

# AUDIT SCRUTINY COMMITTEE

**CHAIRMAN:** Cllr Chris Clarence

**DATE:** 11 September 2018  
**REPORT OF:** Audit Manager  
**SUBJECT:** INTERNAL AUDIT REPORT and  
DATA PROTECTION UPDATE  
**PART I**

## RECOMMENDATION

To note the report.

### 1. PURPOSE

- 1.1 To advise members of recent progress against the Audit Plan; the outcomes of completed audits; and additional duties being undertaken by the audit team.

### 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:

<b>Excellent</b>	☆☆☆☆	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
<b>Good</b>	☆☆☆	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
<b>Fair</b>	☆☆	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.
<b>Poor</b>	☆	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 11 September 2018

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

3.1 Summarised findings for audits recently completed is shown in **Appendix A** below.

#### **4. CHANGES WITHIN THE AUDIT SERVICE: NEW DATA PROTECTION and FREEDOM OF INFORMATION DUTIES**

- 4.1 Following recent management changes, the Audit team now have responsibility for Freedom of Information and Data Protection including the statutory Data Protection Officer (DPO) role.
- 4.2 As members are already aware, much work has been undertaken over the last few months to implement the requirements of the General Data Protection Regulations and Data Protection Act 2018. Members are also aware that under the previous management, consultants (Data Protection Advisory Services) were engaged to help prepare the Council for GDPR compliance. Core work was needed to underpin this and embed the necessary processes, and this remains ongoing to deliver the DPO service (for example investigation of breaches; data sharing agreements; ICO liaison; reviewing and facilitating data protection impact assessments for systems; dealing with subject access requests; policy work; and ongoing advice to staff and members).
- 4.3 Both the Audit Manager and full time Auditor have been involved in this work. The Auditor is GDPR qualified, so it is proposed for her to continue providing the DPO support role until 31 March 2018, by which time we will have a clearer idea of the Council's data protection needs on a more permanent basis.
- 4.4 Freedom of Information (FOI) support is provided by the Administration Assistant in Democratic Services. Approximately 260 FOI requests have been processed since April showing this continues to demand significant time.
- 4.5 A review of the Audit Plan has been undertaken to ascertain the level of backfill required for the loss of Auditor time. It is proposed to reduce this year's plan by removing the Leisure Centres; Licensing; and Register of Interests audits as noted above. The remaining audits will be accommodated through a combination of additional hours to be worked by the part time auditor and additional external support.

#### **5. CONCLUSION AND RECOMMENDATION**

- 5.1 The proposal above provides a means of covering the expanded role of the team in a cost effective way. It will be kept under review to ensure sufficient audit work is delivered to support the annual assurance opinion.
- 5.2 Members are recommended to note the report.

## Sue Heath - Audit Manager

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

**TEIGNBRIDGE DISTRICT COUNCIL  
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**Summary of Internal Audits Completed**

PROJECT TITLE	SUMMARY
<p><b>Governance Review and Annual Governance Statement (AGS)</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>Reported in detail at the June meeting.</p> <p>The AGS is included in the Financial Statements which were reviewed and approved by Full Council in July 2018.</p>
<p><b>Risk Management</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>At the request of the Business Improvement and Development Team Leader we tested corporate risk CP03, Partnership Management. We considered the mitigations to manage this risk to confirm appropriateness and adequacy and tested them to confirm their effectiveness and application. Findings were positive and no change or amendment required.</p> <p>We also considered the process for the recently reviewed strategic risk, ST18, Lack of Effective Risk Management.</p>
<p><b>Local Authority Housing Statistics (LAHS)</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>Local Authority Statistics on Housing are submitted annually to the Ministry of Housing, Communities and Local Government (MHCLG) formerly the Department for Communities and Local Government (DCLG). This audit, requested by the Housing Business Manager, verified the accuracy of data prior to submission.</p> <p>The auditor was satisfied that all fields of the return had been completed with data that could be verified to the systems from which it was derived; that calculation methodologies were correct; and final figures were accurate. Data was submitted via DELTA the Government's new online collection and reporting system. The submission deadline date of the 20<sup>th</sup> July 2018 was met.</p>
<p><b>Emergency Planning and Business Continuity</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>Teignbridge along with several other local authorities is part of the Devon Emergency Planning Service (DEPS). The audit took account of key risks for the service. Emergency Planning arrangements were generally effective.</p> <p>Business Continuity plans are currently being redrafted and updated arrangements will be incorporated in the Emergency Plan in March 2019.</p>



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<p><b>Follow Up Audits</b> 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><b>Health and Safety</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>Original audit: January 2018</p> <p>Follow up: June 2018</p> <p>8 recommendations were made. 3 have been implemented and work continues on 5. These mainly relate to training/staff awareness and are pending the arrival of the new Health &amp; Safety Officer next month.</p>
<p><b>Risk Management</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>Original audit: May 2017</p> <p>Follow up: June 2018</p> <p>All 9 recommendations have been actioned and implemented.</p>
<p><b>Debtors</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>Original audit: May 2017</p> <p>Follow up: April 2018</p> <p>11 of the 13 recommendations have been actioned. Two remain ongoing and will be considered as part of the 2018 – 2019 Debtor audit. They relate to the process for collecting Penalty Charge Notices which the planned new car parks system will address; and the management of corporate utility re-charges which is on hold pending the outcome of the One Teignbridge project.</p>
<p><b>NDR (Business Rates)</b></p> <p><b>Audit Opinion:</b> <b>Good ☆☆☆</b></p>	<p>Original audit: March 2017    Follow up: April 2018</p> <p>Two recommendations were made both of which have been implemented.</p>

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<p><b>Building Control</b></p> <p><b>Audit Opinion:</b> <b>Good ★★★</b></p>	<p>Original audit: November 2017</p> <p>Follow up: April 2018</p> <p>14 recommendations were made. 7 have been implemented and work continues on the remaining 7 including the review and completion of the Strata/corporate disaster recovery and business continuity plan.</p>
<p><b>Corporate Purchasing Cards</b></p> <p><b>Audit Opinion:</b> <b>Good ★★★</b></p>	<p>Original audit: August 2017</p> <p>Follow up: April 2018</p> <p>8 recommendations were made. 5 have been implemented and work continues on the remaining 3. Two of these were 'best practice' (minor issues) and the remainder relates to training other staff for business continuity cover.</p>
<p><b>Update on Other Activities</b></p>	<p><b>Anti-Money Laundering Policy</b> The Anti-Money Laundering Policy is currently being reviewed and updated. Re-launch of updated publication and staff training / awareness will follow shortly.</p> <p><b>Money Laundering Incident</b> A recent incident highlighted by a staff member of a possible money laundering transaction has been dealt with.</p> <p><b>One Teignbridge Transformation Project</b> Ongoing involvement including completion of Firmstep Data Protection Impact Assessment; process mapping workshops and privacy notices for online forms.</p>

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<b>Data Protection &amp; FOI</b>	<p><b>Data Protection Intranet Webpage</b> An intranet page has been added to 'The Bridge' for information and guidance to staff including templates for Data Protection Impact Assessments, Data Breach process, etc.</p> <p><b>Email Footer</b> A corporate email footer has been added to all staff outgoing emails advising of the Council's privacy policy.</p> <p><b>Data Retention Policy and Schedule</b> The Data Retention Policy has been reviewed and updated.</p> <p><b>Safe Emailing and Good Practice Guidance</b> has been issued.</p> <p><b>Data Protection Impact Assessments</b> Data Protection Impact assessments are now being completed for all new systems and system changes. These are mandatory and consider the impact the proposed project or systems change will have on people and their data. They assess the privacy risks and ensure measures are put in place to manage them. We are working closely with Strata colleagues on data security issues and with other Councils where systems are shared.</p> <p><b>Data Breach Incidents</b> We have investigated four incidents. Two were not breaches and two were minor "near misses".</p> <p><b>Data Sharing Agreements</b> Work continues to ensure the appropriate data sharing agreements are in place where necessary and again Strata are supporting us on this as our main Data Processor.</p> <p><b>Subject Access Requests</b> All individuals have the right to see what data an organisation holds on them and they may exercise this right through a Subject Access Request (SAR). <b>9</b> SAR's have been received since GDPR arrived in May 2018.</p>
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	<p><b>Freedom of Information</b> requests have been received as follows:</p> <p>April: <b>58</b> May: <b>58</b> June: <b>39</b> July: <b>51</b> Aug: <b>47</b></p> <p>Details of the information requested are usually reported in the Members' newsletter.</p>
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