TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 28ᵗʰ September 2009

INTERNAL AUDIT PLAN – PROGRESS REVIEW

REPORT OF THE GROUP AUDITOR (South West Audit Partnership) This matter is the responsibility of Councillor Henley, the Leader of the Council.

EXECUTIVE SUMMARY
This report highlights significant findings and recommendations that have occurred since the Committee last considered the findings of Internal Audit reports in June 2009.

1.   Purpose of Report

To provide members with an update on the activities of the Internal Audit team for the period July to September 2009.

2.   Work undertaken by Internal Audit July to September 2009

Operational Audits - Operational audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. For Operational Audits SWAP aim to provide management and Members with a level of assurance on the robustness of the internal control environment. The following categories of assurance have been agreed:

▲★★★ **Comprehensive Assurance**	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively at all times and risks against the achievement of objectives are well managed.
▲★★★ **Reasonable Assurance**	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives
▲★★★ **Partial Assurance**	Most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
▲★★★ **No Assurance**	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

The following operational audit has been finalised since the Committee last met in June 2009 as below:-

Audit area	Audit Opinion
Operational Audits	
Development Control	▲ ★ ★ ★ **Reasonable Assurance**
Homelessness	▲ ★ ★ ★ **Reasonable Assurance**
CCTV	▲ ★ ★ ★ **Comprehensive Assurance**
Social Networking	▲ ★ ★ ★ **Reasonable Assurance**
Governance Audits	
Information Governance	▲ ★ ★ ★ **Reasonable Assurance**
Gifts and Hospitality	▲ ★ ★ ★ **Partial Assurance**
Fees and Charges	▲ ★ ★ ★ **Reasonable Assurance**

Development Control

Although there were some weaknesses identified I am confident that management are addressing the key areas of risk and that further progress will be made to bring about improvements in the overall control framework.

The main issues raised and management responses are as follows:-

4 of the 20 applications reviewed were not made within the statutory 8 week deadline. Management have committed to a quarterly review of performance and will implement actions where required.

The Enforcement Policy is out of date and performance is not reported or monitored against it. Management have agreed to update the Enforcement Policy and report periodically to the Council's Planning Committee on the performance of the Enforcement Function.

Homelessness

Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

There have been several recommendations made because at the time of this audit the risks were still not managed effectively, however it is appreciated that management have identified several of these and are planning to introduce more robust controls in the near future. In particular, whilst the status of all deposits is not currently known it was clear that some good work has been done by the Housing Options Officer recently.

CCTV

Taunton Deane BC outsourced the Operations Room and maintenance of the CCTV cameras to Sedgemoor DC in August 2006, previously this was done from an Operations Room in Paul Street Car Park, Taunton. When CCTV was audited in 2005 we found over 20 control weaknesses and the system was poorly controlled. The current set up is very well managed with a clear strategy, good quality equipment, an effective maintenance programme, knowledgeable and experienced staff following best practice and good working relations with affected parties, notably the police. I am pleased to report that there are no significant findings that require the immediate attention of management.

Social Networking

I am able to offer reasonable assurance. Generally risks are well managed however some systems require the introduction or improvement of internal controls to ensure the achievement of objectives. We have also taken into account that the management of technology surrounding social networking is still in its emergent stages and that TDBC have implemented some effective controls that have prevented issues surrounding productivity loss during work hours.

Although we understand that TDBC have decided that a corporate presence using social networking will not be followed up, we would still recommend that management should consider forming a policy statement on the corporate use of social networking. This will then form part of the Access Control Policy, which is a key part of the framework supporting the Corporate Information Security Policy.

Governance Audits

Information Governance

When undertaking the review it was observed that generally all risks are well managed. However, there are some systems that require the introduction or improvement of internal controls to ensure that the objectives are met.

One of the main areas identified for strengthening procedures is the need for training for new staff and refresher sessions for existing staff on information governance. The analysis from the audit questionnaire issued to a sample of officers supported this conclusion. The implementation of these by HR and the Data Protection Officer will help to resolve this issue.

The review also identified that in some cases personal Information held on laptops and data sticks was insecure. The Performance & Client Manager agreed to consult with Southwest One with regards to the encryption of laptops & data sticks and the viability of ensuring this is rolled out over the Authority. This is likely to become increasingly important as more Council services become engaged with the Government Connects project.

Gifts and Hospitality

One of the main areas identified for strengthening of governance across the Council is the need to issue periodic reminders to staff and members of their obligation to report any gifts and hospitality as defined within the code of conduct.

The Legal & Democratic Services Manager is committed to ensuring policies and procedures are up to date and readily available to all officers. It is important for these documents to be effectively communicated across the authority to ensure risks continue to be well managed.

Also noted during the audit that there are some inconsistencies and although the staff handbook has recently been updated due to the implementation of the new SAP system, the Gifts and Hospitality Policy and Procedures were not looked at during this process and do not get reviewed or updated on a regular basis.

There is a risk that staff and councillors are using outdated information and not following the correct procedures. This could cause damage of reputation to the council and allegations of fraud or corruption. The Legal & Democratic Services Manager is has committed to review and rewrite the procedures.

Fees and Charges

Overall the Council has set realistic Fees and Charges for the services provided and there are controls in place to ensure that these are legal, accurate and approved by the appropriate decision-maker. The only area identified from this audit as a potential risk to the Council is the lack of an overarching Fees and Charges register in which to record all of the charges levied by the Council for the services provided. However, this recommendation has been agreed and I would expect to be able to give comprehensive assurance when this area is next reviewed.

3.   **Workload Update**

Although there are a substantial number of reports at draft stage management are in the process of responding to these and final reports will be issued shortly and the findings shared with this committee.

In addition to the audit work detailed below there are a number of other areas of work that SWAP have undertaken including the on-going provision of audit advice, ad-hoc special investigations and involvement in the SAP project providing advice and guidance on control issues.

The following reviews are in progress or are going through the reporting process :-

Audit area	Type of review	Progress
Procurement	Operational Review	Draft Report
Transport Policy	Operational Review	Draft Report
Partnership Arrangements	Operational Review	Draft Report
IT Audit - Compliance against ISO27002 level one	Computer Audit	Draft Report
IT Audit – Disaster Recovery Planning	Computer Audit	Draft Report
Payroll	Managed Audit	Draft Report
Absence Management Qtr 1	Governance Audit	Draft Report
Health & Safety Qtr 1	Governance Audit	Draft Report
Pest Control Qtr 1	Operational Review	Draft
Food Safety Qtr 1	Operational Review	Testing
Income Collection Qtr 2	Governance Audit	Testing
Business Continuity Qtr 2	Governance Audit	Draft
Officers Claims and Allowances Qtr 2	Governance Audit	Report being drafted

4.   Recommendation
The Committee should note the content of this report.

Contact Officer:-

Chris Gunn - Group Auditor – South West Audit Partnership
01823 356417 chris.gunn@southwestaudit.gov.uk