



# SOUTH KESTEVEN DISTRICT COUNCIL

## Follow Up 2

**FINAL**

**Internal audit follow up report: 17.18/19**

**28 February 2019**

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.





# CONTENTS

1 Executive summary .....	2
2 Findings and management actions .....	5
Appendix A: Scope .....	13
Appendix B: Actions completed and/or superseded .....	14
For further information contact .....	16

<b>Debrief held</b>	13 February 2019
<b>Draft report issued</b>	15 February 2019
<b>Responses received</b>	28 February 2019
<b>Final report issued</b>	28 February 2019

<b>Internal audit team</b>	Chris Williams, Head of Internal Audit Amjad Ali, Senior Manager Iain Daire, Assistant Manager Sheila Patel, Lead Auditor
----------------------------	--

<b>Client sponsor</b>	Richard Wyles, Assistant Director Resources
-----------------------	--

<b>Distribution</b>	Richard Wyles, Assistant Director Resources Tracey Elliott, Governance and Risk Officer
---------------------	--

# 1 EXECUTIVE SUMMARY

## 1.1 Introduction

As part of the approved internal audit periodic plan for 2018/19 we have undertaken a review to follow up progress made to implement the previously agreed management actions. The audits considered as part of the follow up review were:

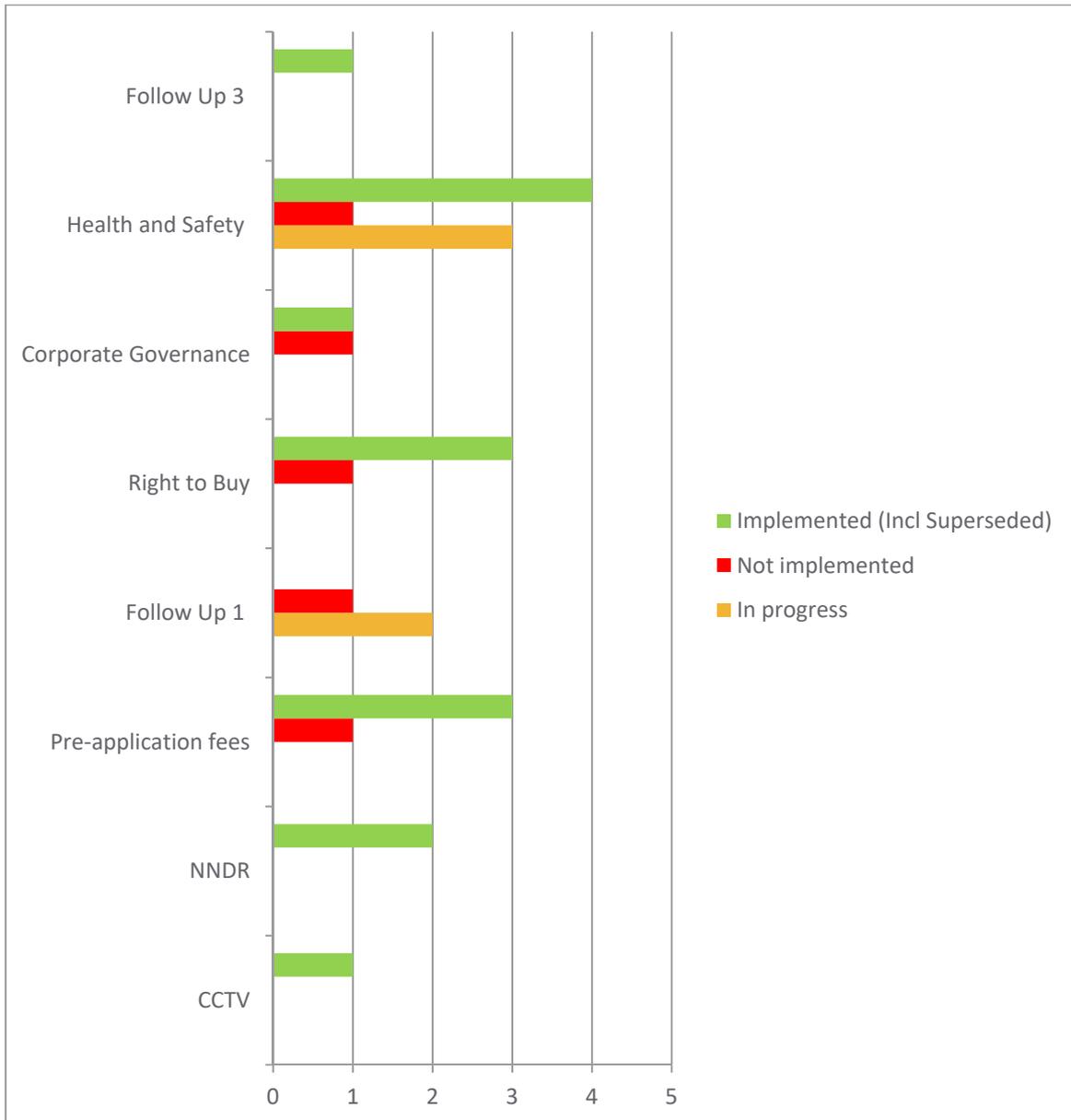
- 14.17/18 Follow Up 3;
- 16.17/18 Health and Safety;
- 18.17/18 Corporate Governance;
- 19.17/18 Right to Buy;
- 1.18/19 Follow up 1;
- 2.18/19 Pre-application fees;
- 3.18/19 NNDR; and
- 5.18/19 CCTV.

The 25 management actions considered in this review comprised of 11 'Medium' and 14 'Low'. Concentrating on the actions classified as 'medium', the focus of this review was, to provide assurance that all actions previously made have been adequately implemented. For actions categorised as 'low' we have accepted management's assurance regarding their implementation.

## 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 **reasonable progress** in implementing agreed management actions.

We have made new management actions where appropriate; these are detailed in section 2 of this report.



### 1.3 Action tracking

Action tracking enhances a Council’s risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Governance and Audit Committee to monitor actions taken by management.

Action tracking is undertaken by South Kesteven District Council’s management on a regular basis, with an update provided to the Governance and Audit Committee throughout the year.

## 1.4 Progress on actions

Implementation status by review	Number of actions agreed	Status of management actions					Confirmed as completed or no longer necessary (1)+(4)
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)		
14.17/18 Follow Up 3	1	1	0	0	0	1	
16.17/18 Health and Safety	8	4	3	1	0	4	
18.17/18 Corporate Governance	2	1	0	1	0	1	
19.17/18 Right to Buy	4	1	0	1	2	3	
1.18/19 Follow Up 1	3	0	2	1	0	0	
2.18/19 Pre-application Fees	4	3	0	1	0	3	
3.18/19 NNDR	2	2	0	0	0	2	
5.18/19 CCTV	1	1	0	0	0	1	
Implementation status by management action priority	Number of actions agreed	Status of management actions					Confirmed as completed or no longer necessary (1)+(4)
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)		
Low	14	9	2	2	1	10	
Medium	11	4	3	3	1	5	
Totals	25	13	5	5	2	15	

## 2 FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

ASSIGNMENT TITLE: 16.17/18 Health and Safety									
Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
1	Guidance on third party / contractor health and safety will be included in the Contract and Procurement Procedure Rules.	29 June 2018	Low	The Training Officer advised that guidance on third party / contractor health and safety has not been included in the Contract and Procurement Procedure Rules.	3	The Contract and Procurement Procedure Rules will be updated to signpost the guidance on third party / contractor health and safety.	Low	30 June 2019	Head of Finance
2	Improvement and Repairs, Facilities, Leisure and Corporate Operations.  A reassessment of health and safety competency of all contractors providing services to the Council will be undertaken every two years.	29 June 2018	Low	For a sample of 10 contractors - five Facilities and five Improvement and Repairs, testing confirmed that in all ten cases the reassessment of the contractor had been undertaken, signed and dated.  However, in two cases it was noted that a narrative was provided on the reassessment. However, in the remaining eight cases no narrative was provided either than pass or fail and as a result it could not be confirmed what checks were	2	Improvement and Repairs, Facilities, Leisure and Corporate Operations:  When undertaking the reassessment, a narrative will be recorded to confirm the checks undertaken.  <u>Management Comment</u>  The form and Council guidance on the assessments states that the assessment should be a pass or fail based on the	Low	30 June 2019	Heads of Improvement and Repairs, Facilities, Leisure and Corporate Operations

				undertaken and what the results were.  There is a risk that the appropriate checks may not be undertaken where a narrative is not provided on the checks undertaken.		assessment criteria. Narrative is added to the form where a company fails the assessment to detail the reason for the failure in line with this guidance.			
3	Improvement and Repairs  Contractors will be monitored to verify that they are following safe working practices and details of the observations will be recorded and kept in the contractor's file.	29 June 2018	Medium	Testing a sample of five contractors working on current planned works programme, confirmed that contractor monitoring meetings are held and minutes of the meetings were held on file. The meetings include a review of health and safety.  The Team Leader - Repairs advised that a new process is being put into place for undertaking contractor monitoring. The management action is therefore reiterated.	2	Contractors will be monitored to verify that they are following safe working practices and details of the observations will be recorded and kept on file.  <u>Management Comment</u>  Due to responsive repairs being for short periods, health and safety is dealt with as an initial briefing and carrying out of risk assessments with any external contractors used.  Works are monitored on site but because of their short duration regular meetings are not held in the same manner as on longer term planned maintenance programmes.	Medium	30 June 2019	Head of Improvement and Repairs
4	a) Information regarding the presence or absence of asbestos in a property will be communicated to contractors prior to works commencing unless the work is non-intrusive as in two of the cases identified. Appropriate	29 June 2018	Medium	For a sample of 10 repairs jobs undertaken during the period June 2018 to January 2019 testing identified that in five cases it could not be established if asbestos records at the property were checked and if asbestos reports were provided to the contractor.	2	a) Information regarding the presence or absence of asbestos in a property will be communicated to contractors prior to works commencing unless the work is non-intrusive. Appropriate supporting notes will be made.	Medium	28 February 2019	Head of Improvement and Repairs

---

supporting notes will be made.

b) A record of the communication and the supporting documents will be kept on file.

On further review we were advised that a report is called off each day of the jobs which have been issued to external contractors and a designated member of staff checks the jobs on the system to ensure that a record has been made of the Asbestos check. It could not be established if the member of staff was requested to update the system with the action they undertook on asbestos or the properties were not on the report.

Testing a sample of 10 works established that asbestos information was provided to the contractors by email.

b) A record of the communication and the supporting documents will be kept on file.

c) A review will be undertaken to ensure that all the contractor repairs are being captured in the daily report.

**ASSIGNMENT TITLE: 18.17/18 Corporate Governance**

Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
5	<p>a) The Council will publish expenditure exceeding £500.</p> <p>b) A breakdown of how the Council has spent the surplus on its parking account will be published on the Council's website.</p> <p>c) The Council will publish the number of marked out controlled on and off-street parking spaces within their area, or an estimate of the number of spaces where controlled parking space is not marked out in individual parking bays or spaces on its website.</p> <p>d) The Council will publish information on Fraud and details of invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000.</p>	30 June 2018	Medium	<p>On review of the Council's website it was noted that:</p> <p>a) For the year 2017/18 the Council has only published expenditure (supplier payments) information on their website. The remaining information (as required to be published by the Transparency Code) is yet to be published.</p> <p>b) On review of the expenditure published for year 2017/18, an error was identified in regards to the information published for November 2018. The information published is for November 2017 instead of November 2018. In addition, the Council is not currently incorporating expenditure incurred via p-cards in its published data.</p> <p>It was however noted that the Council is demonstrating good practice by publishing information on expenditure over £250 instead of the mandatory level of £500 (as required by the Transparency Code).</p> <p>c) A breakdown of how the Council has spent the surplus on its parking account is not being published.</p> <p>d) The number of marked out controlled on and off-street parking spaces within their area, or an estimate of the number of spaces</p>	3	<p>The Council in regards to its website will ensure that:</p> <p>a) The information required to be published by the Transparency code for 2017/18 will be published.</p> <p>b) Going forward the Council will publish the correct information on the expenditure for November 2018. In addition, the Council should consider including p-card expenditure in its published data.</p> <p>c) A breakdown of how the Council has spent the surplus on its parking account will be published.</p> <p>d) The Council will publish the number of marked out controlled on and off-street parking spaces within their area, or an estimate of the number of spaces where controlled parking space is not marked out in individual parking bays or spaces.</p> <p>e) The Council will publish information on Fraud.</p> <p>f) Details of invitation to tender for contracts to</p>	Medium	29 March 2019	<p>Head of Finance</p> <p>Head of Town Centres</p>

---

where controlled parking space is not marked out in individual parking bays or spaces is not being published.

provide goods and/or services with a value that exceeds £5,000 will be published.

e) Information on Fraud is not being published.

f) Details of invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000 is not being published.

---

**ASSIGNMENT TITLE: 19.17/18 Right to Buy**

Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
6	We will ensure that a current Energy Performance Certificate (EPC) is obtained for each Right to Buy (RTB) property that is sold by the Council. The EPC will be obtained and included in the legal pack passed over to the purchaser's legal representatives.	30 June 2018	Medium	On review it was noted that an EPC is held by the Council, however, for each Right to Buy property that is sold the EPC is not provided to the buyer's solicitor. The management action is reiterated.	3	EPCs for all properties are held on the central government Landmark EPC database site accessible to all.  PDF copies of EPCs for RTB sales will be provided to the Council's solicitor via the Income Team Co-ordinator from January 2019 in line with the management action.	Medium	28 February 2019	Head of Improvement and Repairs

**ASSIGNMENT TITLE: 1.18/19 Follow Up 1**

Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
7	05.17/18 Cyber security Management will ensure that a process is undertaken so that all users with remote working permissions have a signed remote working form retained on file. Where access is no longer required, users should be disabled from using this facility.	31 August 2018	Medium	The Head of Customer Experience advised that there have been a number of changes in the structure of the Council, the buildings and staff. As a result, putting into place a signed remote working form has only just commenced and it is anticipated that this process will be completed by June 2019. The management action is therefore being reiterated.	2	Management will ensure that a process is undertaken so that all users with remote working permissions have a signed remote working form retained on file. Where access is no longer required, users should be disabled from using this facility.	Medium	30 June 2019	Head of Customer Experience
8	05.17/18 Cyber security The third-party access register will be updated to include the following information:	31 August 2018	Low	The Head of Customer Experience advised that there have been a number of changes in the structure of the Council, the buildings and staff. As a result, progress in updating the third-party access	2	The third-party access register will be updated to include the following information:  a) Period for which access is required;	Low	30 June 2019	Head of Customer Experience

	<p>a) Period for which access is required;</p> <p>b) Review period for granting access; and</p> <p>c) Confirmation of a confidentiality agreement been signed and retained.</p>			<p>register is ongoing to include the following information:</p> <p>a) Period for which access is required;</p> <p>b) Review period for granting access; and</p> <p>c) Confirmation of a confidentiality agreement been signed and retained.</p> <p>The management action is therefore reiterated.</p>		<p>b) Review period for granting access; and</p> <p>c) Confirmation of a confidentiality agreement been signed and retained.</p>			
9	<p>05.17/18 Cyber security Management will ensure that the password policy for the Domain Users Group and the Councillors Group are updated to implement a maximum password age setting of 90 days.</p>	<p>31 August 2018</p>	<p>Low</p>	<p>The Head of Customer Experience advised that due to the number of staff changes occurring at the Council, and the member of staff who agreed the management actions at the time of the audit no longer in employment, no progress has been made with ensuring that the password policy for the Domain Users Group and the Councillors Group is updated to implement a maximum password age setting of 90 days.</p> <p>The Interim Head of IT advised that maximum password age of 90 days is no longer best practice and new national guidance has been issued by the Information Commissioner's Office (ICO) on passwords in online services and encryption under the General Data Protection Regulation (GDPR). The Council's password policy for the Domain Users Group will be reviewed and will be updated accordingly.</p>	3	<p>a) Once the maximum password age is agreed management will ensure that the password policy for the Domain Users Group and the Councillors Group will be updated.</p> <p>b) The updated password policy will be communicated to staff.</p>	<p>Low</p>	<p>31 July 2019</p>	<p>Head of Customer Experience</p>

**ASSIGNMENT TITLE: 2.18/19 Pre-Application fess**

Ref	Management action	Original date	Original priority	Audit findings	Current status	Updated management action	Priority issued	Revised date	Owner responsible
10	a) The reconciliations between February 2018 to May 2018 will be carried out; and  b) Going forward the reconciliations will be carried out monthly.	31 August 2018	Medium	<p>At the time of the audit in June 2018 the Office Manager was new to the post and advised that the previous Office Manager who used to carry out the reconciliations retired at the end of March 2018. It was established that the last reconciliation reviewed was January 2018 and a management action to undertake the reconciliations was agreed.</p> <p>No progress has been made with undertaking the reconciliations. There is a risk that any errors/omissions may not be identified and in a timely basis.</p>	3	a) The reconciliations between February 2018 to February 2019 will be carried out; and  b) Going forward the reconciliations will be carried out monthly.	Medium	29 March 2019	Head of Development Management

# APPENDIX A: SCOPE

## Scope of the review

The internal audit assignment has been scoped to provide assurance on how South Kesteven District Council manages the following objective:

### Objective of the area under review

To meet internal auditing standards, and to provide assurance on action taken to address management actions/recommendations previously agreed by management.

When planning the audit, the following areas for consideration and limitations were agreed:

#### Areas for consideration:

As part of the approved internal audit periodic plan we will review the 25 (11 'Medium' and 14 'Low') management actions agreed in the following Internal Audit reviews:

- 14.17/18 Follow Up 3;
- 16.17/18 Health and Safety;
- 18.17/18 Corporate Governance;
- 19.17/18 Right to Buy;
- 1.18/19 Follow up 1;
- 2.18/19 Pre-application fees;
- 3.18/19 NNDR; and
- 5.18/19 CCTV.

As part of our audit work we will carry out testing to confirm implementation of 'Medium' priority management actions but will only obtain management confirmation on the progress made with the 'Low' priority management actions.

#### Limitations to the scope of the audit assignment:

- Detailed testing will only be carried out on high and medium priority management actions.
- We will obtain a management update in relation to low priority management actions, but no detailed testing will be carried out
- We will 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 these areas.
- Testing will be completed, where appropriate, on a sample basis over the period since actions were implemented or controls enhanced.

## APPENDIX B: ACTIONS COMPLETED AND/OR SUPERSEDED

From the testing conducted during this review we have found the following actions to have been fully implemented/ superseded and are now closed:

Assignment title	Management actions
14.17/18 Follow Up 3	<p>04.17/18 Risk Management</p> <p>A service risk review exercise is planned for March 2018 and managers will be provided with one-to-one guidance if required as part of this review.</p> <p>Risk management training will also be included within the corporate training programme which HR are developing.</p>
16.17/18 Health and Safety	<p>The guidance on review of contractors will be reviewed and clarified to ensure that the review periods are relevant to the operational risks and contract duration.</p>
16.17/18 Health and Safety	<p>Property and Development and Facilities</p> <p>a) All contractors will be subject to assessment and evaluation prior to being used, including evaluating their Health and Safety Policies and qualifications held.</p> <p>b) The Competency Evaluation process will be reviewed to ensure that evaluation content is thorough and proportionate to the scale of the contract and operational health and safety risks.</p>
16.17/18 Health and Safety	<p>Property and Development and Facilities.</p> <p>The qualifications of the prospective contractors will be subject to vetting as part of the procurement process.</p>
16.17/18 Health and Safety	<p>a) The Health and Safety Compliance and Training Officer will be responsible for reminding staff to update the approved contractor list, making this available for staff to reference and will monitor compliance.</p> <p>b) Contractors will not be used if an assessment has not been undertaken in the last two years, and a refresher assessment will be completed before the contractor is hired.</p>
18.17/18 Corporate Governance	<p>The Constitution will be updated to reflect the changes approved by the Constitution Committee in December 2017.</p>
19.17/18 Right to Buy	<p>We will explore the information documents produced by other local authorities and produce updated guidance notes that are specifically geared to explaining the process for buying your own council house and which can be downloaded as necessary direct from our web-site.</p>

Assignment title	Management actions
19.17/18 Right to Buy	We will produce a 'SKDC Right to Buy' Policy which clearly sets out how we will implement the Government's Right to Buy legislation and which clearly defines the Council's policy regarding the disposal of homes suitable for occupation by the elderly. This will include defining any restrictions that the Council may wish to implement that restrict the sale of these properties.
19.17/18 Right to Buy	We will ensure that a new check is introduced, covering recently built properties only, to identify the value of any grant or s106 monies used to finance their construction. This money will then be transferred from the disposal funds and placed in a recyclable grants account; where it can be utilised to help finance new provision of social housing.
2.18/19 Pre-application fees	The Pre-Application Procedure and Fees will be updated to accurately state that the fees recorded relate to 2018/19 so there is no confusion to whether they are up to date and current or not.
2.18/19 Pre-application fees	Procedural guidance will be put into place for staff which documents the process for pre-application fees.
2.18/19 Pre-application fees	The Council will undertake a review of the targets dates to establish the reasons for the delays in responding and will consider introducing a different target date for applications where advice needs to be sought from external agencies.
3.18/19 NNDR	Procedure notes will be reviewed on a cyclical basis to ensure that they remain current and up-to-date. The date of next review and actual review dates will be documented on the procedure notes so that staff can be confident that they are using the most up-to-date guidance.
3.18/19 NNDR	<p>The issue of empty properties not being included on property inspection reports has been raised with the system providers. The Council believe the issue to now be rectified.</p> <p>For the next two monthly reports which are run we shall select a sample of properties from the 'Audit - empty' property report (which shows empty properties which are paying the bill) and check that these are appearing on the inspection report.</p>
5.18/19 CCTV	We will implement a more robust system for staff who require access to the building and CCTV control room. For example, but not limited to, ensuring codes for the doors are changed at least annually.

## FOR FURTHER INFORMATION CONTACT

Chris Williams, Head of Internal Audit

[Chris.Williams@rsmuk.com](mailto:Chris.Williams@rsmuk.com)

Tel: 07753 584993

Amjad Ali, Senior Manager

[Amjad.Ali@rsmuk.com](mailto:Amjad.Ali@rsmuk.com)

Tel: 07800 617139

Iain Daire, Assistant Manager

[Iain.Daire@rsmuk.com](mailto:Iain.Daire@rsmuk.com)

Tel: 07528 970048

### **rsmuk.com**

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of South Kesteven District Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.