



central midlands audit partnership

Ashfield District Council – Audit Progress Report

Audit Committee: 3rd December 2018



Contents

Page

AUDIT DASHBOARD	3
AUDIT PLAN	4
AUDIT COVERAGE	6
RECOMMENDATION TRACKING	11
STATUS OF PREVIOUS AUDIT RECOMMENDATIONS	15

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.

Contacts

Richard Boneham CPFA
Head of the Audit Partnership
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643280
richard.boneham@centralmidlandsaudit.co.uk

Mandy Marples CPFA, CCIP
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643282
mandy.marples@centralmidlandsaudit.co.uk

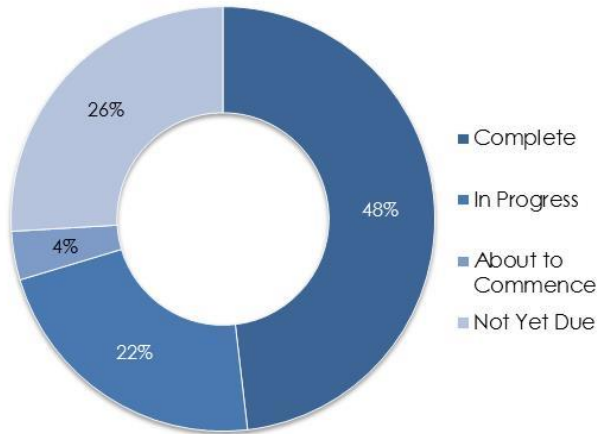


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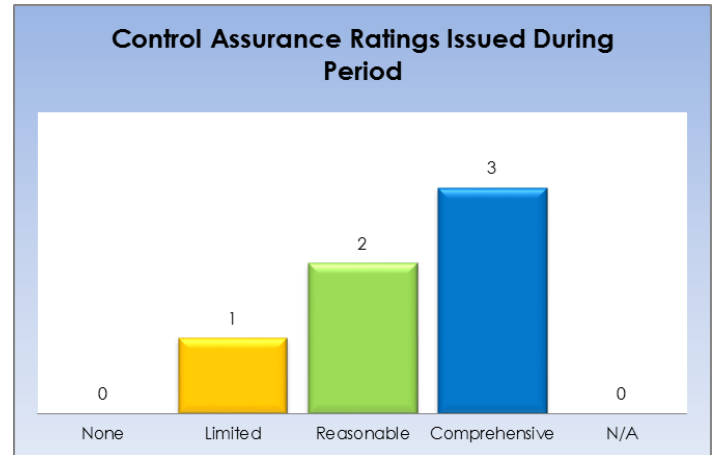
Ashfield District Council – Audit Progress Report

AUDIT DASHBOARD

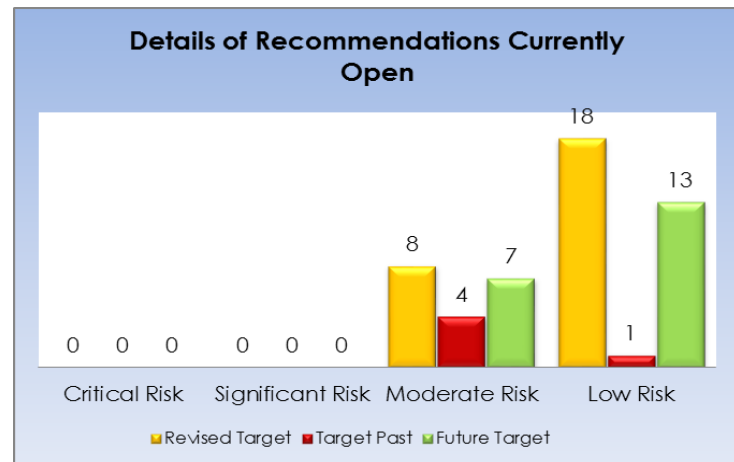
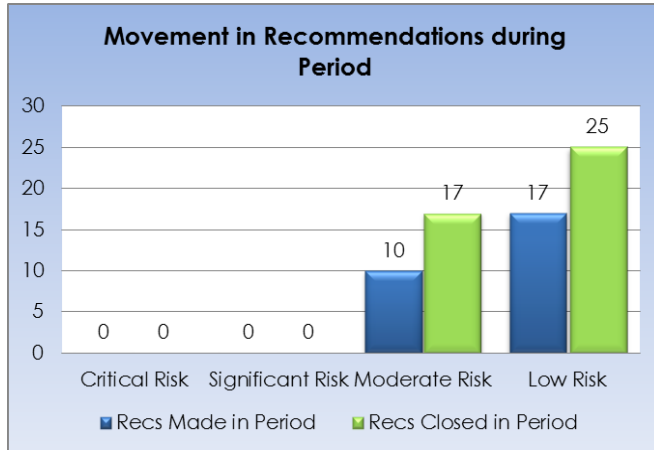
Plan Progress



Assurance Ratings



Recommendation Tracking



Ashfield District Council – Audit Progress Report

AUDIT PLAN

Progress on Audit Assignments

The following table provides the Committee with information on how audit assignments were progressing as at 31st October 2018.

2018-19 Jobs	Status	% Complete	Assurance Rating
Anti-Fraud & Corruption	Not Allocated	0%	
Information Governance	Not Allocated	0%	
Electoral Services	Final Report	100%	Comprehensive
Web Server Security	In Progress	25%	
Risk Registers	In Progress	75%	
Commercial Property Portfolio	Not Allocated	0%	
Housing Benefit & Council Tax Support	Not Allocated	0%	
Council Tax	Not Allocated	0%	
NDR	Not Allocated	0%	
Transport Stocks & Stores	Final Report	100%	Reasonable
Waste Management	Fieldwork Complete	90%	
Safeguarding	Allocated	10%	
Fleetwave	In Progress	50%	
Licensing	In Progress	75%	
Housing Stocks & Stores	Final Report	100%	Comprehensive
Procurement	Not Allocated	0%	
Depot Investigation	In Progress	95%	
B/Fwd Jobs	Status	% Complete	Assurance Rating
Capital Accounting	Final Report	100%	Comprehensive
Fixed Assets	Final Report	100%	Comprehensive
Housing Benefit & Council Tax Support	Final Report	100%	Comprehensive
Housing Lettings/Allocations	Final Report	100%	Reasonable
Contract Management	Final Report	100%	Limited
Health & Safety	Final Report	100%	Reasonable
ICT Performance Management	Final Report	100%	Reasonable
Payroll	Final Report	100%	Reasonable
Commercial Property Investment	Final Report	100%	Reasonable
Whistleblowing Pest Control	Final Report	100%	Limited

Ashfield District Council – Audit Progress Report

Audit Plan Changes

With the agreement of the Council's Director of Legal and Governance (& Monitoring Officer) in October 2018, changes were made to the Internal Audit Plan to address emerging risks identified by management.

- Management requested that Internal Audit assisted the Council with an Investigation. As such the time originally assigned to the audit of Strategic Housing, Outdoor Recreation, Customer Services, the Corporate Improvement Programme and Digital Transformation will be utilised for the investigation, and those audits will be withdrawn from the 2018-19 plan.

Ashfield District Council – Audit Progress Report

AUDIT COVERAGE

Completed Audit Assignments

Between 1st July 2018 and 31st October 2018, the following audit assignments have been finalised since the last progress update was given to the Audit Committee.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Contract Management	Limited	0	0	4	3	0%
Commercial Property Investment	Reasonable	0	0	4	0	25%
Fixed Assets	Comprehensive	0	0	0	1	100%
Housing Stocks & Stores	Comprehensive	0	0	0	4	50%
Electoral Services	Comprehensive	0	0	0	4	25%
Transport Stocks & Stores	Reasonable	0	0	2	5	29%
TOTALS		0	0	10	17	26%

Contract Management	Assurance Rating			
	None	Limited	Reasonable	Comprehensive
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
The Contracts Register is accurate and up to date.	8	0	0	8
The required Procurement Information is being published in line with the requirements of the Local Government Transparency Code 2015.	9	4	0	5
TOTALS	17	4	0	13
Summary of Weakness		Risk Rating	Agreed Action Date	
The Council could not evidence that the Contracts Register was being comprehensively maintained and there was no procedural guidance to support the completion of the register.		Moderate Risk	01/12/2018	
The Contracts Register was found to be incomplete and out-of-date. As such this did not completely fulfil the purpose of a Contracts Register.		Moderate Risk	01/12/2018	
The Contracts Register was not being suitably published within the Council.		Moderate Risk	01/12/2018	
Access for officers to update information on the Contracts Register was not suitably restricted to ensure the security and/or integrity of the data held in the register.		Moderate Risk	01/12/2018	
The Council were not publishing the required data where invitations to tender, over the		Low Risk	01/12/2018	

Ashfield District Council – Audit Progress Report

value of £5,000, had been invited in the previous quarter, as required by the Local Government Transparency Code 2015.		
The Council were not publishing quarterly data for procurements exceeding £5,000, as required by the Local Government Transparency Code 2015.	Low Risk	01/12/2018
Transparency data concerning the Councils Procurement Information had not been reported within the required deadlines to be compliant with the Local Government Transparency Code 2015.	Low Risk	01/12/2018


Commercial Property Investment	<p style="text-align: center;">Assurance Rating</p>			
	Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls
Governance arrangements for the Commercialisation agenda are robust and fulfil their purpose.	12	9	1	2
Commercial opportunities have been suitably evaluated and managed, to mitigate risks and maximise return on investments.	10	6	3	1
TOTALS	22	15	4	3
Summary of Weakness		Risk Rating	Agreed Action Date	
Commercial Property Investment was not recorded in the Corporate Risk Register in its own right. Also, although risk ratings are subjective, we question the appropriateness of a medium risk rating in the current climate for the commercialism risk identified.		Moderate Risk	17/09/2018	
The Council had not devised a suitable method of evaluating the effectiveness of the Commercial Property Investments.		Moderate Risk	31/12/2018	
The on-going maintenance and management of the Councils commercial property portfolio was not being recorded on a suitable risk register.		Moderate Risk	31/12/2018	
The performance of commercial property investments was not being actively monitored.		Moderate Risk	31/12/2018	

Ashfield District Council – Audit Progress Report


<h2>Fixed Assets</h2>	<p>Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
To verify the physical existence of a sample of fixed assets.	3	2	1	0
To confirm ownership of a sample of fixed assets.	1	1	0	0
TOTALS	4	3	1	0
Summary of Weakness		Risk Rating	Agreed Action Date	
6 properties were included in the Fixed Asset Register as Surplus Buildings even though they had been demolished.		Low Risk	30/09/2018	

<h2>Housing Stock & Stores</h2>	<p>Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Robust controls are in place for record keeping, security and movement of stocks within the Housing Stores.	10	7	3	0
Adequate stock replenishment and ordering controls are in place and adhered to for the Housing Stores.	7	5	1	1
TOTALS	17	12	4	1
Summary of Weakness		Risk Rating	Agreed Action Date	
The stores manual was out of date and not readily available to staff. The stores manual also did not include the procedure for receipt and storage of goods in the stock room.		Low Risk	30/11/2018	
Items held in the standby lock up were not subject to independent stock takes. There were inconsistencies between items held in the standby lock up and its associated stock list.		Low Risk	27/08/2018	
Stock takes of high value items had not been completed and evidenced, in line with local procedures. Missing stock items had not been investigated or reported to management.		Low Risk	27/08/2018	
The Capita system was unable to recognise seasonal variances for supplies and bulk purchases of goods for specific projects. Officers were required to review and manage stock levels manually.		Low Risk	30/11/2018	

Ashfield District Council – Audit Progress Report

Electoral Services					
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls	
Robust controls are in place which ensures that the integrity of the electoral system is maintained.	15	12	2	1	
Electoral Services expenditure is justified, accurate and approved.	8	6	2	0	
Data records held by Electoral Services are appropriate and justifiable (GDPR).	1	1	0	0	
TOTALS	24	19	4	1	
Summary of Weakness		Risk Rating	Agreed Action Date		
There was not a Memorandum of Understanding outlining each organisation's roles and responsibilities and the integrity of the processes in place, to minimise the potential for electoral malpractice.		Low Risk	04/03/2019		
The Council's website did not contain links to the Your Vote Matters website informing voters how to report suspected electoral fraud.		Low Risk	08/10/2018		
A log of activities and a log of concerns were not being maintained by the Electoral Services section.		Low Risk	03/12/2018		
There was a lack of clarity over the required process for the order and payment of polling station room hire.		Low Risk	03/12/2018		

Ashfield District Council – Audit Progress Report

Transport Stocks & Stores				
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Robust controls are in place for record keeping, security and movement of stocks within the Transport Stores.	10	5	0	5
Adequate stock replenishment and ordering controls are in place and adhered to for the Transport Stores.	10	7	1	2
TOTALS	20	12	1	7
Summary of Weakness		Risk Rating	Agreed Action Date	
A complete procedure manual was not in place for the Transport stores.		Low Risk	31/03/2019	
In-year stock checks on high usage and valuable or desirable Transport items were not performed.		Moderate Risk	30/09/2018	
There was no evidence of the Stores Officer's weekly review of the stock level report, and, the minimum and maximum stock levels were not in line with the actual usage of products.		Low Risk	30/09/2018	
Mechanics had unrestricted access to the transport parts store. They also had the ability to close down jobs on the Fleetwave system, therefore potentially bypassing management controls of transport stock parts.		Low Risk	31/10/2018	
Access to the Transport stores was not restricted to only those officers with a business need.		Low Risk	Risk Accepted	
A stock adjustment that had been highlighted from stock taking activities had not been processed on the Fleetwave system. None of the adjustments had been subject to independent review.		Low Risk	31/03/2019	
Following an upgrade, the Fleetwave system had not recorded stock adjustments accurately.		Moderate Risk	30/09/2018	

Ashfield District Council – Audit Progress Report

RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
23-Oct-18	Transport Stocks & Stores	Reasonable	2	1	2
15-Oct-18	Electoral Services	Comprehensive	0	0	3
23-Oct-18	Housing Stocks & Stores	Comprehensive	0	0	2
07-Jun-18	Payroll	Reasonable	0	1	0
27-Mar-18	Rent Arrears	Comprehensive	0	0	1
27-Apr-18	Capital Accounting	Comprehensive	0	1	0
03-Jul-18	Commercial Property Investment	Reasonable	0	0	3
03-Jul-18	Contract Management	Limited	0	0	7
24-Apr-18	ICT Performance Management	Reasonable	0	4	0
08-Jun-18	Whistleblowing - Pest Control	Limited	0	5	0
22-Jun-18	Health & Safety	Comprehensive	0	1	1
11-Jan-18	Anti-Fraud & Corruption	Reasonable	0	3	1
09-Mar-18	Gas Safety 2017-18	Reasonable	0	1	0
02-Aug-17	Responsive Maintenance/Voids (Agile Audit)	Comprehensive	0	2	0
22-Jan-18	Development Control	Reasonable	1	0	0
28-Mar-18	ECINS Security Assessment	Limited	2	1	0
16-Aug-17	Right to Buy	Reasonable	0	1	0
15-Jun-17	OPEN Housing/Contractor IT Security Assessment	Reasonable	0	2	0
28-Oct-16	Refuse Collection	Reasonable	0	1	0
31-Oct-16	Main Accounting (MTFP)	Reasonable	0	2	0
		TOTALS	5	26	20

Action Due = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Being Implemented = The original action date has now passed and the agreed actions have yet to be completed. Internal Audit has obtained status update comments from the responsible officer and a revised action date.

Future Action = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

Ashfield District Council – Audit Progress Report

Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Transport Stocks & Stores	0	1	1	0	0	1
Electoral Services	0	0	0	0	0	0
Housing Stocks & Stores	0	0	0	0	0	0
Payroll	0	0	0	0	0	1
Rent Arrears	0	0	0	0	0	0
Capital Accounting	0	0	0	0	0	1
Commercial Property Investment	0	0	0	0	0	0
Contract Management	0	0	0	0	0	0
ICT Performance Management	0	0	0	0	2	2
Whistleblowing - Pest Control	0	0	0	0	5	0
Health & Safety	0	0	0	0	0	1
Anti-Fraud & Corruption	0	0	0	0	0	3
Gas Safety 2017-18	0	0	0	0	1	0
Responsive Maintenance/Voids (Agile Audit)	0	0	0	0	0	2
Development Control	0	1	0	0	0	0
ECINS Security Assessment	0	2	0	0	0	1
Right to Buy	0	0	0	0	0	1
OPEN Housing/Contractor IT Security Assessment	0	0	0	0	0	2
Refuse Collection	0	0	0	0	0	1
Main Accounting (MTPF)	0	0	0	0	0	2
TOTALS	0	4	1	0	8	18

Ashfield District Council – Audit Progress Report

Highlighted Recommendations

The following significant or moderate risk rated recommendations, that have not yet been implemented, are detailed for Committee's scrutiny.

Action Due Recommendations

Transport Stock & Stores	Rec No. 9
Summary of Weakness / Recommendation	Risk Rating
In-year stock checks on high usage and valuable or desirable Transport items were not performed.	Moderate Risk
We recommend that the Council completes frequent stock checks on high usage, valuable and desirable items. The stock checks should be documented and any discrepancies should be investigated and reported to management.	
Management Response/Action Details	Action Date
Quarterly stock checks to be undertaken.	30/09/2018
Status Update Comments	Revised Date

Development Control	Rec No. 9
Summary of Weakness / Recommendation	Risk Rating
Testing noted occasions where personal information had been left on planning documents published on the Council's website.	Moderate Risk
We recommend that applications currently published on the Council's website are checked to ensure all the personal information has been redacted. Procedures should be amended to ensure that information is not placed on the website until it has been fully redacted and subjected to an independent check by a second officer.	
Management Response/Action Details	Action Date
Four actions identified;	31/08/2018
<ol style="list-style-type: none"> 1. Amend procedure to reflect data protection requirements 2. Introduce weekly random checks 3. Await further information from the Government on data for planning 4. Introduce new automated IT system to redact documents 	
Status Update Comments	Revised Date

Ashfield District Council – Audit Progress Report

ECINS Security Assessment	Rec No. 9
Summary of Weakness / Recommendation	Risk Rating
<p>There were no IP restrictions or two-factor authentication (2FA) process in place for Ashfield DC user access to the e-Cins system.</p> <p>We recommend that the Council raises a formal feature request for the introduction of 2-factor authentication in future releases of the system, or looks to restrict access to an authorised IP range. An acceptable usage policy should be defined for accessing the system outside the Council's private network.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Police objected to this during early discussions with the Council and IT. To address these officers will be required to remote desk top into the Council's IT and access E-cins from here. Training and signing a MOU will ensure all officers understand the requirement moving forwards. CP will liaise with system provider to establish if there is an audit trail of IP address (these should all be one IP address).</p>	30/06/2018
Status Update Comments	Revised Date
<p>Ecins have stated that it can be done from the users action logs, however when tested this information was not available. The ECINS webpage whilst accessible to those that know the address is not accessible through any google search or similar.</p>	

ECINS Security Assessment	Rec No. 9
Summary of Weakness / Recommendation	Risk Rating
<p>Current administrators of the system did not appear to have been sufficiently trained on the accessibility and whereabouts of security related reports that would need to be utilised for effective systems and security management.</p> <p>We recommend that management defines, documents and implements comprehensive security based training to all users granted organisation admin rights to allow them to effectively manage the security of the system and its users.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>This will be raised to the project lead (PCC office) as per audit recommendations for this to be included in training for persons with org admin rights. The e-cins lead for the Council will prepare documents with project lead for review and sign off.</p>	30/09/2018
Status Update Comments	Revised Date

Ashfield District Council – Audit Progress Report

STATUS OF PREVIOUS AUDIT RECOMMENDATIONS

Recommendations Not Implemented

There were a number of Audit Recommendations that were issued and agreed prior to Ashfield District Council joining the Central Midlands Audit Partnership. One legacy recommendation remains outstanding relating to Ashfield Homes Ltd. This will continue to be monitored and details are provided below.

Ashfield Homes Ltd – Outstanding Recommendations

Report	Recommendation	Responsible officer	Due date	Update
C Housing Maintenance 15/16-10	The full review of the in-house Schedule of Rates is given an end target date, and progress is monitored and reported to SMT.	Responsive and Voids Maintenance Manager & Support Services Manager	31/03/19	A full programme is in place to complete the review of the schedule of rates. Progress of this will be monitored through Senior Management Team Update 16/11/2016 Potentially looking at buy off the shelf paperless system and therefore changing the system altogether. Update 01/02/2017 – No further updates. Any action has been put on hold as there is a service review underway. Update 10/07/2017 – The full review of in-house Schedule of Rates is now in progress. Update 10/07/18 - This recommendation is now tied in to a significant service review that will involve changes to IT, service delivery and restructures. As part of the service review both in-house and national Schedule of Rates are being considered.