

Report to: **Audit Committee**

Date: **11 October 2018**

Title: **Update on Progress on the 2018-19 Internal Audit Plan**

Portfolio Area: **Support Services – Cllr N Hopwood**

Wards Affected: **All**

Relevant Scrutiny Committee: Overview and Scrutiny Panel

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Dominic Measures** Role: **Audit Manager**
Robert Hutchins **Head of Partnership**

Contact: dominic.measures@swdevon.gov.uk **01803 861375**
Robert.hutchins@swdevon.gov.uk **01392 383000**

Recommendations:

It is recommended that the progress made against the 2018/19 internal audit plan, and any key issues arising are approved.

1. Executive summary

The purpose of this report is to inform members of the principal activities and findings of the Council's Internal Audit team for 2018/19 to 14 September 2018, by:

- Showing the progress made by Internal Audit against the 2018/19 annual internal audit plan, as approved by this Committee in March 2018; and
- Highlighting any revisions to the 2018/19 internal audit plan;

2. Background

The Audit Committee, under its Terms of Reference contained in South Hams Council's Constitution, is required to consider the Chief Internal Auditor's audit reports, to monitor and review the internal audit programme and findings, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 require that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2018/19 was presented to and approved by the Audit Committee in March 2018. Progress in the period up to 14 September 2018 has been in line with expectations and included completion of work carried forward from 2017/18. There has been slight impact due to sickness absence totalling 13 days (apportioned SHDC 10 days, WDBC 3 days) in the year to date.

In addition, the Council, in association with several partner organisations receive funding from the Rural Development Programme for England (RDPE) – Local Action 2015-2020 programme, with £1.5m awarded to the South Devon Coastal Local Action Group (LAG) and £2.0m to the Greater Dartmoor Local Enterprise Action Fund (LEAF). The Council as the Accountable Body is responsible for the legal and financial management of the grants awarded to the programmes. Each project is required to submit a grant claim on a quarterly or monthly frequency to draw down funding. 20 days were allocated to this work for the year in the 2018/19 Audit Plan. As at 14 September, nine days have been spent. Delays in the receipt of relevant documentation dating back to March 2018 means that extra work is anticipated and on that basis it is estimated that another 10 days, on top of that allocated in the plan, may be required for the remainder of the financial year. This will be kept under review.

In response to the possible reduction in available days it is proposed that, in consultation with the Section 151 Officer, the audit plan will be reviewed and adjusted where deemed appropriate and/or the purchase of additional audit days to cover the shortfall. Any amendments will be agreed by the Senior Leadership Team. It should be noted that the Council is able claim funding against officer time spent on administering the LAG and the LEAF and this can be used to provide some backfill to cover the estimated additional 10 days required.

The 2018/19 audit plan currently includes two audits that utilise additional Devon Audit Partnership resources. These are:

- a. Business Continuity within the Supply Chain – this audit fieldwork has been undertaken and a draft report is due to be issued shortly.
- b. Cyber Security – this audit is provisionally planned to take place this autumn.

These audits are to be funded from officer time spent on and claimed against LAG and LEAF administration in this financial year.

3. Outcomes/outputs

In carrying out systems and other reviews, Internal Audit assess whether key, and other controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.

All final audit reports include an action plan which identifies responsible officers, and target dates to any address control issues or recommendations for efficiencies identified during each review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.

Overall, and based on work performed to date during 2018/19, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control environment.

The 2018/19 Internal Audit Plan is attached at **Appendix A**. This has been extended to show the position for each audit as at 14 September 2018.

The reporting of individual high and medium priority recommendations is set out at **Appendix B**. This is an ongoing part of the report to advise the Audit Committee, in detail, of significant findings since the last report and confirm that the agreed action has been implemented or what progress has been made.

Appendix C provides a summary of work where the planned work is complete but no audit report produced.

Non Compliance with Contract or Financial Procedure Rules - there are no significant issues to bring to the attention of the Committee so far this year. 4 applications for exemptions to Contract / Financial Procedure Rules have been received in the year to date, all were accepted.

Irregularities

In June 2018, a theft of money occurred at the Lower Dartmouth Ferry office. The matter was reported to the Police and Internal Audit assisted management in their investigation of this incident. This included carrying out a specific review of cash handling procedures which came up with a number of recommendations that should strengthen the controls in place. A claim has been submitted to the Council's insurers.

4. Options available and consideration of risk

No alternative operation has been considered as the failure to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations, 2003, 2006, 2011 and 2015.

5. Proposed Way Forward

We continue to be flexible in our approach and with the timetabling of audits to ensure that resources are assigned to specific areas of the plan to enable our work to be delivered at the most effective time for the organisation.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards.</p> <p>The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting robust service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.</p>
Financial	Y	There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations.
Risk	Y	The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.

Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no specific equality and diversity issues arising from this report.
Safeguarding	N	There are no specific safeguarding issues arising from this report.
Community Safety, Crime and Disorder	N	There are no specific community safety, crime and disorder issues arising from this report.
Health, Safety and Wellbeing	N	There are no specific health, safety and wellbeing issues arising from this report.
Other implications	N	There are no other specific implications arising from this report.

Supporting Information

Appendices:

There are no separate appendices to this report.

Background Papers:

Annual Internal Audit Plan 2018/19 as approved by the Audit Committee on 22 March 2018.

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

Appendix A

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Projects agreed in the Audit Plan	Planned Number of Days	Fieldwork started	Issued in draft	Management comments received	Final	Opinion				Comments	
						High Standard	Good Standard	Improvements Required	Fundamental Weaknesses		
SUPPORT SERVICES											
ICT Audit - Incident Management	25	■	■	■	■						
ICT Audit - Change Management Follow-up		■	■	■	■						
ICT Audit Asset Control		■									
Corporate Information Management (GDPR compliance)	10										
Cyber Security	6										
Business Continuity Follow-Up (inc BCP exercises)	5										
Comments and Complaints	10	■									
Review of Financial Regulations	5	■	■	■	■		■				

Appendix A

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Planned Audit 2018/19 – Final Reports

As at 14 September 2018, eight final reports have been issued in respect of 2018/19 work. One report finalised in the current year in respect of the 2017/18 audit plan, which was not reported to the Audit Committee at the end of June, is also included below.

Subject	Audit Findings	Management Response
2017/18 Audit Plan		
Housing Benefit	<p>Audit Opinion – Good Standard</p> <p>Conclusions</p> <p>Benefit processing is undertaken accurately and performance against the key indicator of processing speed for new claims and changes in circumstances has been good with reported performance for both councils being below the number of processing days targeted.</p> <p>More effective use of system reports and the close monitoring of cases have improved the administration of housing benefit overpayment recovery. Whilst the combined debt for both councils (at March 2018) still stands at approximately £1.6m (South Hams £1m, West Devon £0.6m), this is reflective of the increased identification of overpayments, largely due to the Department for Work and Pensions (DWP) 'Real Time Information' service, a fraud and error initiative using 'real time' data matching between HMRC and DWP data.</p> <p>It is considered that current processes and procedures in operation could be further improved in the following areas:</p> <ol style="list-style-type: none"> 1. The management of system access to the Northgate system, 2. The use of Risk Based Verification (RBV). 3. The administration of quality assurance arrangements, 4. The reconciliation processes. 	<p>Management will be considering operational processes and the resources required to implement the following improvements:</p> <ol style="list-style-type: none"> 1. A review of user access to be undertaken to ensure that only staff with a continued requirement are afforded system access. Annual declarations of interest to be issued to all users of the benefit system. 2. Monitoring of the operation of RBV to be undertaken to inform a review of the RBV policy on an annual basis and to support the decision making process as to whether the policy requires a refresh and renewed approval in line with DWP guidance. 3. Targets relating to the level of checking required and a desired accuracy rate to be considered at the start of each year so that quality assurance work can be better quantified and performance monitored and reported. All checking undertaken to be collated and recorded in a single central record. 4. The Northgate to General Ledger reconciliations to be consistently signed as completed by both the

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Subject	Audit Findings	Management Response
		<p>completing officer and additionally the secondary check undertaken. The reconciliation of the benefit debts on the Northgate system and general ledger will be completed on a monthly basis and supporting evidence retained to confirm the validity of the reconciliation.</p>
2018/19 Audit Plan		
Planning (Applications)	<p>Audit Opinion - Improvements Required</p> <p>Conclusions</p> <p>In giving this audit opinion, we acknowledge that a number of improvements have already been made to work processes over the past year and that additional staff have recently been recruited. However, some improvements remain as work in progress and there are further opportunities which should be considered.</p> <p>At the time of the audit it was too early to state with confidence that the new processes and additional staff resource will be adequate to allow the planning function to operate in a timely and effective manner, as many of the changes have only been made in recent months or have yet to be completed.</p> <p>Those recommendations not yet implemented include:</p> <ol style="list-style-type: none"> 1. consider including the South Hams DC 'Members' Planning Code of Good Practice' in the West Devon BC Constitution. 2. developing a more formal annual programme of training for those members of the South Hams DC and West Devon BC Development Management Committees, as well as requiring members to attend specified training sessions if they are to remain on the Committee. 3. consider requiring all officers within the Development Management COP, the Legal COP and Case Management, who are involved in planning matters (determination of applications, enforcement etc), to complete a formal declaration of interest form, to acknowledge that they understand the process for declaring any conflicts of interest as they arise, on an annual basis. 4. investigate potential methods for requiring applicants to declare a known 	<ol style="list-style-type: none"> 1. A draft Code was presented to the West Devon Annual Council meeting held on 22 May 2018 for approval. The Council felt that the draft Code required further consideration before it could be approved and set up a Working Group to review the draft Members Code of Planning Practice "before presenting, as soon as is practically possible, a final draft version to the Council for its approval". 2. The current ad hoc approach to training means that members often receive insufficient notice and are unable to attend sessions. An annual programme would set out all dates for the year well in advance. Some training has been already delivered in 2018/19 (Permission in Principle, Enforcement) and more is planned (Joint Local Plan, National Planning Policy Framework). 3. Staff will be asked to formally acknowledge that they understand the need and process to declare interests. However, this will only be done once and not repeated on an annual basis. It will be incorporated into the induction process whenever a new member of staff joins the team. Also, all existing staff will be asked to make the same formal declaration, in order that a documented record is in place.

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	<p>interest of either of the Councils, particularly where the applicant is not South Hams DC or West Devon BC themselves.</p> <p>5. consider introducing procedures that satisfies the Development Management COP Lead that delegated planning decisions being made on his behalf are consistent across the team and are in line with policy and legislation. This could be achieved by either:</p> <ul style="list-style-type: none"> - The COP Lead reviewing a sample of applications (both approved and refused) to confirm that the decision was appropriate; or - Holding internal peer review exercises, to enable decisions and the reasons for these to be compared and discussed as a team. 	<p>4. The planning application form cannot be used, as it is provided by the national Planning Portal (through which about 60% of applications are received) and so it cannot be amended. Alternative methods are:</p> <ul style="list-style-type: none"> - If an application is on land not owned by the applicant, a certificate of ownership must be provided. - GIS mapping could be used to identify any applications on Council-owned land, and this could be flagged up as a constraint. <p>5. Procedures will be introduced requiring a sample of applications to be reviewed by a Senior Specialist (it not being felt necessary that the COP Lead should undertake this role). Because no quality issues have been identified, and due to current staff resource pressures caused by vacancies and long term sickness, this will not be implemented immediately.</p>
Section 106 agreements (follow up)	<p>Original Audit Opinion - Fundamental Weaknesses</p> <p>Updated Audit Opinion – Improvements Required</p> <p>Conclusions</p> <p>Continued work by the Senior Case Manager, Support Services (S106), and related services has delivered additional improvements since our last review, with further work underway or planned. The overall direction of travel is considered to be positive.</p> <p>Improvements to be noted include;</p>	<p>1. Case Managers in Support Services now have access to the S106 Register Smartsheet and will provide appropriate cover for absences.</p> <p>2. The review of processes is agreed and joint meetings with other related services will be planned in the Autumn</p> <p>3. In principal this has been agreed. Legal will liaise with the Team Leader, Land Charges to discuss an effective method of ensuring formal confirmation is received, once the S106 Agreement has been registered.</p>

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	<ul style="list-style-type: none"> • Ongoing reconciliation of funds between spreadsheets and General Ledger, • Direct liaison with other services, such as Land Charges, • Updating the S106 Register Smartsheet and setting automated reminders from the Register for key target dates, • Legal Services sending notification of Agreements, with a summary of obligations, to all relevant services, • Direct communication with developers to obtain updates on progress of building completions, • Arranging for developers to pay funds direct to Devon County Council and other related third parties, • Prompt raising of invoices and coding of funds received, and • Calculation and recovery of monitoring fees. <p>Following our review of the current process we have raised recommendations to further improve the process, and these include;</p> <ol style="list-style-type: none"> 1. Ensuring sufficient support to cover the role of the Senior Case Manager, Support Services S106, in their absence and appropriate officers have read and write access to the S106 Register; 2. Undertaking a review of the process of documenting agreements and related expenditure with other services to ensure that the process is operated effectively and efficiently; 3. Confirmation from Land Charges to Legal that all obligations have been registered; 4. All Deeds of Variation relating to S106 Agreements are copied to the S106 Officer; 5. The ability to produce a summary of all obligations, by Parish, development or date etc., at any point in time that shows the financial position based on current, past and future obligation commitments. The current S106 Register provides some of this information, although not in a fully compatible format at present, while other information is held on supplementary systems and requires additional manual calculation; 6. The Monitoring fee relating to some Agreements needs to be accounted for as and when received. 7. The Councils need to ensure that they maintain sufficient records for historic obligations, that the information is monitored and that, should they be challenged, they can support expenditure and actions taken; and 	<ol style="list-style-type: none"> 4. All information now copied from Legal and other services to the S106 Officer.. 5. The S106 Register has now been updated to provide 'live' information relating to obligations by Parish, date etc, although this is an ongoing process to refine the database. 6. Efforts are made to ensure monitoring fees and amended charges are dealt with efficiently and that the ledger codes are updated promptly with the correct values. Officers are aware that the monitoring fee is not an additional fee and is used to manage the Agreement as required. The monitoring fee will now be accounted for at the time it is due as required. 7. Officers are progressing with some of the historic cases, when they arise, and so reducing those that are potentially still outstanding. <p>This process will be raised with the COP Lead, Development Management, to determine how the remaining Agreements should be actioned.</p> <ol style="list-style-type: none"> 8. Officers work closely with the main services concerned and support their notification of funding and Agreements. We are aware that there is not a standard approach and will raise this at the next joint meeting with these services.

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	<p>8. The Councils should further improve on the information available to the general public and related parties, such as Parishes, regarding both available and committed funding.</p>	
<p>Environmental Services - Coastal Work Follow-Up (S.Hams)</p>	<p>Original Audit Opinion - Improvements Required</p> <p>Updated Audit Opinion – Good Standard</p> <p>Conclusions</p> <p>Our revised audit opinion is one of Good Standard, largely based on the significant number of improvements to the processes for the physical management of the Council's coastal assets. However, there do remain two weaknesses identified last year relating to licences for the use and/or management of coastal assets.</p> <ol style="list-style-type: none"> 1. Negotiations between South Hams District Council (SHDC) and Dart Harbour Navigation Authority (DHNA), regarding the management of Dartmouth Southern Embankment and charges for the use of associated infrastructure, should be concluded at the earliest opportunity; 2. Licences for the use of maritime structures owned by the Council should be reviewed and renewed on a timely basis. 	<ol style="list-style-type: none"> 1. DHNA and SHDC have reached an agreement, subject to clarification of some details, after which it needs to be formally signed by both parties. Whilst there is confidence that the agreement will now be completed and signed. 2. All rents and licences are now recorded on the asset management software, Concerto. This raises prompts when rents and licences are due for review. However, these still need to be prioritised and it is unlikely that a low value licence such as those for the Stumpy Steps Ferry Service will be addressed before much higher value rents and licences on significant properties.
<p>Environmental Services – Beach and Water Safety (S.Hams)</p>	<p>Audit Opinion - Good Standard</p> <p>Conclusions</p> <p>Controls are in place and operating over the income and expenditure for the beach and water safety function and accords with the aims of the Beach Management Policy. Service provision has been reviewed and rationalised, reducing the cost to the Council, with additional income being collected from private beach owners for</p>	<p>Officers will meet with the RNLI to discuss future costings and to bring into line the charges for private beaches compared to the services provided. Any revised arrangements will be put into place for the 2019/20 charges.</p> <ol style="list-style-type: none"> 1. A list of all PRE which requires inspection is to be passed to the Localities Case Manager for

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	<p>some services.</p> <p>We have made some relatively minor recommendations, largely relating to the efficiency of managing the service (see below). The most significant issue is the need to ensure that all private beach owners are recharged on the same principle for lifeguarding services provided by the RNLI.</p> <p>The minor recommendations include:</p> <ol style="list-style-type: none"> 1. Establish whether Localities officers could undertake regular, routine inspections of Council-owned Public Rescue Equipment (PRE) as part of their day to day work, reporting any concerns to the Salcombe Assistant Harbour Master. 2. Introduce the monitoring of cleanliness at those beaches for which the Council is responsible, using suitably trained Localities officers, to ensure that the desired levels of cleanliness are maintained. In order to make best use of staff resources, such monitoring could focus on the most popular beaches in summer months and be carried out less frequently or after significant storm events during the winter. 	<p>distribution to the relevant Localities Officers. This will allow them to make regular inspections of the equipment. A system has been agreed with the Localities Team Leader, whereby missing or damaged PRE can be reported to the Assistant Harbour Master. The latter will then either arrange for the damage to be repaired, or, if necessary, a replacement to be made available for the relevant Localities Officer to put in place.</p> <ol style="list-style-type: none"> 2. The Localities Officers will be asked to undertake monitoring of beach cleanliness as part of their duties whilst inspecting public rescue equipment and beach safety signs. Inspections will generally be limited to the busy seasons, with a view to commencing them in April 2019.
Health & Safety Further Follow-Up	<p>Previous Audit Opinion - Improvements Required</p> <p>Updated Audit Opinion – Improvements Required</p> <p>Conclusions</p> <p>Our audit opinion remains as 'Improvements Required', due to the number of recommendations which remain in progress. However, continued work, largely co-ordinated by the Environmental Health COP Lead, has continued to progress delivery of the Health and Safety action plan, originally drawn up in 2016/17. This has delivered additional improvements since our last review particularly in those areas for which the COP Lead has taken direct responsibility, with further work planned. The overall direction of travel is considered to be positive.</p>	<ol style="list-style-type: none"> 1. Training will be delivered to West Devon members, and those South Hams members who did not attend the session previously provided, possibly using an alternative format, such as a PowerPoint presentation, rather than face-to-face training, in conjunction with the Environmental Health COP Lead being available for any resultant queries or clarifications required. Arrangements will also be made for appropriate health and safety training to be provided as part of the member induction programme from May 2019. <p>The Environmental Health COP Lead will liaise with</p>

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	<p>Examples of such work include raising health and safety awareness for non-manual staff, clarifying headquarters first aid arrangements, providing lone working training, delivering health and safety training for the Senior Leadership Team (SLT), the Extended Leadership Team (ELT), other team leaders and supervisors and increasing awareness of the need to report accidents and incidents.</p> <p>Positive work has also commenced to ensure that training needs are identified and delivered for non-manual staff and members, to develop a W2 process for reporting accidents and incidents and to create a single, central register of potentially violent persons. In addition, a Case Manager has been appointed for six months to assist in the administration of health and safety amongst other functions within Customer First.</p> <p>However, it would appear that delivery of the action plan where the Environmental Health COP Lead does not have direct responsibility, may not be completed without additional support from senior managers and / or additional staff resource. For this reason we have escalated the majority of our recommendations to the Senior Leadership Team.</p> <p>The Commercial Services Group delivers those functions which have the highest health and safety risks, for example, waste collection, transport, grounds' maintenance, the Dartmouth Lower Ferry and Salcombe Harbour. It would appear that policies and procedures are not always being followed within all of these areas, particularly waste and transport, where concerns are exacerbated by two key staff vacancies. The Environmental Health COP Lead has drawn up a work plan of necessary actions and deliverables to ensure that appropriate procedures and practices are in place within waste and transport and is assisting officers within the Commercial Services Group.</p> <p>A number of our recommendations from previous years remain incomplete, including:</p> <ol style="list-style-type: none"> 1. Provision and recording of appropriate health and safety training for all permanent staff, agency staff and members; 2. Ensuring that managers complete all necessary risk assessments and regularly review these, as well as associated Safe Systems of Work, particularly within Commercial Services; 3. Ensuring that managers carry out regular workplace and premises inspections, 	<p>ICT and HR, to consider appropriate systems to be used for recording identified training needs and delivery for individual staff. Ideally, any future HR software would be able to incorporate health and safety records.</p> <p>There may be a need to review the available solutions after December 2018, when the direction of travel for the delivery of frontline services should be known.</p> <p>Supervisors will be instructed to ensure that agency staff receive the same level of health and safety training as permanent staff, prior to carrying out work activities.</p> <p>2. It is intended that a separate Register of Risk Assessments will be developed for each COP or equivalent. Although work has commenced in a few areas, there is a need to make progress across the majority. ELT are to be instructed to ensure that a register of all risk assessments for each of their service areas is in place, emphasising the importance of this work and their personal responsibility for its completion.</p> <p>The Specialist – Transport is to be responsible for ensuring that workplace and premises inspections are taking place within Commercial Services, but records of these will not be maintained, due to the limited resource available. Instead the focus will be on developing a culture of routinely undertaking checks. Commercial Services Safe Systems of Work (SSoW) are currently being reviewed. All new and revised SSoW will then be brought to the attention of supervisors and staff, and adequate training provided. Checks will be made to ensure that staff are following SSOW, and these will be</p>

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	<p>again particularly within Commercial Services; and</p> <p>4. The need to reconvene regular Health and Safety COP meetings, following a number of cancellations in the first half of 2018.</p>	<p>recorded.</p> <p>3. The Environmental Health COP Lead has been asked to draw up a monthly rota for the completion of workplace inspections by competent officers, using those managers who hold the IOSH 'Managing Safely' qualification. A checklist will be provided to guide the inspections.</p> <p>A programme of service areas to be covered will be put in place. For some areas, reliance may be placed on other forms of routine inspection, for example, both Salcombe Harbour and the Lower Dartmouth Ferry are inspected by the Maritime and Coastguard Agency.</p> <p>4. Case Management resource is now in place and Health and Safety COP meetings have been re-instated.</p>
<p>ICT Audit - Incident Management</p>	<p>Audit Opinion - Good Standard</p> <p>Conclusions</p> <p>Our overall audit opinion is Good Standard despite the fact that the Sunrise software is not being used to its optimum. A significant number of improvements have been made since our previous audit in 2015/16 and incident management is being delivered effectively. There are some areas where it may be possible to gain further efficiencies and automation without further financial investment in the software. However, we acknowledge that, in some respects, officers are restricted by the abilities of the software, as well as the depth of understanding of the system by those managing it on a day-to-day basis. Therefore the response to some of our recommendations have been influenced by any perceived value for money, which may or may not be offered by further investment in the system or staff training, compared to the current arrangements. The most significant recommendations include:</p>	<p>1. A set of questions will be developed for a survey which will cover both Incident Management and Change Management. Survey Monkey will be used to issue questionnaires.</p> <p>An analysis will be carried out which will inform which topics it may be beneficial to create some video guides.</p> <p>2. ICT is working on a project to produce more meaningful reports from the Service Desk software. Once it is possible to clearly see where the work is allocated and completed then the introduction of some performance indicators will be considered.</p> <p>The ICT COP Lead currently receives monthly</p>

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	<ol style="list-style-type: none"> 1. Carrying out customer surveys to gauge the effectiveness of the incident management process, identify areas for improvement and topics for development within the self-help guidance; 2. Consideration of meaningful performance indicators to measure the effectiveness of the incident management process; 3. Development of the incident management knowledgebase within Sunrise, to aid the Service Desk team; and 4. Creation of a formal problem management knowledgebase within Sunrise. 	<p>activity reports which will become more meaningful as some of the recommendations from the change management audit are progressed. Reports can be refined over time as demand requires. The Specialist – ICT Infrastructure may require training to allow more sophisticated reports to be developed.</p> <ol style="list-style-type: none"> 3. Construction of a comprehensive knowledge base, with links to procedures, is currently in progress. The Service Desk also actively maintains an Intranet page of links to how-to guides, self-help and tutorials. <p>A member of ICT staff attending the Sunrise 'Administration & Configuration' customer training course is encouraged in order that the potential to automate additional tasks and create efficiencies can be identified. It is suggested this is paid for from the corporate training budget.</p> <ol style="list-style-type: none"> 4. ICT is currently populating the Sunrise knowledgebase with articles and links to procedure documents so that they are readily available and searchable by officers acting in a Service Desk capacity. Furthermore a “root and branch” review of all procedures is underway to ensure the documentation is up to date and relevant.
ICT Audit - Change Management Follow-up	<p>Original Audit Opinion – Improvements Required</p> <p>Updated Audit Opinion – Improvements Required</p> <p>Conclusions</p> <p>Our revised audit opinion remains Improvements Required. An understanding of change management has been considerably strengthened and a culture instilled within the ICT COP. Whilst there is a robust change control process in place for</p>	<ol style="list-style-type: none"> 1. ICT Specialists will assist and guide the Service Desk officers in the population of the Knowledge Base function of Sunrise; In addition, they will assist in the defining of Standard change procedures which will also be added to the Knowledge Base, so that they are readily available to Service Desk officers. <p>Service Desk officers will be encouraged to add</p>

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Subject	Audit Findings	Management Response
	<p>major or high impact changes, there is further work needed to formalise procedures and ensure that comprehensive audit trails are in place for standard changes.</p> <p>For non-standard changes, procedures are in place to demand thorough scrutiny, mitigations are considered and roll back plans are put in place.</p> <p>However, several recommendations from 2017/18 remain outstanding. These mainly relate to the introduction of formal procedures for standard, repeatable changes, which by their nature are generally of a low risk and low impact. The implementation of these is largely reliant on the Service Desk team, but we understand has been delayed largely due to limited staff resource and other work pressures.</p> <p>Our recommendations include:</p> <ol style="list-style-type: none"> 1. Developing a library of : <ol style="list-style-type: none"> a. standard change request models by the Service Desk which should include consideration of risks, communications and “roll-back” plans, b. change scripts or workflow procedures as appropriate, for both infrastructure and applications changes, to ensure that testing and release is appropriately controlled. 2. The Service Desk to set up menu options which allow standard changes to be recorded as a specific type of incident, in order that they can be identified and analysed with the aim of producing meaningful management information. 	<p>comprehensive call closure details to incidents so that resolutions are repeatable.</p> <p>Comprehensive test plans already exist for major applications. However, for Standard change requests, this will be formalised into the activities above.</p> <ol style="list-style-type: none"> 2. ICT will create a new ‘Incident’ category in Sunrise to capture Change requests. This will enable reporting to distinguish between incidents and change requests. <p>Other categories will be considered to enable reporting on requests for services (e.g. set up a projector) and requests for information (e.g. run a report or an FOI request)</p>
Review of Financial Procedure Rules	<p>Audit Opinion - High Standard</p> <p>Conclusions</p> <p>The joint Financial Procedure Rules of South Hams & West Devon Councils do not differ significantly to other Local Authorities sampled. The core set of Financial Procedure Rules are supported by a series of appended procedural guides, all within a single document. This approach does have the benefit of placing all Rules and Guidance in one place, for the convenience of readers.</p> <p>Also, most had broadly similar financial limits. The limits in place at both Councils</p>	<p>A member of the Finance COP will update the appropriate pages of the procedural guidance to reflect current working practices.</p>

Appendix B

Subject	Audit Findings	Management Response
	<p>are very much 'mid-field' and do not appear to be unreasonable in any way, giving no cause to suggest that they should be amended.</p> <p>We have only made one recommendation, that the procedural guidance for some areas of income and expenditure control be reviewed, as they have been superseded by several changes to working practice. For example, the Councils have removed the facility for accepting cash and cheques at Council premises, with the exception of car parks.</p>	

Definitions of Audit Assurance Opinion Levels

High Standard

The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.

Good Standard

The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.

Improvements Required

In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.

Fundamental Weaknesses Identified

The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

Planned Audit 2018/19 – Work Complete (No Audit Report)

Subject	Comments
Waste Collection and Front Line Services Procurement	<p>Internal Audit have provided support and challenge to the project team established to oversee the selection of a suitable contractor to undertake waste collection, street cleansing and the cleaning of public conveniences.</p> <p>Audit have attended regular Project Team meetings, present at the receipt and opening of Detailed Solutions from bidders as well as the subsequent moderation of evaluators scores. In addition, Audit has taken part in “dialogue sessions” with bidders which form part of the “Competitive Dialogue” procurement process. Audit will continue its role during the rest of the procurement until the award of the contract in December 2018.</p>
System of Internal Control (SIC), and Annual Governance Statement (AGS)	<p>Included within the Internal Audit Annual Report presented to the June Audit Committee was the internal audit opinion providing assurance that the Council's systems contain a satisfactory level of internal control.</p> <p>In addition, there is a requirement for the Council to prepare an AGS statement. Internal Audit provided support and challenge, as appropriate, to the Senior Leadership Team as they drafted the statement in respect of the 2017/18 financial year. The S151 Officer presented the 2017/18 AGS to the Audit Committee on 21 June 2018.</p>
Exemptions to Financial Procedure Rules	<p>4 applications for Contract / Financial Procedure Rules have been received in the year to date, all were accepted.</p>