

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Chris Clarance

DATE: 21 March 2019
REPORT OF: Audit Manager
SUBJECT: INTERNAL AUDIT REPORT

PART I

RECOMMENDATION

To note the report.

1. PURPOSE

- 1.1 To advise members of recent progress against the Audit Plan and the outcomes of completed audits.

2. BACKGROUND

- 2.1 The Audit Plan is approved by the Audit Scrutiny Committee in March annually and progress is reported at every meeting thereafter.
- 2.2 Internal audit reviews lead to an opinion on the effectiveness of the framework of risk management, control and governance of the area under review. Assurance opinions are graded as follows:

Excellent	☆☆☆☆	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
Good	☆☆☆	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
Fair	☆☆	There is a basic control framework in place, but most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.
Poor	☆	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

3. AUDIT PLAN 2018 – 2019 Progress at 21 March 2019

PROJECT	STATUS	OPINION
Governance Review and AGS	Complete	Good
LAHS Housing Data Return	Complete	Good
Safeguarding	Complete	Good
Car Loans and Cycle Scheme	Complete	Good
Housing Contract Management	Complete	Fair
Corporate Procurement (Credit) Cards	Complete	Good
Travel and Subsistence	Complete	Good
Treasury Management	Complete	Excellent
Coastal Monitoring Programme	Complete	Fair
Main Accounting and Budgetary Control	Complete	Good
Council Tax	Draft Report Issued	Good
NDR (Business Rates)	Draft Report Issued	Good
Benefits and Council Tax Support	Complete	Good
Housing Allocations (counter fraud work)	Complete	Good
Creditor Payments	Draft Report Issued	Good
Debtors	Draft Report Issued	Good
Income and Banking – BACS Smarter Pay	In Progress	
Leisure Centres	In Progress	
Risk Register	In Progress	
Payroll		
Community Infrastructure Levy (CIL)		
Information Governance & Cyber Risk		
Human Resources - Recruitment	Postponed - iTrent project	

- 3.1 Summarised findings for audits recently completed is shown in **Appendix A** below.
- 3.2 Additionally, an external quality review is being undertaken to measure the service against the Public Sector Audit Standards (results to be reported to the next meeting), and the service's Business Plan has been updated.
- 3.3 Members of team continue to support corporate projects with roles in: One Teignbridge; the Infrastructure Requirements Board; Procurement Champions Group and co-ordinating the National Fraud Initiative.

4. INFORMATION GOVERNANCE UPDATE

- 4.1 We've been busy raising awareness with updates on Data Protection and Cyber threats in various staff and member newsletters. Approximately 25 Data Guardians and other staff were given Data Protection update training in January, and we are planning ahead for an exciting session on Information Governance and Cyber Security for member inductions in May.
- 4.2 We keep a regular review of Strategic and Corporate risks "Failure of ICT measures leading to cyber attack" and "Non-compliance with Data Protection", as many of the mitigations to these risks guide our work. Compliance with the National Cyber Security Centre's "10 Steps" is monitored jointly with Strata.
- 4.3 Privacy statements have recently been added to members' personal profile pages to cover their constituent business.
- 4.4 CCTV processes are currently being reviewed, and procedures put in place to ensure all sites are compliant by way of warning signs and the secure handling requests for CCTV footage.
- 4.5 Working with Strata, all staff have now been moved off the GCSx email system which is being withdrawn at the end of March, and safely migrated to the Government Secure email system
- 4.6 An Information Governance Group has been formed internally to oversee and consider matters relating to the Council's Information Governance Framework. Membership comprises members of the Audit and Information Governance team, Legal colleagues, and Strata Security and Compliance staff.
- 4.7 We're keeping a watchful eye on Brexit implications. At the time of writing, if any data is held in the EU, these could be classed as "restricted transfers" between the UK and the EEA, which were previously permitted between EU members states. The UK is likely to be classed as a "third country" until the EU can make a formal "adequacy decision" that the UK offers an adequate level of protection. This means organisations may need to consider measures such as contractual clauses in the meantime. We therefore undertook a stocktake of where Teignbridge data was held to ensure we're prepared. Of our 21 main systems, all but three are hosted in the UK, one is in Oslo and two in the US. The fact that Strata host many systems internally and not in the cloud is advantageous as cloud systems are more likely to hold data outside the UK.
- 4.8 As GDPR is EU legislation, the Government plans to incorporate it into UK law on exit. There may therefore be some minor changing of wording on our privacy notices and other documentation to reflect the changes.
- 4.9 We are pleased to report there have been no reportable data breaches, and 23 Subject Access Requests have been made since GDPR came in May 2018.

- 4.9 Data Protection Impact Assessments (DPIA's) for new and changing systems occupy much of our time ensuring we make data protection an essential component of our processing systems. DPIA's currently in progress:

1	Firmstep	Customer Platform
2	Qmatic	Customer Flow Management
3	Granicus	Newsletters
4	iTrent	Payroll / HR
5	Body Cams	Body worn cameras for car parks and EH.
6	Modern Gov	Committee Support System
7	WSP Taranto Car Parks	Replacement Sidem system
8	Doc.mail	Letter printing and delivery
9	Gov.Notify	SMS messaging to support Qmatic.
10	Open Portal	Revs and Bens
11	Bartec - Collective	Waste and Recycling
12	ClaimControl Insurance	Insurance 'Back Office' Management
13	Cemeteries	Replacement system
14	Open Channel Forms	Revenue and Benefits
15	Green Deal PRS Register	Housing

- 4.10 Other work is ongoing such as daily queries and advice, as well as our long term programme of compliance work e.g. currently checking to ensure all contracts have the necessary data sharing and processing agreements, and reviewing data registers etc.
- 4.11 Finally, Freedom of Information requests were averaging approximately 45 per month throughout 2018 but we had a sudden unexplained increase to 80 in January 2019. Thankfully, normality has resumed since. There have been two internal reviews requested since January and we are dealing with two ICO complaints (both from the same applicant). Average processing time is 9.5 days (target is 20 days).

5. CONCLUSION AND RECOMMENDATION

- 5.1 Members are recommended to note the report.

Sue Heath - Audit Manager

Wards affected	<i>N/A</i>
Contact for any more information	<i>Sue Heath – Audit Manager – 01626 215258</i>
Background Papers (For Part I reports only)	<i>Audit Files and Final Reports File 2018 – 2019</i>
Key Decision	<i>N</i>
In Forward Plan	<i>N</i>
In Audit Scrutiny Work Programme	<i>Y</i>

**TEIGNBRIDGE DISTRICT COUNCIL
AUDIT SCRUTINY COMMITTEE**

Summary of Internal Audits Completed

PROJECT TITLE	SUMMARY
<p>Housing Allocations</p> <p>Audit Opinion: Good ☆☆☆</p>	<p>The audit was requested by the Interim Head of Service Delivery and Improvement to review use of the Devon Home Choice (DHC) Policy and Procedure, their effectiveness and to confirm required eligibility and verification checks are carried out. Focus was on social housing fraud detection and prevention.</p> <p>We reviewed the DHC Policy, Procedure and Partnership Agreement to ascertain eligibility and verification requirements. We selected a sample of recent lets (covering four landlords) and identified what checks were made to verify information at the points of registration and let. Findings were positive and assurance gained that policy and procedure requirements are met. Robust processes are in place to ensure eligibility is determined and verification of information is undertaken prior to properties being allocated.</p>
<p>Benefits and Council Tax Support</p> <p>Audit Opinion: Good ☆☆☆</p>	<p>Housing Benefits and Council Tax Support are administered on the Open Revenues system with document management and workflow via Comino. The annual review considered the key risks of inappropriate or inaccurate amendments and untimely, inappropriate or inaccurate payments made or not recovered. Key controls were examined relating to these.</p> <p>Generally good systems are in place to ensure accuracy of payments and an overall opinion of good was given. Only a small number of relatively minor issues were identified, for example the level of quality control checks being undertaken. Three recommendations were made.</p>

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<p>Follow Up Audits The effectiveness of audits is increased if agreed actions are implemented. The audit cycle allows for a follow up check to be made on any important recommendations at an agreed time after each review. Details of completed follow ups are shown below:</p>	
<p>Housing Contracts Management</p> <p>Audit Opinion: Fair ☆☆</p>	<p>Original audit: September 2018 Follow Up: January 2019</p> <p>Six recommendations were made. These are all in progress. A further follow up is planned for May 2019.</p>
<p>Council Tax</p> <p>Audit Opinion: Good ☆☆☆</p>	<p>Original audit: March 2018 Follow up: February 2019</p> <p>None of the 6 recommendations are outstanding.</p>
<p>NDR (Business Rates)</p> <p>Audit Opinion: Good ☆☆☆</p>	<p>Original audit: April 2018 Follow up: February 2019</p> <p>Four recommendations were made both all of which have been implemented.</p>
<p>Debtors</p> <p>Audit Opinion: Good ☆☆☆</p>	<p>Original audit: April 2018 Follow up: February 2019</p> <p>1 on-going action relating to parking penalty charge notices - now incorporated into the current audit .</p>