. The Pest Control service had no arrangements for the secure retention of cash on the depot or in vans overnight. (Moderate Risk)
- We confirmed that reconciliations were not being performed between the expected income per pest control job records to the actual income and accounting records held in Oracle GL. (Low Risk)
- Debt monitoring was currently not being undertaken by the Pest Control Service. (Low Risk)
- Stock records were not being maintained by the Pest Control Service. (Moderate Risk)
- We were unable to locate 7 applications from a sample of 34 selected. The process of scanning and indexing of key documentation relating to licence applications was not structured. (Low Risk)
- Reconciliations of expected and actual income have not been undertaken by the licensing section due to the long standing issue with the Council's Income Management System. (Moderate Risk)
- Licence suspension letters were not being issued as the section was not able to verify that licence fees had not been paid via the self-service kiosks. (Low Risk)

All 9 of the control issues raised within this report were accepted and positive action had already been undertaken to address 4 of the issues (1 moderate risk, 3 low risk). The remaining 5 issues (3 moderate risk, 2 low risk) were agreed to be addressed by 31st March 2015.

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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 67 responses received between 1st April 2013 and 31st May 2015. The overall average score from the surveys was 50.7 out of 55. The lowest score received from a survey was 29, whilst the highest was 55 which was achieved on 23 occasions.

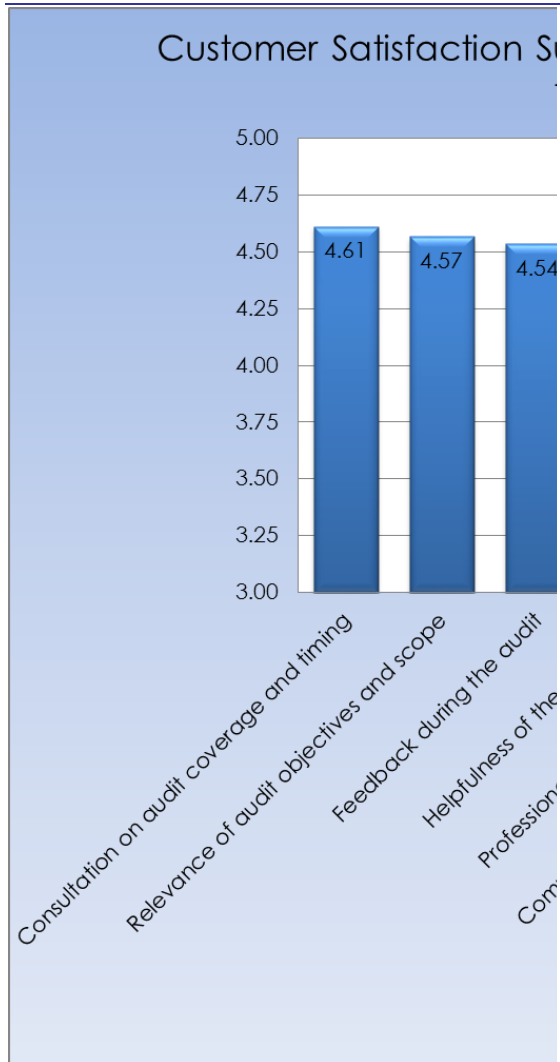
The overall responses are graded as either:

- 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 53 of 67 responses categorised the audit service they received as excellent, another 13 responses categorised the audit as good and 1 categorised the audit as fair. There

were no overall responses that fell into the poor or very poor categories.

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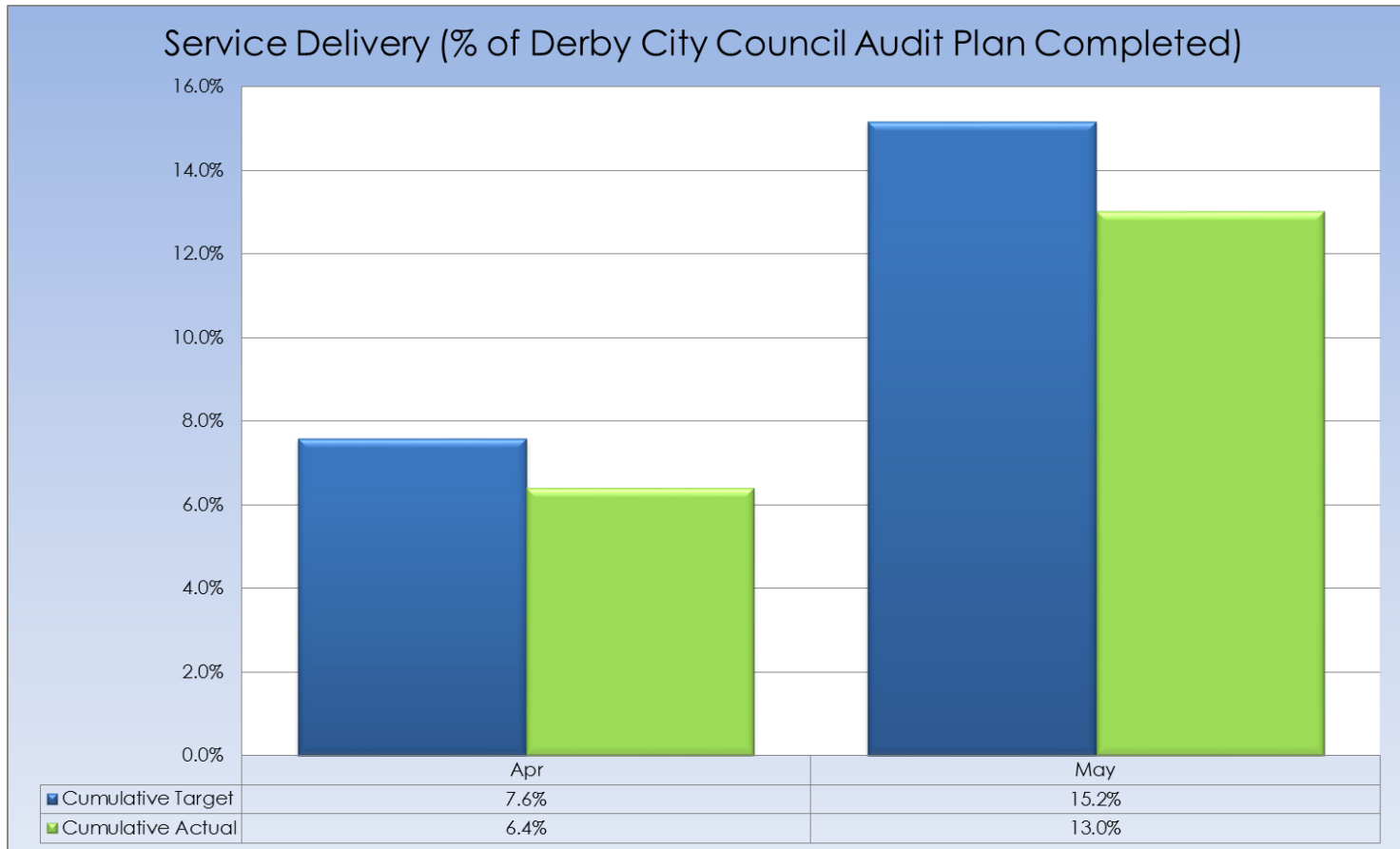
Audit Performance

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 2014-15 Audit Plan (including incomplete jobs brought forward) after 2 months of the Audit Plan year.

The monthly target percentages are derived from equal monthly divisions of an annual target of 91% and do not take into account any variances in the productive days available each month.



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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.

Prior to the Audit & Accounts Committee meeting we have provided Chief Officers with details of each of the recommendations made to their departments which have yet to be implemented. This is intended to give them an opportunity to provide Audit with an update position.

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 31st May 2014. All recommendations made prior to this period have now been resolved.

	Implemented	Being Implemented	Risk Accepted	Superseded	Due, but unable to obtain progress information	Hasn't reached agreed implementation dates	Total
Low Risk	167	15	5	2	2	17	208
Moderate Risk	36	13	3	2	4	7	65
Significant Risk	2	0	1	1	0	1	5
Critical Risk	0	0	0	0	0	0	0
Totals	205	28	9	5	6	25	278

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

Recommendations Not Yet Implemented	Chief Executives	Children & Young People	Resources	Neighbourhoods	Adults Health & Housing	Totals
Risk Accepted	0	0	9	0	0	9
Being implemented	4	1	21	2	0	28
Due, but unable to obtain progress information	0	0	1	5	0	6
Totals	4	1	31	7	0	43

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. We will provide full details of any recommendations where management has decided not to take any mitigating actions (shown in the 'Risk Accepted' category above). No more 'Risk Accepted' recommendations have occurred during the period.

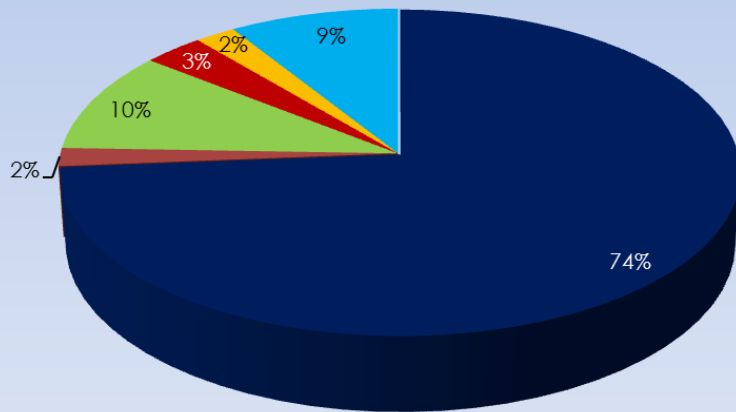
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Recommendation Tracking

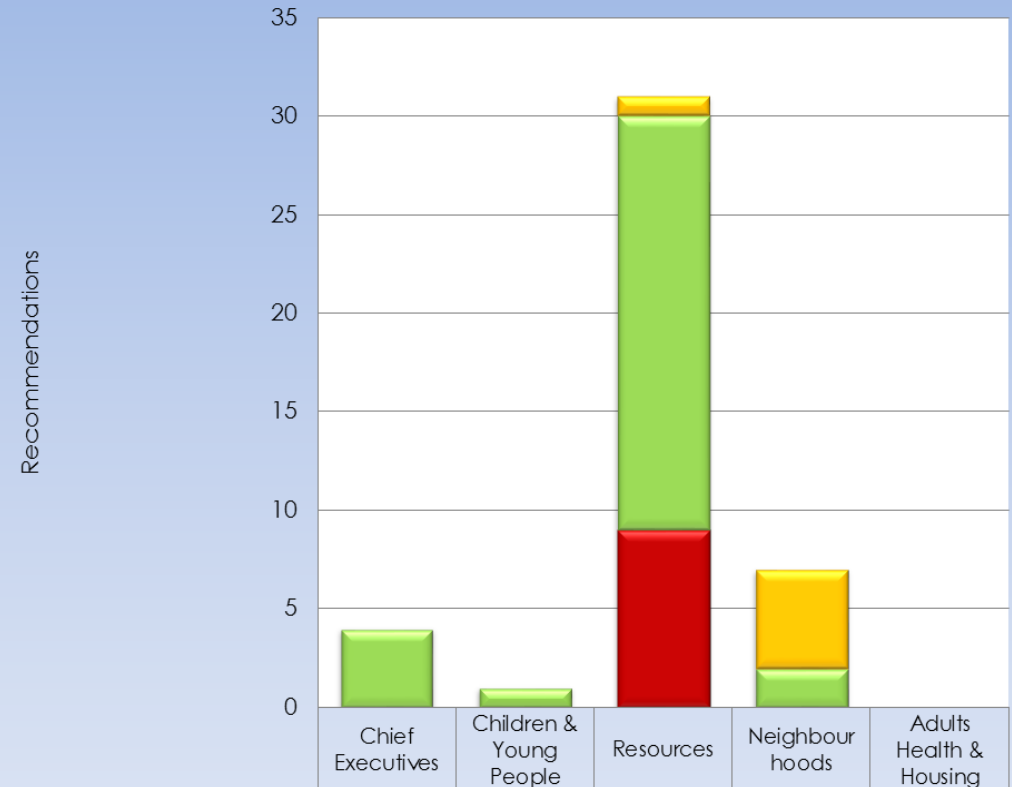
Implementation Status Charts

Action Status of Recommendations made between 1st Apr 2013 and 31st May 2015

- Implemented
- Superseded
- Being Implemented
- Risk Accepted
- No Response Action Date Passed
- Future Action Date



Recommendations Not Yet Implemented by Department



	Chief Executives	Children & Young People	Resources	Neighbourhoods	Adults Health & Housing
■ Due, but unable to obtain progress information	0	0	1	5	0
■ Being Implemented	4	1	21	2	0
■ Risk Accepted	0	0	9	0	0

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Recommendation Tracking

Recommendations Not Yet Implemented

Chief Executives

Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Data Quality 2013-4	4	0	14Dec 14
Total No. of Outstanding Recommendations	4	0	

Children & Young People

Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
CYP Establishment	1	0	08-Apr-13
Total No. of Outstanding Recommendations	1	0	

Neighbourhoods

Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Leisure Facilities	1	1	24-Sep-14
Pest Control & Licensing	0	4	10-Mar-15
Markets	1	0	19-Nov-13
Total No. of Outstanding Recommendations	2	5	

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Resources

Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
GIS Application Security Assessment	6	0	08-Jul-14
Risk Management 2013-14	4	0	26-Feb-14
Payroll 2012-13	1	0	12-Apr-13
Cashiers 2012-13	1	0	29-May-14
Main Accounting System 2013-14	2	0	07-Jan-15
Contracts Register	1	0	16-Dec-13
Information Governance	2	0	11-Dec-13
VOIP Security Assessment	1	0	12-Dec-13
Virtualisation Management	0	1	28-May-15
Workstation Security & Management Operations	3	0	17-Jul-13
Total No. of Outstanding Recommendations	21	1	