



RSM Tenon

South Kesteven District Council

Follow-up of Previous Internal Audit Recommendations

Internal Audit Report (11.12/13)

September 2012

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Responses received:	07 September 2012	Client sponsor:	Richard Wyles, Head of Finance
Final report issued:	10 September 2012	Distribution:	Richard Wyles, Head of Finance
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This review has been performed using RSM Tenon's bespoke internal audit methodology, **i-RIS**.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

As part of the approved internal audit periodic plan for 2012/13 we have undertaken a review to follow up progress made by South Kesteven District Council to implement previous internal audit recommendations.

Recommendations with dates for implementation not yet due will be followed up later in the year.

At management's request, we have only followed up those recommendations classified as High and Medium risk. Recommendations categorised as Low risk are to be followed up separately by Council staff. It was also agreed that recommendations made in 'Advisory' reviews would not be followed up.

The following audits were considered as part of the follow-up review:

- 23.11/12 Development Control
- 26.11/12 MOT Services
- 29.11/12 Follow-up of Previous Internal Audit Recommendations

The following reviews had no recommendations meeting the criteria for follow-up:

- 25.11/12 Corporate Governance
- 28.11/12 Risk Maturity

The following Advisory reviews were excluded from the follow-up:

- 24.11/12 Housing Allocations for Persons with Housing Related Debts
- 27.11/12 ICT Strategy

The 9 recommendations considered in this review comprised two 'high', and seven 'medium' recommendations.

Staff members responsible for the implementation of recommendations were interviewed to determine the status of agreed actions. Where appropriate, audit testing has been completed to assess the level of compliance with this status and the controls in place.

1.2 CONCLUSION

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion South Kesteven District Council has demonstrated good progress in implementing actions agreed to address internal audit recommendations.

We have reiterated recommendations where these have not yet been implemented; these are detailed in the action plan.

1.3 LIMITATIONS TO THE SCOPE OF THE AUDIT

This review only covered audit recommendations previously made and did not review the whole control framework of the areas listed above. Therefore, we are not providing assurance on the entire risk and control framework of those areas.

The follow-up has covered only those recommendations rated High or Medium risk.

Recommendations made as part of advisory reviews have not been followed up.

Where testing has been undertaken, our samples have been selected over the period since actions were implemented or controls enhanced.

Our work does not provide any guarantee or absolute assurance against material errors, loss or fraud.

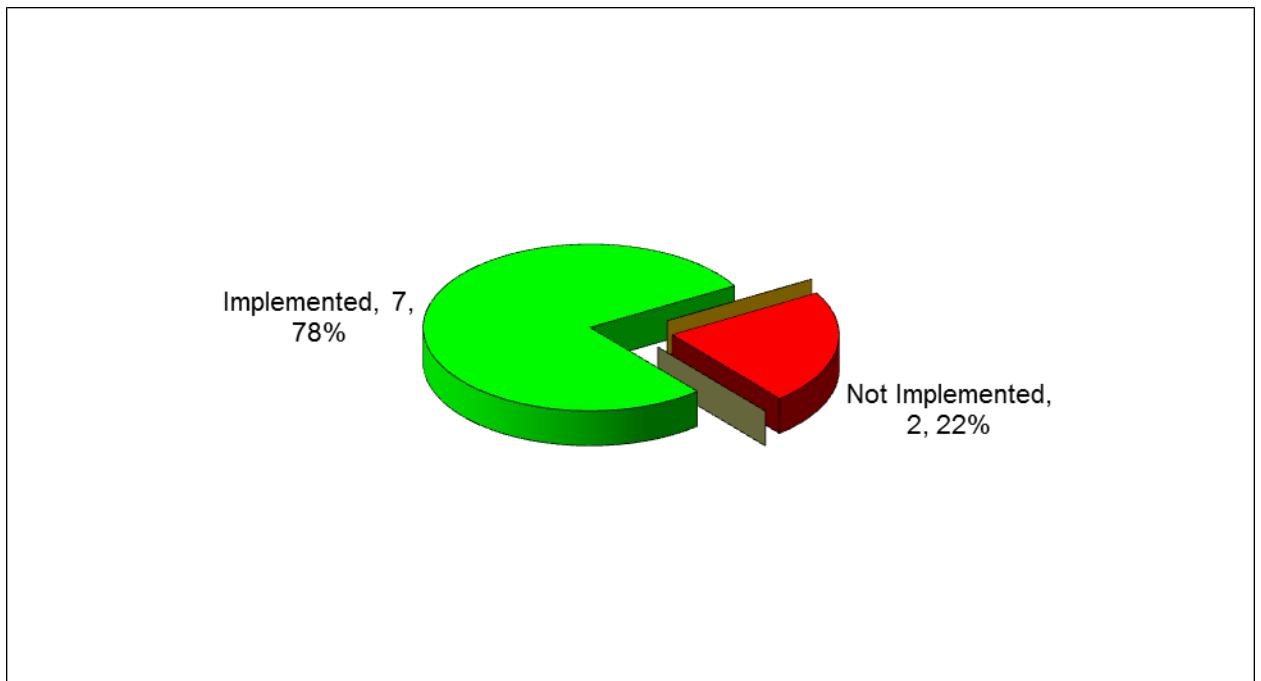
1.4 RECOMMENDATIONS TRACKING

Recommendation tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of recommendations made by assurance providers, whilst allowing the Audit Committee to monitor actions taken by management.

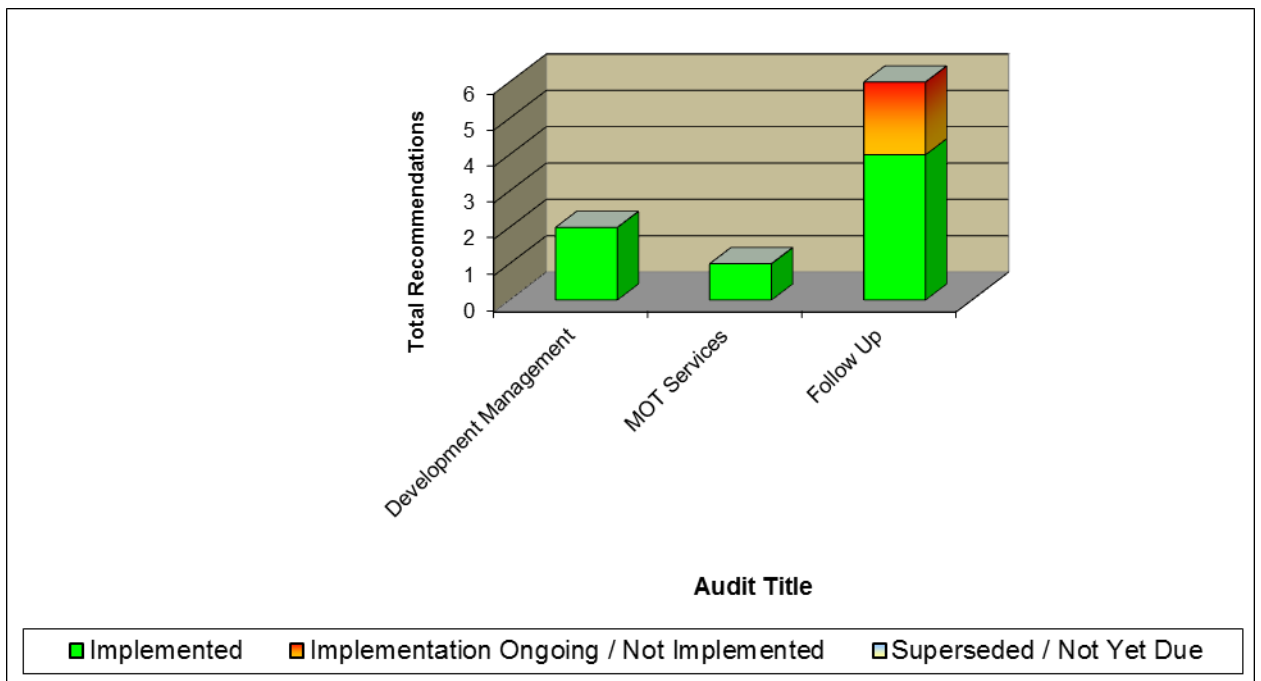
Recommendation tracking is undertaken by South Kesteven District Council's management on a regular basis, with an update provided to the Audit Committee at each meeting. As part of our Follow-up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

1.5 ADDITIONAL FEEDBACK

The pie chart below provides an overview of the status of recommendations that have been followed up as part of this review.



The bar chart below provides an overview of the status of recommendations that have been followed up as part of this review, grouped according to audit area:



2 ACTION PLAN

The priority of the recommendations made is as follows:

Priority:	High	Medium	Low	Suggestion
Description:	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.			These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted Y/N	Management Comment	Implementation Date	Manager Responsible
3.3	29.11/12 Follow-up of Previous Internal Audit Recommendations					
3.3.1	<p>29.10/11 Communication</p> <p>The Corporate Communications Strategy should be reviewed and updated on a periodic basis to reflect the Council's current aims and priorities.</p> <p>In addition performance against the strategy and action plan should be reviewed and reported to an appropriate committee on a periodic basis.</p>	Medium	Y	The Strategy will be reviewed and updated by the end of the year.	31 December 2012	Reputation, Communication & Consultation Service Manager
3.3.4	<p>37.10/11 ICT Resilience</p> <p>The Disaster Recovery arrangements with the external support provider should be formally rehearsed on an annual basis and an appraisal of each test undertaken.</p>	Medium	Y	The Disaster recovery contract has been recently renewed and this is being renewed as part of arrangements with Lincolnshire. We have a DR rehearsal planned for January and also we have arranged consultancy on DR planning.	31 January 2012	ICT Service Manager

3 FINDINGS AND RECOMMENDATIONS

Each recommendation followed up has been categorised in line with the following:

Status	Detail
1	The entire recommendation has been fully implemented.
2	The recommendation has been partly though not yet fully implemented.
3	The recommendation has not been implemented.
4	The recommendation has been superseded and is no longer applicable.
5	The agreed date for implementing the recommendation has not yet been reached.

3.1	23.11/12 DEVELOPMENT MANAGEMENT				FINDINGS	
	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
3.1.1	The Development Management Service Manager should ensure an appropriate procedure is implemented to evidence site visits. All site visit evidence should be signed and dated by the responsible Planning Officers and retained on file for a complete audit trail purpose.	Medium	February 2012	Development Management Service Manager	1	A new Site Visit Record Sheet has been introduced and as from the beginning of August 2012 is in use.
3.1.2	The Development Management Service Manager should ensure that the Validation Checklist is reviewed so that it is relevant and fit for purpose. This will improve the efficiency of processing each planning application.	Medium	April 2012	Development Management Service Manager	1	The Validation Checklist has been reviewed and updated to represent current processing requirement.

3.2	26.11/12 MOT SERVICES				FINDINGS	
	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
3.2.1	<p>a) On a monthly basis the MOT Test Log report should be obtained from the VOSA VTS Device and reconciled back to Council records, the MOT Diary, the completed monthly MOT Test Sheet and receipted payments as per the Finance report ensuring that all MOTs performed can be accounted for.</p> <p>b) Any discrepancies should be investigated and resolved in a timely manner following month-end.</p> <p>c) The MOT Test Log should be signed to certify that the reconciliation has been agreed, independently reviewed and then retained with other corresponding documentation.</p>	Medium	February 2012	Business Support Team Leader	1	Testing of the records for MOTs completed in April, May and June 2012 found that the reconciliations had been completed and signed.

3.3	29.11/12 FOLLOW-UP OF PREVIOUS INTERNAL AUDIT RECOMMENDATIONS				FINDINGS	
	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
3.3.1	<p>29.10/11 Communication</p> <p>The Corporate Communications Strategy should be reviewed and updated on a periodic basis to reflect the Council's current aims and priorities.</p> <p>In addition performance against the strategy and action plan should be reviewed and reported to an appropriate Committee on a periodic basis.</p>	Medium	June 2012	Reputation, Communication & Consultation Service Manager	3	<p>The department has been heavily involved with the Gravity Fields Festival (to take place in September), and this has taken priority.</p> <p>It is planned to review the Strategy after the festival is over with an aim to have it published by the end of December 2012.</p> <p>Recommendation restated.</p>
3.3.2	<p>33.10/11 Compliance with Information Security Policies</p> <p>All IT Security policies should be subject to regular approval by a relevant management Committee.</p>	High	Implemented	ICT Service Manager	1	Policies were formally reviewed in February 2012 and procedures for the review and approval of IT Policies have been documented.
3.3.3	<p>33.10/11 Compliance with Information Security Policies</p> <p>A procedure for third party access should be documented and appropriate approval should be recorded. A register of all approved third party access should be collated and maintained.</p> <p>Third parties with access to sensitive data should be required to agree to a non-disclosure agreement and third party contracts should be updated to include compliance with the Council's IT security policies.</p>	High	Implemented	ICT Service Manager	1	It was confirmed that Services Managers have been emailed and that compliance with ICT policies was included as part of the documentation for the Election Software.
3.3.4	<p>37.10/11 ICT Resilience</p> <p>The Disaster Recovery arrangements with the external support provider should be formally rehearsed on an annual basis and an appraisal of each test undertaken.</p>	Medium	August 2012	ICT Service Manager	3	<p>The planned rehearsal was not undertaken due to Olympic commitments on the supplier's side.</p> <p>Recommendation restated.</p>

3.3	29.11/12 FOLLOW-UP OF PREVIOUS INTERNAL AUDIT RECOMMENDATIONS				FINDINGS	
	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
3.3.5	<p>04.11/12 Insurance</p> <p>The Waste & Recycling department should ensure that a copy of the accident claim form for all motor claims is retained on file along with any supporting evidence and correspondence received from the insurance provider.</p>	Medium	Implemented	Waste & Recycling Service Manager	1	<p>Testing of accident claims that occurred in the period April to July 2012 found that Accident Claim Forms were on file for five of the six accidents recorded.</p> <p>For the other accident, the majority of the information had been passed to the Police, due to the severity of the accident.</p>
3.3.6	<p>06.11/12 Housing Benefits</p> <p>The form used to request write-offs of overpayment should be used in all cases.</p> <p>For LA Error overpayments, the request should be completed by the Benefits Assessors before being processed by the Team Co-ordinators/Benefits Manager within delegated limits.</p>	Medium	31 March 2012	Revenues & Benefits Service Manager	1	<p>The Revenues & Benefits Service Manager confirmed that electronic authorisation for all write-offs are now in place.</p> <p>The Officer requesting the write-off cannot also authorise the same write-off.</p> <p>Limits have also been set up based on the value of the write-off as follows:</p> <ul style="list-style-type: none"> ▪ Co-ordinator - £500 ▪ Benefits Manager - £5,000 ▪ Revenues & Benefits Service Manager - £25,000 ▪ For £25,000+ Cabinet approval is required.

APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing recommendations.

This opinion relates solely to the implementation of those recommendations followed up and not does not reflect an opinion on the entire control environment.

Progress in implementing recommendations	Overall number of recommendations fully implemented	Consideration of fundamental/high recommendations	Consideration of significant/medium recommendations	Consideration of merits attention/low recommendations
Good	75% +	None outstanding.	None outstanding.	All merits attention/low recommendations outstanding are in the process of being implemented.
Adequate	51 - 75%	None outstanding.	75% of significant/medium recommendations made are in the process of being implemented.	75% of merits attention/low recommendations made are in the process of being implemented.
Little	30 - 50%	All fundamental/high recommendations outstanding are in the process of being implemented.	50% of significant/medium recommendations made are in the process of being implemented.	50% of merits attention/low recommendations made are in the process of being implemented.
Poor	< 30%	Unsatisfactory progress has been made to implement fundamental/high recommendations.	Unsatisfactory progress has been made to implement significant/medium recommendations.	Unsatisfactory progress has been made to implement merits attention/low recommendations.

APPENDIX B: DATA TO SUPPORT OUR OPINION

IMPLEMENTATION STATUS BY REVIEW

Review	Total No. of recs agreed.	Status of Recommendation					Audit work confirmed as completed or no longer necessary	No of recs carried forward for follow up at next review
		Not due for implementation	Implemented	Implementation Ongoing	Not Implemented	Superseded		
		(5)	(1)	(2)	(3)	(4)		
23.11/12 Development Management	2	0	2	0	0	0	2	0
26.11/12 MOT Services	1	0	1	0	0	0	1	0
29.11/12 Follow-up	6	0	4	0	2	0	4	2
Total	9 100%	0 0%	7 78%	0 0%	2 22%	0 0%	7 78%	2 22%

IMPLEMENTATION STATUS OF RECOMMENDATIONS BY CATEGORY

Review	Total No. of recs agreed.	Status of Recommendation					Audit work confirmed as completed or no longer necessary	No of recs carried forward for follow up at next review
		Not due for implementation	Implemented	Implementation Ongoing	Not Implemented	Superseded		
		(5)	(1)	(2)	(3)	(4)		
High	2	0	2	0	0	0	2	0
Medium	7	0	5	0	2	0	5	2
Total	9	0	7	0	2	0	7	2
	100%	0%	78%	0%	22%	0%	78%	22%

APPENDIX C: REVIEW OF COMPLETENESS

2011/12 REPORTS FOLLOWED UP

Review	Total Number of Agreed Recommendations	Follow-up Report Reference	Number of Recommendations Followed Up
01.11/12 Grants for Better Warmer Homes	3	29.11/12	1*
02.11/12 Follow-up - Markets	3	13.11/12	3
03.11/12 Pollution Control - Contaminated Land	3	29.11/12	2*
04.11/12 Insurance	6	29.11/12	3*
05.11/12 Retention and Redeployment	1	29.11/12	0*
06.11/12 Housing Benefits	6	29.11/12	3*
07.11/12 Budgetary Control and Budget Setting	1	29.11/12	0*
08.11/12 Carbon Management	5	29.11/12	0 (Advisory)
09.11/12 Follow-up (August 2011)	6	01.12/13	6
10.11/12 Officer Travel & Subsistence	6	01.12/13	2*
11.11/12 NNDR	5	01.12/13	2*
12.11/12 Partnerships	1	01.12/13	0*
13.11/12 Markets	2	01.12/13	1*
14.11/12 Health & Safety	11	01.12/13	0 (Advisory)
15.11/12 Follow-up (October 2011)	3	01.12/13	3
16.11/12 Council Tax	2	01.12/13	1*
17.11/12 Treasury Management	0	01.12/13	0
18.11/12 Disabled Facilities Grants	3	01.12/13	0*
19.11/12 Building Control	4	01.12/13	1*
20.11/12 Payroll	4	01.12/13	0*
21.11/12 Cash & Banking	2	01.12/13	1*
22.11/12 Change Management	8	01.12/13	0 (Advisory)
23.11/12 Development Control	9	This Review	2*
24.11/12 Housing Allocations	2	This Review	0 (Advisory)
25.11/12 Corporate Governance	3	This Review	0*
26.11/12 MOT Service	2	This Review	1*
27.11/12 ICT Strategy	2	This Review	0 (Advisory)
28.11/12 Risk Maturity	0	This Review	0
29.11/12 Follow-up	6	This Review	6

* As per the agreement with management, only those recommendations categorised as High and Medium have been followed up. Low recommendations will be followed up as part of the Council's internal recommendation tracking process.

Recommendation(s) to be followed up as part of the review of the audit area included in the Internal Audit Strategic Plan for 2012/13.

2012/13 REPORTS YET TO BE FOLLOWED UP

Review	Total Number of Agreed Recommendations	Follow-up Report Reference	Number of Recommendations To Be Followed Up
01.12/13 Follow-up	3	N/A	3
02.12/13 Contract Management - Ground & Tree Maintenance	10	N/A	4*
03.12/13 Elections	4	N/A	0*
04.12/13 Licensing	1	N/A	1
05.12/13 Leases	Only at Draft Stage	N/A	
06.12/13 Bookings System - Arts Centre	5	N/A	5
07.12/13 Corporate Governance	Only at Draft Stage	N/A	
08.12/13 Asset Management Plan	Only at Draft Stage	N/A	

* As per the agreement with management, only those recommendations categorised as High and Medium have been followed up. Low recommendations will be followed up as part of the Council's internal recommendation tracking process.

Recommendation(s) to be followed up as part of the review of the audit area included in the Internal Audit Strategic Plan for 2012/13.