

Agenda Item No: 12

TITLE **Internal Audit Progress Report**

To: **Audit & Accounts Committee**

Date: **22nd November 2018**

From: **Duncan Wilkinson, LGSS Chief Internal Auditor**

1. PURPOSE

1.1 To report on the main areas of audit coverage for the period 1st September 2018 to 31st October 2018 and the key control issues arising.

2. BACKGROUND

2.1 The role of Internal Audit is to provide the Audit Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.

2.2 The Committee is requested to consider the contents of this report.

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LGSS Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 31st October 2018

Section 1

1. FINALISED ASSIGNMENTS

- 1.1 Since the previous Progress Report in September 2018, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	Place & Economy	Unannounced Visits – Libraries Income	Satisfactory	Satisfactory	Minor
2.	Public Health	Public Health Section 75 Agreement	Satisfactory	Limited	Minor
3.	People & Communities	Deprivations of Liberty – Community Settings	Good	Good	Minor
4.	People & Communities	Troubled Families Grant	Grant certification provided.		
5.	Cross-Cutting (CCC-wide)	Use of Consultants	Satisfactory	Limited	Minor
6.	Place & Economy	National Productivity Fund	Grant certification provided.		
7.	Place & Economy	Safer Roads Funding	Grant certification provided.		
8.	Place & Economy	Pothole Action Fund	Grant certification provided.		
9.	Place & Economy	Flood Resilience Fund	Grant certification provided.		
10.	Place & Economy	Cambridgeshire Challenge Fund	Grant certification provided.		
11.	Place & Economy	Bus Service Operator's Grant	Grant certification provided.		
12.	Place & Economy	Innovate UK – Smart Cambridge Grant	Grant certification provided.		

13.	Place & Economy	Local Transport Capital Block Funding	Grant certification provided.
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- 1.2 Summaries of the finalised reports with satisfactory or less assurance are provided in Section 4. This also excludes individual schools audits, which are reported collectively once all reviews have been finalised.
- 1.3 The following audit assignments have reached draft report stage, as set out below in table 2:

Table 2: Draft/Interim Reports

No.	Directorate	Assignment
1.	Place & Economy	Cycle City Phase II
2.	Cross-Cutting (CCC-wide)	Fees & Charges Policy and Compliance
3.	People & Communities	Coram Contract

- 1.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Appendix A.

Section 2

2. FRAUD AND CORRUPTION UPDATE

2.1 CURRENT INTERNAL AUDIT INVESTIGATIONS:

A summary of the current investigative caseload of the Internal Audit team is provided below at table 3. This includes investigations relating to suspected theft, fraud or misuse of funds, which are led by Internal Audit.

Table 3: Internal Audit Investigations Caseload

Case Category	Description of activity or risk example	No.	Outcomes
Investigations	FACT Investigation	1	Ongoing support to post-report process.
	Conflicts of Interest Investigations	2	Ongoing investigation work.
		2	Closed – no fraud.
	Whistleblowing Complaint	1	Closed – minor recommendations made.
	Mileage and Expenses Investigation	1	Closed – minor recommendations made.
Totals		7	

2.2 NATIONAL FRAUD INITIATIVE:

The National Fraud Initiative is a statutory data-matching exercise which matches electronic data within and between public and private sector bodies, to prevent and detect fraud. Cambridgeshire County Council is obliged to take part in this exercise, which is run by the Cabinet Office on a two-yearly cycle.

Work on collecting the required datasets has been led by the LGSS Internal Audit Counter-Fraud team. Results of the data-matching, which highlight areas for further investigation by the Council, are expected in February 2019.

Section 3

3 IMPLEMENTATION OF MANAGEMENT ACTIONS

- 3.1 The outstanding management actions as at the end of September 2018 are summarised in Table 4 below, which includes a comparison with the percentage implementation from the previous report (bracketed figures).
- 3.2 There are currently 14 management actions outstanding. Of these, 4 were dependent on the implementation of ERP Gold, and have been delayed due to the 'go live' date being pushed back. These actions are all rated 'important' rather than 'essential'. Further detail is available at Appendix B.
- 3.3 Details of all outstanding actions are provided at Appendix B, below.

Table 4: Outstanding Management Actions

	Category 'Essential' recommendations		Category 'Important' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
Implemented	1	3% (0%)	25	63% (56%)	26	65% (56%)
Actions due within last 3 months, but not implemented	0	0% (0%)	5	13% (18%)	5	13% (18%)
Actions due over 3 months ago, but not implemented	0	0% (0%)	9	23% (26%)	9	23% (26%)
Totals	1		39		40	

4. SUMMARIES OF COMPLETED AUDITS WITH SATISFACTORY OR LESS ASSURANCE

A. CROSS-CUTTING (COUNCIL-WIDE)

A.1 Use of Consultants

The full Use of Consultants report has been brought to Audit & Accounts Committee as a separate item. (Item 7 on the agenda)

B. PUBLIC HEALTH DIRECTORATE

B.1 Public Health Section 75 Agreement Review

Section 75 of the National Health Services Act 2006 allows a local authority to make arrangements for the pooling of resources and/or delegating certain health-related functions to an NHS body. In Cambridgeshire, Health Visiting and School Nursing services are currently delivered by Cambridgeshire Community Services NHS Trust (CCS), under a Section 75 Agreement. The Director of Public Health requested that Internal Audit undertake a review of the Section 75 Agreement, as part of the 2018/19 Audit Plan.

Internal Audit has given a limited assurance over the control environment in place, as set out by the Agreement, and a satisfactory opinion on compliance. The content of the 2017/18 Section 75 Agreement, even if complied with, would only give a limited assurance to Cambridgeshire County Council that reported performance and costs are accurate and acceptable. As the current Agreement includes the ability to vary its wording at any time, by agreement between the partners, Internal Audit has made a number of recommendations to be considered as part of a review and refresh of the Agreement.

The recommendations include ensuring that service specifications include a breakdown of expected spend; developing an agreed overhead rate for the agreement; including a clause allowing for Open Book Contract Management; and ensuring that all Key Performance Indicators have set targets and are weighted according to their relative importance. It is also recommended that the agreement should include a clause stating that any expenditure which is not explicitly linked to the service specification may be clawed back by the Council, and that an annual

reconciliation between Council payments and costs incurred by CCS should be undertaken.

Under the current agreement, the Council is entitled to receive repayment of any underspend at the end of the year. At present, analysis of County Council records indicate that the underspend against grant received should be £182k, although CCS had reported an underspend of £122k. The Director of Public Health has indicated that this discrepancy may relate to additional funding provided by the Council for the Public Health component of school nursing in Special Schools; this has been queried with CCS and their response, along with evidence of actual expenditure, is awaited in order to ensure the underspend is correctly clawed back by the Council.

C. PLACE & ECONOMY DIRECTORATE

C.1 Unannounced Visits – Libraries Income

Internal Audit conducted an income audit review at Cambridge Central Library and Huntingdon Library, the two libraries which generate the highest level of income in the county.

Internal Audit has awarded satisfactory assurance over the control environment relating to income processes in libraries. At present, individual libraries have their own financial procedures that are specific to each library, meaning that different sites are taking different approaches to key processes such as cash counting and banking. It has therefore been agreed that two sets of standardised financial procedures will be produced for Cambridgeshire libraries; one for larger libraries, and one for small libraries which are manned by a single member of staff. A procedure for management to perform spot checks will also be introduced, particularly where bankings are prepared and banked by one person.

Satisfactory assurance has also been given over compliance with income processes. A review of access to safes, with additional advice from the Health and Safety team, has been recommended, along with a review of staff access cards, which provide access to tills. Internal Audit has recommended that payment should be required in advance for room hire, and the booking procedure and financial system for invoicing for lettings will be reviewed and updated.

5. OTHER AUDIT ACTIVITY

5.1 UPDATES TO THE INTERNAL AUDIT PLAN 2018/19

Internal Audit has experienced a number of pressures on the delivery of the Internal Audit Plan 2018/19, due to additional requests for Internal Audit work as a result of the changing risk profile. In order to accommodate these pressures within available resource, the Plan was reviewed and revised in August 2018, with changes approved by Strategic Management Team (SMT) and Audit & Accounts Committee in September.

Pressures on the Audit Plan have continued and are outlined below. In order to accommodate these pressures, it is anticipated that a further review of the Internal Audit Plan will be required, with the changes brought to SMT and Audit and Accounts Committee in January 2019.

5.1.1 Pressures on the Audit Plan

The following section outlines the pressures at work on the Internal Audit Plan:

- At the request of the Managing Director of LGSS and the Chief Executives and Section 151 Officers of the LGSS Client Authorities, the Internal Audit and Risk Management team is currently undertaking a series of reviews of the ERP system, to provide stakeholder assurance over the system's operation and user compliance. This work is ongoing in line with the target dates outlined at the last Audit Committee meeting.
- Following the Audit & Accounts Committee meeting to discuss the Community Transport Investigation on the 31st July, additional work by Internal Audit has been required in responding to the findings of the investigation, providing assurance over the organisation's response, and providing support to the Audit & Accounts Committee's review of actions.
- Significant Internal Audit resource has been required to provide reviews of major corporate contracts and support to contract management arrangements. In particular, Internal Audit has been asked to provide support to the development of governance around the Highways Contract, supporting the service in establishing the definition of actual cost with the contractor, and to conduct Open Book Review work as well as providing advice and support to the Waste Management Steering Group.

5.2 UPDATE ON THE AUDIT REVIEW OF ELY BYPASS

Internal Audit is in the process of undertaking the review of the Ely Bypass, as agreed at the Audit & Accounts Committee, following a request from the Economy & Environment Committee which asked Audit to review the cost increases in the contract and provide a 'lessons learnt' report.

It had been anticipated that the service would be in a position to share the findings of this work with the November meeting of Audit & Accounts Committee. Due to the pressures on the Internal Audit service (outlined at 5.1, above) and the complexity of the contractual arrangements, work on this review is still ongoing. Consequently an update on progress to date is provided instead.

So far, the Audit has undertaken work on the following areas:

- Procurement of the construction contract, including review of procurement documentation.
- Internal Council governance of the project, including discussions with key officers and review of project documents.
- Analysis of the timeline of cost changes over the life of the project.
- Review of the construction contract and key related documents.

The construction stage of the project (Stage Two) was contracted using NEC¹ Option D, a NEC contract option which is far less widely-used. Under the NEC Terms, Option D is a target cost contract, with bill of quantities. The Bill of Quantities was determined by the contractor during Stage One, and provides project-specific measured quantities of the items of work identified by the completed design and specification. Under Option D, the Bill of Quantities forms the target cost for completion of the project, with payments made to the contractor based on actual costs and then a pain/gain adjustment made for variance from the target cost.

Given the complexities associated with this contract option, the Council employed WYG to monitor the contract on both cost and quality, in order to gain assurance on whether the costs charged by Volker Fitzpatrick charged the Council represented

¹ New Engineering Contract, a suite of standard contracts produced by the Institute of Civil Engineers, which guide the drafting process for civil engineering and construction projects and aim to stimulate good project management.

actual, verified costs throughout the contract, and that the appropriate performance levels were being met. Understanding and analysing the roles and responsibilities of the Council in monitoring the delivery of the project is made more complicated due to the fact a third party was employed to undertake contract monitoring.

The contract with WYG has not yet been provided to Internal Audit. Until this contract is provided and Internal Audit are able to assess the work undertaken by WYG, an assurance cannot be given on the adequacy of the monitoring of the contract.

5.3 UPDATE ON THE AUDIT REVIEW OF ERP GOLD

Internal Audit has completed the first phase of the work relating to providing assurance over the core financial processes that are supported by ERP Gold. These are the core systems reviews that we would normally undertake to provide assurance to the s151 Officers that there is a sound system of financial control, in addition the work is being conducted to provide assurance to both LGSS and the NCC Commissioners around the core financial processes that have been introduced. To date work has focused on:

- Payroll – led from NCC Audit team
- Accounts Payable – led from CCC Audit team
- Accounts Receivable (including debt management) – led from CCC Audit team
- General Ledger and Bank Rec (combined into one review) – led from NCC Audit team
- ERP Application (IT Controls) Review – will be led from MKC Audit team

It is essential to note that this work is programmed to test the controls across ERP, its associated processes including the above systems to 31/3/19. Test results and findings are therefore preliminary and subject to change. A formal audit opinion can only be given at the end of the year when sufficient transactions throughout the year have been tested.

An interim briefing note / findings summary has been issued to the section 151 officers across all 3 clients but given that testing needs to continue to year end it is not considered appropriate to publish a formal report, until full year findings are evident. Key issues include:

- It is clear that there is significant dis-satisfaction across clients. Whether factual and/or evidenced, Client perceptions of ERP effectiveness are undermining its

operational effectiveness, including confidence in the implementation of improvements.

- The causes of user dis-satisfaction and also non-compliance cannot be traced to a single root cause and there are different views for potential causes
- Governance needs formalising via a ERP Gold Governance Board meeting regularly
- Disaster Recovery requires urgent attention to provide confidence in the resilience of the system
- Accounts Receivable is an area requiring additional focus in regard to the reporting and action on Aged Debts, albeit MKC trends are not a matter of concern from the reports reviewed by IA.
- Accounts Payable is an area where significant progress has been achieved recently (since the appointment of the Finance Operations Manager) but requires ongoing monitoring to ensure that progress is sustained into business as usual.

Work on establishment review / accuracy has been prioritised in Sept / Oct (focussed on MKC). When that HR project is complete Internal Audit will review its outcomes.

APPENDIX A

CCC INTERNAL AUDIT PLAN 2018/19

Audit Title	Status	Quarter Opened	Quarter Closed
Cross-Cutting and Council Wide Audit			
Agency Staff Compliance	Open	2	
EU Procurement Regulations	Open	2	
Procurement Compliance	Open	1	
Unannounced Visits	Closed	1	3
Impact of Price & Quality Evaluation	Not Started		
Development of Project Assurance Framework	Open	2	
Project Assurance of High Risk Projects (1)	Not Started		
Project Assurance of High Risk Projects (2)	Not Started		
Project Assurance of High Risk Projects (3)	Not Started		
Project Assurance of High Risk Projects (4)	Not Started		
Development of Project Management Framework	Open	2	
Management of Consultants and Interims	Draft	1	
Financial Planning, Demand Mgt and Control	Not Started		
Ely Bypass Review	Open	1	
Key Performance Indicators	Open	1	
Corporate Key Performance Indicator Framework	Not Started		
Discretionary and Non-Statutory Service Provision and Expenditure	Open	2	
Fees and Charges Policy and Compliance	Draft	2	
Annual Key Policies and Procedures Review	Open	3	
Directorate Performance Management	Open	1	
Grants to Voluntary Organisations Compliance	Not Started		
Grants to Voluntary Organisations Framework	Closed	1	2
Procurement Governance	Not Started		

Annual Whistleblowing Policy Report and Awareness	Not Started		
People & Communities Directorate			
Contract Management of Residential and Nursing Care Providers	Open	1	
Direct Payments Compliance	Open	2	
P&C Contract Management	Draft	2	
Troubled Families Grant 18-19	Ongoing	All year	N/A
Schools Payroll & Safe Recruitment 18-19	Not Started		
Personal Budgets	Open	1	
Fostering Service	Open	1	
Special Educational Needs Placements	Not Started		
Annual Safeguarding Assurance	Not Started		
Economy, Transport & Environment Directorate			
Transport Contract Management	Not Started		
Section 106 Funding	Open	3	
Highways Contract Open Book Review 18-19	Closed	1	2
Highways - Commercial Group	Open	2	
Highways – Contract Review	Open	2	
Waste Management Steering Group	Open	2	
Street Lighting PFI Open Book Review 18-19	Open	3	
Waste PFI Open Book Review 18-19	Not Started		
Local Transport Capital Block Funding	Closed	1	2
Growth Deal	Closed	1	2
Bus Services Operators Grant	Closed	1	2
Pothole Action Fund	Closed	1	2
Cycle City Phase II Grant	Draft	1	
National Productivity Fund	Closed	1	2
Safer Roads Funding	Closed	1	3
Procurement Transport Project	Closed	1	2
P&E Partnership Services Cost Recovery	Open	1	
Innovate UK - Smart Cambridge Grant	Closed	2	2
Flood Damaged Roads	Closed	2	2
Cambridgeshire Challenge Fund (Drought Damaged Roads)	Closed	2	3
SWIM Project	Closed	1	2

Public Health and Corporate & Customer Services Directorates			
Public Health Contract Management	Closed	1	2
Broadband Grant	Closed	1	1
Public Health Grant	Closed	1	1
Key Financial Systems			
Accounts Receivable	Not Started		
Purchase to Pay	Not Started		
Payroll	Not Started		
General Ledger	Not Started		
Bank Reconciliation	Not Started		
Treasury Management	Not Started		
Administration of Cambridgeshire Pension Fund	Not Started		
Financial Systems IT General Controls	Not Started		
ERP Assurance - Accounts Receivable	Open	2	
ERP Assurance - Accounts Payable	Open	2	
ERP Assurance - Payroll	Open	2	
ERP Assurance - General Ledger	Open	2	
ERP Assurance - IT Controls	Open	2	
Risk Management Audit	Not Started		
CCC Debt Recovery	Not Started		
Governance & Risk Management			
Risk Management	Ongoing	All year	N/A
Annual Governance Statement-Code of Corporate Governance	Ongoing	All year	N/A
Information Governance & IT Audit			
Information Security	Not Started		
Response to Information Security Incidents	Open	1	
Controls Review of Critical Systems	Not Started		
ICT Disaster Recovery	Not Started		
Anti-Fraud and Corruption			
Fraud Investigations 17-18	Ongoing	All year	N/A
Community Transport Investigation	Open	1	
Community Transport Tender Review	Closed	2	2
Whistleblowing Complaint	Closed	1	2
Declarations of Interest Investigation	Open	1	

Mileage & Expenses Investigation	Closed	1	1
National Fraud Initiative	Ongoing	All year	N/A
Other Planned Work			
Advice & Guidance	Ongoing	All year	N/A
Freedom of Information Requests	Ongoing	All year	N/A
Follow-Ups of Agreed Actions	Ongoing	All year	N/A
Audit Plan	Ongoing	All year	N/A
Committee Reporting	Ongoing	All year	N/A
Management Reporting	Ongoing	All year	N/A

APPENDIX B

Summary of Outstanding Recommendations

(Recommendations as at the end July 2018).

The below table excludes recommendations which are dependent on the implementation of ERP Gold; these have been split out and shown at a second table, below.

Audit	Risk level	Summary of Recommendation	Target Date	Status
Client Contributions	M	Deferred Payment Agreements The Service Delivery Manager Financial Assessments should ensure that all of the following staff are aware of the process for securing deferred payment agreements: <ul style="list-style-type: none"> • Social Workers • Financial Assessments Team members • Debt Team members If officers are not aware of relevant deferred payment agreements processes there is a risk that opportunities to secure debt recovery will be missed.	30/09/17	The service reported the development of mandatory Care Act management training for all new employees involved with deferred payments has been completed. They have also reported that all financial assessment staff have all be made aware of the proper process and that Care Team staff have had general over-view financial assessment training sessions. Due to the absence of a key officer Internal Audit have not been able to ascertain a revised target date for the completion of this recommendation but understands work is ongoing with Organisational Workforce Development to roll out as a specific training course. Revised target date: TBC
Payment Methods	M	Services should apply to be transformed Once services are able to determine the total cost of transactions by payment method, there should be a clear prioritisation for transforming services, based on the anticipated savings from transformation.	30/11/16	The original action recommended by Internal Audit has been largely dependent on a number of wider components connected to the Civica ICON project. Ownership of Civica ICON has passed to the IT & Digital Team. There have been issues experiences with the interface between ICON and

		Without this prioritisation there is the risk that services may use less cost-effective methods of payment, at higher cost to the Council.		<p>ERP Gold which has meant that the project to transform services has not moved forward quickly because this currently requires manual processing. At present a formal prioritisation for the transformation has not therefore been developed. This is being taken forward by Transformation and the IT & Digital Service. This remains the case at time of report.</p> <p>Whilst Internal Audit is satisfied that there has been progress made, this is not currently in a way which is likely to fully address this action. Officers and Internal Audit have scheduled to discuss the best way to take this action forward, which may include revisiting payment methods in the audit plan.</p> <p>Revised target date: TBC Internal Audit will be meeting with the service within the next two weeks.</p>
Information Security Culture	M	<p>Information Security Incidents The Information Governance team should amend the incident report template to ensure higher-risk actions resulting from security incidents are followed up and reviewed to ensure completion.</p> <p>The team should also amend the Information Security breach procedure, to include a formal escalation process to the IM board actions to prevent further incidents have not been completed.</p> <p>If there is no follow-up and actions are not completed, there is an increased risk that security incidents may happen again.</p>	31/12/17	<p>The service provided an initial response to audit follow-up, but on review this indicated that the information request may not have been fully understood.</p> <p>The Draft Audit Plan for 2018/19 includes a review of service responses to information security incidents. This audit is now underway and will provide a clear view of whether this action has been implemented and any further actions required. The audit work is expected to be completed in the next month.</p> <p>Revised target date: 30th November 2018</p>

3rd Party Assurance	M	Contracts do not have third party assurance requirements Officers responsible for commissioning high-value contracts with suppliers who are likely to hold or process large volumes of personal data, should consider including in their specifications that the Council must be provided with appropriate third party assurance over the security of systems. IT and Procurement officers should be aware of the possibility of including these requirements in specifications, and provide advice and guidance to officers commissioning such contracts.	31/05/18	The Business Intelligence Manager confirmed work is progressing on this recommendation but that it is proving more resource intensive and taking longer than originally anticipated. He currently anticipates that the work should be completed by February 2019 (dependant on resource levels). Revised target date: 28th February 2019
Schools Payroll & Safe Recruitment	M	Review of CCC Contracts with External Payroll Providers Internal Audit recommended a review of CCC's contracts with the external providers of payroll services to maintained school, to assess the requirements relating to the provision of third-party assurance over integrity of payroll systems.	30/06/18	A meeting with external payroll provider EPM to discuss the recommendation has been postponed (originally scheduled for September 2018). Revised target date: TBC
Joint Safeguarding Board Arrangements	M	Quorum Requirements for Joint Safeguarding Board Internal Audit recommended that quorum requirements for the Joint Safeguarding Board are amended to require members from all three statutory partners to be in attendance in order for a Board meeting to be quorate. This requirement should be documented in the Terms of Reference for the Local Children Safeguarding Board and Safeguarding Adults Board.	31/07/18	This action requires sign off by the Executive Board. The Executive Board meeting to sign this off in September had to be moved and will now take place November 22 nd 2018. Revised target date: 22nd November 2018.
Business Intelligence	M	Business Intelligence Service Plan and Team Work Plans	30/06/18	This process is ongoing. There have been significant changes in the Service, including a

Continuity		The Business Intelligence Service Plan should be reviewed to include how the Service aims to reduce silo working and overdependence on specific individuals and plans for cross-skilling members of the team.		move to a shared service with PCC approved in September 2018. There is a set of development objectives for the first phase of the shared service which address issues about resilience and sustainability and an away day is planned to reflect on these and develop the phase two plan. Revised target date: 31st January 2019
	M	Workforce Development Plan and Procedure Notes A shared workforce development plan to be produced across the service. Procedure notes to be produced for key tasks in the Research and Internal Information teams, in particular any tasks which are undertaken by a single individual or are subject to significant time pressures.	30/06/18	The team note that a training plan has been produced and procedure notes created for key processes. The shared workforce development plan will be part of the Service planning activity in phase 2 of shared service as described above. Revised target date: 31st January 2019
	M	Written Prioritisation Framework A formal written prioritisation framework to be produced as part of service planning. This will clearly identify what work constitutes planned 'Business As Usual' work and the capacity required to complete this; how the service will prioritise requests for additional work from commissioners and the process of approving new work to be taken on; and how the team will identify work which can be cancelled or delayed if high-priority additional work is identified and there is not capacity to complete this as well as other planned work.	30/06/18	The work prioritisation framework will be addressed during phase 2 of shared service development planning. Revised target date: 31st January 2019
Direct Payments Compliance	M	Monitoring done by Direct Payment Support Services The role of the Direct Payment Support Services in relation to the type and frequency of monitoring they carry out on accounts must be clarified.	30/04/18	The Internal Audit team are now reviewing the direct payments contract processes as part of the 2018/19 Direct Payments audit review. This audit is expected to be completed within the next few

		<p>Direct Payment Monitoring Officers should monitor a sample of trackers with the relevant invoices to ensure Purple/Penderels are paying out money in accordance with the service user's Care and Support plan.</p> <p>Risks:</p> <ul style="list-style-type: none"> • Service users could misuse their money without detection • The Council may not be getting value for money from their chosen Direct Payment Support Service 		<p>weeks. Emerging findings are subject to change as audit work continues but currently it anticipated that this outstanding action will be incorporated into more up to date recommendations in this latest audit.</p> <p>Revised target date: 30th November 2018</p>
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Summary of Outstanding Recommendations – Dependant on ERP Gold

(Recommendations as at the end July 2018).

Audit	Risk level	Summary of Recommendation	Target Date	Status
Information Governance Policies	M	<p>Asset management policies and procedures</p> <p>A complete physical asset register, listing the council staff member responsible for the asset should be created</p> <p>If assets are not managed or lost there is a risk of data breaches occurring (and not identified) leading to reputational or financial damage.</p>	30/09/17	<p>There is a plan to create a "Resource Master File" within the ERP system to record when a new/moving staff member is issued a piece of IT equipment. This was delayed due to the go live date for ERP Gold being pushed back.</p> <p>There have been delays due to ensuring the ERP system is ready and ensuring that IT are fully involved. A review of the situation is needed to ascertain if system changes would be required. The Service has confirmed that a significant</p>

				<p>process and policy change within IT will be required. A further update is expected early next year.</p> <p>Revised target date: 31st January 2019</p>
Section 106	M	<p>S106 Monitoring system records: Following the introduction of a new S106 monitoring system, every scheme should be subject to detailed review to establish that all of the information relating to each scheme is complete and accurate.</p>	30/09/17	<p>This is dependent on procurement of the new monitoring system, which has been delayed. Given the problems with ERP Gold when it went live, it was agreed amongst the project team that more time should be allowed to ensure that ERP Gold is performing satisfactorily before they commit to procuring the new system. A Business Case is being drafted with the Transformation team. Approvals to begin the procurement process have been obtained from the IT service and the Information Governance Team but the procurement is on hold until agreement with the transformation team is reached. A formal revised target date has not yet been received but it is likely to be early next year.</p> <p>Revised target date: 31st January 2019.</p>
Client Contributions	M	<p>Monitoring Take-Up of Direct Debits Regular monitoring of the take up of direct debit payments should be undertaken to identify if activities to encourage customers to pay by direct debit have been successful.</p>	30/04/17	<p>Direct Debit uptake will be added to the list of proposed measures for the finance dashboard, to be agreed by management teams. This action was planned to be linked to the new online Direct Debit form being set up. This form has been delayed in being developed due to issues with ERP Gold. Due to officer absence Internal Audit have not been able to obtain a formal update but</p>

				<p>understand that the required reporting is yet to be developed.</p> <p>A further update will be chased for 30th November 2018.</p>
Safe Recruitment Compliance	M	<p>Flag Overdue DBS Information:</p> <p>For all employees involved in regulated activities and who require an Enhanced DBS check, a flag should appear on ERP Gold until DBS information has been entered. Without this, there is a risk that follow-up action to ensure all DBS checks are in place may not be undertaken.</p>	31/12/17	<p>The problems with reports from the new ERP system are ongoing. HR are working with colleagues involved in delivery of ERP to try to progress this action. The latest update from HR stated that the expectation is that standard ERP reports should all be stable by the end of October and that this recommendation is likely to be actioned by the end of the year.</p> <p>Revised target date: 31st December 2018.</p>

Background Papers: None.