Cheltenham Borough Council
Audit Committee – 11 January 2017
Internal Audit Monitoring Report

Accountable member	Cabinet Member Corporate Services, Councillor Jon Walklett
Accountable officer	Lucy Cater, Acting Head of Internal Audit
Ward(s) affected	**All**
Key/Significant Decision	**No**
Executive summary	The Council must ensure that it has sound systems of internal control that facilitate the effective management of all the Council's functions. The work delivered by Audit Cotswolds, the Council's internal audit service, is one of the control assurance sources available to the Audit Committee, the Senior Leadership Team and supports the work of the external auditor. The Annual Internal Audit Opinion presented to Audit Committee provides an overall assurance opinion at the end of the financial year. This Internal Audit Monitoring Report, however, is designed to give the Audit Committee the opportunity to comment on the work completed by the partnership and provide 'through the year' comment and assurances on the control environment.
Recommendations	**The Audit Committee considers the report and makes comment on its content as necessary**

Financial implications	**There are no financial implications arising from the report recommendations** **Contact officer: Sarah Didcote, GOSS Business Partner Manager** sarah.didcote@cheltenham.gov.uk **01242 264125**
Legal implications	**Contact officer: Peter Lewis, Head of Legal Services, One Legal** *peter.lewis@tewkesbury.gov.uk, 01684 272012*
HR implications (including learning and organisational development)	**Contact officer: Julie McCarthy**
Key risks	That weaknesses in the control framework, identified by the audit activity, continue to threaten organisational objectives, if recommendations are not implemented.

Corporate and community plan Implications	*"Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."* (*Chartered Institute of Internal Auditing UK and Ireland*). Therefore the internal audit activity impacts on corporate and community *plans.*
Environmental and climate change implications	Relevant to particular audit assignments and will be identified within *individual reports.*
Property/Asset Implications	**Contact officer: David Roberts@cheltenham.gov.uk**

Background

1.1   The Annual Audit Plan 2016/17 was aligned with the corporate and service risks facing the Council as identified in the consultation with the Senior Leadership Team and supported by such systems as the risk registers. The role and responsibilities of internal audit reflect that it is there to help the organisation to achieve its objectives, part of the plan has been aligned to elements of this strategy. However, to inform the audit plan we have also reviewed other key documents, such as the Medium Term Financial Strategy, change programme agendas and updates to the business plan, many of which contain risk assessments

1.2   There is also a benefit to supporting the work of the External Auditor (Grant Thornton). This is in the form of financial and governance audits to support such activities as value for money.

1.3   The audit plan also considered risks that may evolve during the year. The consultation process has sought to identify these areas considering where internal audit could support and add value to the risk control process. This report identifies work we have completed in relation to the planned audit work.

2.   Reasons for recommendations

2.1   The environment in which Cheltenham BC and other Local Authorities now operates has presented significant drivers for change. The continual effort to meet the organisational objectives within a constrained budget has resulted in core systems coming under review for change e.g. the GO Shared Services impacting on core financial systems and shared services generally impacting on core governance arrangements.

2.2   Therefore Internal Audit needs to be responding to the changing environment and the areas where the organisation now requires assurances. This prompts the requirement to keep to a more flexible and risk based plan.

2.3   It should also be recognised that the service is a partnership, so co-ordinating resources across multiple organisations is critical to the success of the partnership.

2.4   This report highlights the work completed by Internal Audit and provides comment on the assurances provided by this work.

3.   Internal Audit Output

The internal audit service is continuing to review its operational procedures and processes to ensure they align with the Public Sector Internal Audit Standards (PSIAS).

3.1   As Audit Cotswolds have been advised that their bid for providing the Internal Audit service, from 1 April 2017, to the 2020 partnership and each of the four partner councils was unsuccessful, the implementation of the Audit Software Management system has been suspended.

Audit Cotswolds Officers have, to date, had an overview meeting and, subsequently, one to one meetings with Gerry Cox and David Hill from SWAP. A further meeting has been arranged for 13 December 2016 for an insight to their audit system.

3.2   **Background**

Below summarises some of Internal Audit's work in progress to date:

Since the last Audit Committee we have finalised:
- Treasury Management and Bank Reconciliation 2016/2017
- Main Accounting and Budgetary Control 2016/2017
- Green Waste (including FoDDC) 2016/2017
- Human Resources – Controlling Starters and Leavers 2016/2017
- ICT Public Services Network (audit conducted by SWAP)
- Social Media follow-up
- Follow-up of the 2014/2015 Payment Channels and Income Streams Review
- Security Audit
- Planning Application Processes 2016/2017
- Risk Management 2016/2017

Progress on the 2015/2016 brought forward and the 2016/2017 audit plans:
- NNDR Relief – Draft Report
- Fleet Management – Draft Report

3.3   Progress against the 2015/2016 brought forward and 2016/17 audit plan, updated with progress and assurances given, is set out in **Appendix 1**

3.4   Executive summaries of finalised audits in can be found in **Appendix 2**

3.5   The assurance levels are set out in **Appendix 3**

Report author	**Lucy Cater, Acting Head of Internal Audit**
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Appendices	1. Audit Plan Progress
	2. Executive Summaries
	3. Assurance levels

Cheltenham Borough Council (CBC) Internal Audit Monitoring Report

Audit Theme / Service Area	Specific Topic or Activity	Status	Assurance
Audits outstanding as in the 2015/2016 Internal Audit Opinion			
NNDR	Year 2 module of 3 year programme	Final Memo	Satisfactory
Housing Benefits	Year 2 module of 3 year programme	Final Memo	Satisfactory
Council Tax	Year 2 module of 3 year programme	Final Memo	Satisfactory
GOSS – Finance Systems	Payroll	Final Report	Satisfactory
GOSS – Procurement, Insurance, Health & Safety	Health and Safety audit undertaken as part of Security Audit	Final Report	Limited
Accommodation and property management	Review of strategy and property management	Work to be completed in 2016/17	
Security	Review of buildings and personal security	Final Report	High
Safeguarding Adults and Children	Support the Safeguarding peer review and audit	Draft Report	
Contract Management	Review of key contracts including tender processes, plus review of contractor use	Final	Limited
Performance Management	Completion of 2014/2015 audit. Review concentrated on Staff Performance	Final	Satisfactory
Art Gallery and Museum	Follow-up of the recommendations made in the Art Gallery report	Follow up in progress	
Car Parking	Follow-up of the report submitted to Audit Committee in September 2015	Draft Report	
2016/2017 Internal Audit Plan			
Section 1 - Core Governance and Core Finance Audits			
Annual Governance Statement	Support for and review of the production of the Annual Governance Statement and sample elements of the supporting information	Complete	
Audit Committee Effectiveness (Annual)	Annual review of the Audit Committee against appropriate guidance and standards	Commenced	
Internal Audit Self-Assessment (Annual)	Annual self-assessment of Internal Audit's performance against the Public Sector Internal Audit Standards (PSIAS)		
Risk Management	Selection of risks from registers and mitigating controls and actions to test their effectiveness	Final Report	Good
ICT Audit to be conducted by SWAP	Public services Network	Final Report	SWAP – Reasonable Audit Cotswolds - Satisfactory

Audit Theme / Service Area	Specific Topic or Activity	Status	Assurance
	Further scope of 2016/17 audit to be confirmed		
Council Tax Benefit	A review of an element of the Council Tax Benefit process, the programme of activity ensures full coverage of the service over a 3 year cycle	In progress	
Council Tax	A review of an element of the Council Tax process, the programme of activity ensures full coverage of the service over a 3 year cycle	In progress	
NNDR (Business Rates)	A review of an element of the NNDR process, the programme of activity ensures full coverage of the service over a 3 year cycle	In progress	
GO Shared Service (GOSS) Audits	**Days allocated to the following Audits are CBC's element of the GOSS Audit Plan**		
Main Accounting, Budgetary Control and Capital Accounting	A review of an element of the operating systems, the planned programme of activity ensures full coverage over a 3 year cycle. Assurances are sought for the GOSS controls operating in respect of its Clients and transactional testing is performed for each of the Clients	Final Report	High
Treasury Management and Bank Reconciliations		Final Report	High
Payroll		In progress	
Accounts Receivable (Debtors)		In progress	
Accounts Payable (Creditors)	Transactional Testing for each client, assurance over GOSS controls to be informed by SWAP auditors (the Forest of Dean DC's Internal Audit Team)	Draft Report	
Systems Administration of Agresso Business World (ABW)	A review of the operating system and the controls in place		
Human Resources Review to include FoDDC	A review of a Human Resources area. Scope for 2016/17 audit to be determined with GOSS Officers		
	Scope of the audit is the Starters and Leavers process and will include HR and ICT Processes	Final Report	Satisfactory
Other GOSS Area	A review of Procurement / Health and Safety / Insurance. 2016/17 audit to be determined with GOSS Officers		
Section 2 - Risk Based Audits			
Employee Turnover	Review of the controls in place to mitigate against loss of staff. How are management addressing the risk, identification of the reasons for staff turnover, are mitigating actions effective	In progress	
Risk and Control Implications of Meeting the Funding Gap	Achievement of proposed financials in MTFS looking at the assessment of risks and achieving these projections (income / savings)		
Garden Waste Review to include FoDDC	Review of the processes and systems used for the charging of green waste. Looking at efficiencies, standardising processes etc.	Final Report	N/A
Business Rates Pooling Audit to be conducted by SWAP	Audit of pooled assets (what / how / how are they reported), calculation of appeals. Suggestion from CBC Audit Committee		
NNDR (Business Rate) Reliefs	Review of NNDR Reliefs ensuring that the correct relief has been added to accounts in accordance with legislation	Draft Report	
Fleet Management	Review of the management of fleet by Ubico on behalf CBC (and CDC) to include the replacement of vehicles, purchase and recharging	Draft Report	

Audit Theme / Service Area	Specific Topic or Activity	Status	Assurance
Planning Application Process	Review of the planning application process to ensure compliance with statutory legislation in respect of the processing cycle	Final Report	Satisfactory
Food Safety Review to include FoDDC	Review of the policies and procedures in place in respect of Food Safety to ensure compliance with the introduction of the new act which comes into effect from 1st April 2016		
Section 3 - Advice and Consultancy			
New Housing and Planning Act	Review of the introduction of the New Housing and Planning Act - ensuring the Council is ready / prepared for the new act	On-going	
Community Infrastructure Levy (CIL)	Support for the CIL process ensuring that the Council is prepared for the introduction of CIL	On-going	
Charging Mechanisms	Review of the charging mechanisms to include statutory and discretionary charges and the potential generating, or increasing income, from some service areas		
Review of the outcomes of the Gloucestershire Joint Waste Committee Audit to be conducted by SWAP	A review to ascertain if the Gloucestershire Joint Waste Committee is delivering the outcomes envisaged when it was established		
2020 Vision Programme	Support for the 2020 Vision Programme and Projects	On-going	
Change Programmes	Support for other change programmes / projects	On-going	
Section 4 - Other			
Management	Preparation of IA Monitoring Reports and preparation and attendance at Audit Committee. Annual Audit Planning. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFOs and Management Teams.	On-going	
Payment Channels and Income Streams Follow-Up	Follow-Up testing of a 'Limited Assurance' Audit	Complete	Not all recommendations implemented
Contract Management	Follow-Up testing of the 2015/16 'Limited Assurance' Audit		
GOSS – Health and Safety	Follow-Up testing of the 2015/16 'Limited Assurance' Audit		
Enforcement Tender Review	Ad-hoc piece of work. Review of enforcement tenders (CDC, CBC, WODC, TBC, FoDDC) due to one point difference in scoring. Days to be taken from Contingency	Complete	
Follow Up Audits	Follow Up of Previous Year Audits	On-going	
National Fraud Initiative	On-going Support for the Scheme	On-going	
Contingency	New Work and Investigations		
Audit Management Software	Design and Build the new Internal Audit Management Software to our specifications	Complete	
Audit Cotswolds 2020 Proposal	Drafting the proposal for providing the Internal Audit service to 2020 and the four partner Councils	Complete	

Executive Summary for Security 2015/2016	
Assurance	**High**

Introduction

This review of Council Security was undertaken as part of the 2015/2016 risk based internal audit plan, approved by Audit Committee. The focus of this audit was on:
Highlighting strengths and weaknesses in the Councils' current physical security measures to protect their physical and financial assets.
Reviewing Council policies and service areas' processes relating to security, to ensure they are current and mitigate all perceived risks effectively.
Resources used in accordance with policies/procedures are adequate.

The Council has a responsibility to protect the security of its assets, information it holds, and the personal safety of its employees and customers. During this review we identified a number of recommendations relating to personal security of the Council's customer facing officers. These have been reported directly to the Council's Health and Safety Manager (part of GO Shared Services) to address the recommendations made.

Overview of Key Audit Findings and Recommendations

Intruder and fire alarms are located throughout the Municipal offices. These are managed by Property & Asset Management and evidence of regular servicing and testing is available. The GOSS Insurance Officer advised that there have been no insurance claims due to break ins in the previous three years.

Weaknesses were observed in primary access controls, however back up controls have been implemented to prevent unsolicited access. CCTV cameras are located in a number of key areas around the Municipal offices; however consideration should be given to ensuring all customer facing areas have CCTV coverage to protect both the public and the staff.

Cash collection and income receipting systems are secure.

In conclusion, we can confirm the review identified there are procedures in place to mitigate security risks, however improvements could be made to further increase the control environment, which are reflected in the recommendations made. We are able to offer a 'high' assurance opinion at this current time.

Management Response

The recommendations and action plan show that 2 of the 3 recommendations are complete and that the third has a target date of 31 March 2017 and therefore work is on-going.

With regard to CCTV and that consideration should be given to ensuring it covered all customer facing areas, i.e. including the planning reception, the report contained insufficient evidence as to the risk exposure which gave rise to this element of the recommendation.   However, the REST transformation project will involve a review of the existing customer service arrangements for the division, including the location of the planning reception, its future role and therefore CCTV provision will be reviewed as part of that work.

Executive Summary for Main Accounting System and Budgetary Control 2016/2017	
Assurance	**High**

Overview and Key Audit Findings

The audit of the Main Accounting System is carried out over a three year cycle. 2016/2017 is the third year of the three year cycle. The areas to be reviewed are drawn from the "Services in Scope" document defining those services which GO Shared Services (GOSS) Finance will provide. There are certain areas which we will continue to audit each year.

We examined the Medium Term Financial Strategy (MTFS) document for each Authority as presented to Members, and confirmed that all took account of material factors, and that the sources of assumptions made in respect of interest rates and inflation were reasonable.

We verified that budget monitoring reports are presented to each Authority's Cabinet on a quarterly basis.

None of the three Local Authorities produce a traditional formal "Budget Book" in electronic or paper form.

We confirmed that annual budget setting processes are sound.

We confirmed that 2015/2016 Revenue and Capital Outturn, and the 2016/2017 Revenue Account Budget returns had been submitted to Government, and obtained copies of each for all three Authorities as evidence.

We verified that the Treasury Management Statistics form had been completed and returned to Cipfa in respect of 2014/2015 and obtained copies of these for all three Authorities as evidence.

We confirmed that the outcome of four Key Performance Indicators relating to GOSS Finance performance was satisfactory.

We verified that the recommendation arising from our 2015/2016 audit had been implemented.

We were able to give a High level of assurance as a result of the audit work carried out.

Executive Summary on Public Services Network (audit conducted by SWAP)	
Assurance: **SWAP** **Audit Cotswolds**	**Reasonable** **Satisfactory**

This extract was taken from the Final Report produced by the SWAP ICT Auditor.

Objective

To provide assurance to the Senior Information Risk Owner (SIRO) that details contained within the Public Services Network (PSN) Commitment Statement, including the supporting information is complete, accurate, and can be submitted in the time-scale agreed with the PSN authority.

Overview and Key Findings

As part of the 2020 Partnership, Information Technology will be a shared service across the four Partner Councils - Cheltenham Borough Council, Forest of Dean District Council, Cotswold District Council and West Oxfordshire District Council. The revised structure will provide a central approach across all Partners.

There were resource and established processes to ensure that information security was maintained, and it was found that ICT Change and Customer Services were making positive steps in moving towards an ISO27001:2013 organisation, which will further support the Partnership in maintaining PSN compliance.

At the time of our initial review, not all submission documentation had been completed by the ICT Change and Customer Services Team. The original plan, formally communicated to the Cabinet Office and Heads of Partnership, was to submit the PSN Commitment Statement and all supporting information during the week 11th-15th July 2016; the delay was partially due to the fact that the Internal ICT Health Check was not carried out until after the June referendum, to minimise the risk to the Electoral systems. Further work was carried out by the ICT Change and Customer Services Team, to evaluate the risks highlighted by this review and to transfer to a formal action plan. Consequently, the actual date of the PSN submission was the 5th August 2016.

There had, however, been liaison between the ICT Change and Customer Services, the key stakeholders of the 2020 Partnership, and the PSN team at the Cabinet Office to inform them of the change in submission date.

A further review was carried out, post submission, and concluded that all mandatory documentation had been submitted to the PSN authority and that care had been taken in ensuring that only accurate information had been entered onto the PSN Commitment Statement. The results were accurately transferred onto a Remediation Action Plan (RAP) from the Internal and External ICT Health Checks.

Assurance was taken on the effectiveness of the design of the security controls from the independent Internal and External ICT Health checks, the response to the security risks that had been identified, and a review of a sample of the joint information security policies, risk registers, and interviews with key staff.

There were no 'Critical' issues raised during the Internal and External ICT Health Checks that required resolution. Out of the 18 High risk issues raised 13 actions remained open. In addition, 46 Medium risks were raised, of which 28 actions remained open, and 37 Low risks were raised, of which 13 remained open.

The total of 101 risks had been added to the remediation plan, and all 54 open actions had been assigned an owner, target date and had been given a service desk incident number to enable the progress of all actions to be monitored by the ICT Audit and Compliance Manager.

There were four security gaps detailed in the PSN Commitment Statement. Resource had been made available to address these gaps in compliance, or partial compliance, and these had all been documented in the Commitment Statement that had been sent to the PSN Team at the Cabinet Office, together with action plans. One of the four gaps identified, 'Cloud computing', represented no current risk, as this technology is not currently being used, however a Cloud computing policy is being drafted, so that the Partnership is ready for future considerations of this technology.

In addition to the PSN pre-submission documents, a sample of the ICT Shared Service policies was reviewed. Work has been carried out to cross reference the policy and procedural documentation set to the PSN expected controls. There is now a full suite of policies and procedures that reference the PSN Control set, and work is continuing to develop these to deliver consistent, ICT operational processes across the partnership.

During the review of the joint Commitment Statement, network diagram, RAP, and policies, a small number of minor observations were made; recommendations for improvement were fed back directly to the ICT Audit and Compliance Manager. These recommendations are outside the framework of this report.

It was found that risks were assessed and communicated across service and corporate risk registers and that mitigating controls listed on those registers were monitored and evidenced. However, one Priority 3 recommendation was made that, when implemented, will further improve the recording of, and assessment of, risks identified during the ICT Health Checks.

There were no significant findings raised.

Executive Summary for Treasury Management and Bank Reconciliation 2016/2017	
Assurance	**High**

Overview and Key Audit Findings

The audit of Treasury Management is carried out over a 3 year cycle. 2016/2017 is the third year of the three year cycle; the detail of the areas that have been included in the year three audit can be found at Appendix B. The areas to be reviewed are drawn from the "Services in Scope" document defining those services which GOSS Finance will provide.

The audits of Bank Reconciliation and Cash and Bank are conducted every year.

We were able to verify that the aspects of Treasury Management which we reviewed this year were operating satisfactorily. Existing contracts with TM advisers end in 2017 and before expiration of these a decision will have to be made by senior officers and/or Members about action to be taken as regards re-tendering.

We verified that bank reconciliations are being completed on a timely basis, and that these are being checked by an Accountant who signs and dates the statement to evidence this check.

Cash files are uploaded daily from Civica into the Agresso General Ledger (GL). The two figures are reconciled daily and Civica and GL figures are recorded each day in a spreadsheet which also shows any daily differences. There is no formal management check (and evidencing of this by signature) to ensure this reconciliation is being done on a timely and accurate basis, and critically reviewing differences. However this would not be seen as a key control, as differences between the cash book and GL will be shown up in the bank reconciliation, and formal management check of this.

The results of our review were satisfactory in all areas covered and we are able to give a **High** Audit Assurance Opinion Level. We made no recommendations as a result of this audit.

Executive Summary for HR – Controlling Starters and Leavers 2016/2017	
Assurance	**Satisfactory**

Overview and Key Audit Findings

A core governance review was undertaken of the controls over the starters and leavers processes and procedures, as approved in the 2016/17 Audit Plans of each of the partner authorities (including the Forest of Dean District Council). This audit covers a review of control arrangements in place in respect of the dissemination of information when an employee starts or leaves, that protect the Council from undue risk and loss.

A review was carried out of current process operated at each authority (under GOSS), as well as a review of the forms used for recording method and design. The following sample was taken of starters and leavers from ABW:

Partner Authority	Starters	Leavers
Cotswold District Council	10	8
Cheltenham Borough Council	10	4
West Oxfordshire District Council	10	5
Forest of Dean District Council	6	4

The corresponding HR personnel and payroll files were reviewed for consistency as part of testing. ICT procedures regarding starters and leavers were also analysed.

Cheltenham Borough Council (CBC) & Forest of Dean District Council (FoDDC)

During testing, it was acknowledged by the HR/Payroll Business Centre (West) that the FoDDC 'Checklist for new appointment' format needs updating to the same format as the equivalent CBC checklist.

The lack of completed Payroll information from the Authorisation to Appoint form – especially the 'checked by' field – could mean that information is not verified and may lead to input mistakes not being highlighted. Non-completion of the HR 'office use only' section on the leavers form indicates that crucial actions in the process could be omitted.

The GOSS forms are not used consistently across all authorities, despite being branded for their use. The abundance of forms in use can be confusing and has the added risk of forms not being completed. The grouping of the fields on the forms, in terms of subject, is unclear. An example of this is the GOSS Authorisation to Appoint form, where post information (Division, Commencement Date) is mixed with personal information (Name, Home address).

The GOSS HR/Payroll Business Centre (East) has advised that Line Managers often need prompting to complete forms and follow process correctly. This can cause delays, is time consuming and could ultimately result in necessary information not being obtained.

The presence of guidance notes is a positive factor, especially for Line Managers who may be following the process for the first time or as a reminder for those who have not done so in some time. This guidance does, however, need to be relevant and up-to-date. In addition, guidance notes and related resources should be accessible and easy to find. Currently, forms and documentation are located using a different path on each intranet site, which can be confusing and adds to the risk of forms not being completed.

Conclusion

There are processes in place within the HR and ICT departments at all partner authorities to control the starter and leaver process. However, the areas of inconsistent and inefficient practices identified such as the lack of clear guidance for Line Managers, the amount and variety of forms used across the GOSS partnership, the lack of communicating starter/leaver information to all interested parties, etc. increases system weaknesses. We have made recommendations and suggestions for improving current processes which, if implemented, will help to improve the overall control environment.

Management Comments

Management have accepted the recommendations, many of these will be taken forward and addressed in line with the 2020 Programme work stream.

Executive Summary for Social Media Follow-Up	
Assurance	**Good**

Overview and Key Audit Findings

This review has been carried out as part of a follow-up to the 2014/15 CBC Social Media audit. The follow-up work was approved by Audit Committee in March 2016.

The purpose of this audit review is to provide Members and senior officers with sufficient levels of assurance that the agreed risk and control recommendations have been implemented by management.

We requested updates from responsible officers on actions taken to implement the audit recommendations.

We were forwarded an updated version of the 'Social Media and Social Networking Guidance for employees' in which HR's codes of conduct and two ICT policies (Information Security Policy and Guidance) are referenced. Additional guidance had also been included on the approval process and building the social media site's network through 'liking' or 'following' other social media sites. No additional guidance had been supplied regarding security, specifically the use of passwords on personal devices; however, according to the Web Editorial officer this is a risk that has been identified. Additional wording within the guidance could be included to mitigate this risk.

Although CBC have not fully engaged with the 2020 vision programme they do have some shared officers and have the potential for increased shared working. It would be best practice to adopt shared guidance documents for issues such as social media usage. CDC/WODC already have shared social media guidance, which has recently been reviewed and approved by senior management. To provide consistency to shared officers each partner council within the 2020 vision project could collaborate to develop a single shared social media guidance document.

A search of CBC's intranet was conducted to determine if any communication had been made to CBC staff since the Social Media report. 'Social Media and Social Networking Guidance' documents, one for staff and another for managers, were last reviewed in 2014. The most current 'posts' on the intranet news feed in reference to social media were from 2012 and 2013. No evidence was supplied by responsible officers that any effort had been made to increase awareness of the Social Media Strategy, therefore we conclude this recommendation has not been actioned.

According to the amended version of the social media guidance, the Web and Communications team manage a central register of all corporate social media accounts and provide ICT with account information for recovery purposes. The register maintained by the Web and Communications team was provided as part of this review and was shown to have been recently updated. However, prior to this latest update the register appears not to have been reviewed for over a year. At the time of this review there was no link with ICT regarding account recovery or business continuity arrangements.

Through discussions with the Web and Communications team it was concluded there are no council owned social media accounts that are registered by officers using their personal email addresses. There are some council owned Facebook pages that are administered by officers using personal Facebook accounts, however, there is no visible link between Council pages and the profile of the administrators. Officers with access to Council owned accounts are recorded as part of the central register and therefore their access could be removed if they were to cease Council employment. Additional security issues associated with using personal accounts to manage corporate pages, such as password management, should be addressed as part of the guidance review.

The 2014/15 audit gave a 'Satisfactory' level of assurance over the management of the Council's social media. Although it is evident a number of actions to the recommendations have only recently been carried out, due to the follow-up review, most of the original recommendations have now been implemented to some degree. Based on the work completed as part of this follow-up review, we now offer an audit assurance opinion of: **Good.**

Memo

To:	Paul Jones, S151 Officer
From:	Jaina Mistry, Risk Assurance Manager
CC:	Tim Atkins, MD Place & Economic Development Mike Redman, Director of Environment Tracey Crews, Director of Planning Lucy Cater, Head of Internal Audit (Operational)
Date:	22nd September 2016
Subject:	Follow-Up of the 2014/15 Payment Channels & Income Streams Review

1.   Introduction

This follow up review was undertaken to assess progress of the agreed recommendations from the 2014/15 Payment Channels & Income Streams 'limited' assurance report, as agreed in the 2016/17 Audit Plan.

2.   Audit Findings

Rec 1 – The Civica cash receipting system to be used at the Cemetery & Crematorium

We can confirm that all income receipted at the Cemetery & Crematorium is via the Council's cash receipting system.

Rec 2 – Reconciling the Cemetery & Crematorium system to the main accounting system in accordance with the Financial Rules

The service is still not reconciling their operating systems to the Council's main accounting system, Agresso (ABW). We are aware that training has been provided and that there are some operational matters that need to be resolved, which the Customer Services team is assisting with. However, given that we initially identified this in the summer of 2014, it is essential that reconciliation processes are introduced without further delay,

Rec 3 – Introduction of card payments at Shopmobility

Management advised that a review of the service is being undertaken and therefore changes in process are not viable at this current time.

Rec 4 – Staff security at the Cemetery & Crematorium

We can confirm processes have been implemented for the secure storage of cash and other physical security measures also introduced to ensure staff are not left vulnerable.

Rec 5 – Reconciling Green Spaces – Allotments system to the main accounting system in accordance with the Financial Rules

The recommendation has been implemented and reconciliation processes are being undertaken for allotments income.

<u>Rec 6 – Receipting Planning income in the Cash Hall</u>

We can confirm arrangements are in place for planning income (cash only) to be paid into the Cash Hall, which minimises the risk of potential theft.

<u>Rec7 – Reconciling Planning systems to the main accounting system in accordance with the Financial Rules</u>

We were advised that some progress has been made to reconcile planning income to the general ledger, however, the service area do not believe that it will be possible to go beyond an approximation. We are just commencing a Planning Applications audit and will be reviewing reconciliation processes which we will report in due course.

3. <u>Conclusion</u>

Based on the work completed and our review of supporting evidence we can confirm that 4 out or our 7 recommendations have been implemented and 1 where management have accepted the risk.

There are 2 service areas who are still not complying with the Financial Rules. We have been advised that work is in progress; however, it is important to ensure that the Council's Financial Rules are complied with as soon as possible.

As part of our follow up procedures, we will review recommendations not implemented in six months' time.

Executive Summary for Green Waste 2016/2017	
Assurance	N/A

Overview and Key Audit Findings

The purposes of this audit were to:

- Review of the processes and systems used in Cotswold District Council (CDC), Cheltenham Borough Council (CBC), and Forest of Dean District Council (FoDDC) for the charging of green waste.
- Assess whether efficiencies could be achieved
- Assess whether processes could be standardising.
- Advise West Oxfordshire District Council (WODC) of the findings of this audit prior to that Authority's introduction of green waste charges in 2017/2018.

We looked at a number of areas, as follows:

- System
- Income Collection
- Charges
- Discounts
- Subscription period
- Licences
- Non-payment
- Renewals
- Customer Services
- Payment
- Refunds
- Recurring payments
- Staff resourcing
- Sacks
- Reconciliation

There are a number of areas where operational and policy differences are evident between Authorities. Some element of standardisation may be possible in these. In particular, Customer Services functions regarding Green Waste, and collection of licence fee income will fall within the 2020 programme (for CDC, FoDDC, and WODC), thus creating common systems.

We have issued one recommendation relating to CBC as a result of our review, this relates affixing licences to bins.

As this is a consultancy review we have not issued a formal audit opinion.

Executive Summary for Planning Application Processes 2016/2017	
Assurance	**Satisfactory**

Overview and Key Audit Findings

This review of the Planning Application Process was undertaken in accordance with the 2016/17 Audit Plan as approved by Audit Committee in March 2016.

The objective of this review was to assess the adequacy and effectiveness of internal controls operating within the Planning Application process and also to ensure processes are operated in compliance with legislation and internal policies.

We established by discussion with the Development Management (Applications) Team Leader (DMTL) and the Planning Services Manager (PSM) how the Cheltenham Borough Council (CBC) Planning Applications Process functions.

Planning Applications can be made electronically via the Planning Portal and i-Apply or using hard copy paper application forms available for applicants to download from the CBC website.

All planning applications are processed in Uniform. Application fees can be paid by cash, cheque or credit / debit card. Credit / Debit card payments are taken using Civica. CBC's finance system is Agresso.

The timescales for processing applications are 8 weeks for minor developments and 13 weeks for major developments; this is from validation to determination.

Applicants should be notified within 1 week of receipt if their application is invalid.

A decision notice is not issued unless payment has been received.

We selected a random sample of Householder developments and Pre-applications. We also looked at a sample of refunds from this period.

Applications were validated promptly and in over half of cases, were validated within 1 day of receipt.

Testing confirmed applications had the correct official signed application form along with the correct supporting plans which were attached to the planning application in Uniform.

 All applications in our sample had decision notices issued, this was seen in the Documents Log of each application.

Cash and cheques received for planning applications are banked as they're received using the 'Daily listings of postal income remittances' form.

Conclusion

On the basis of our findings we can confirm that processes are in place for the areas reviewed and have made recommendations / observations that if implemented should help to improve the control environment. We are able to give a **Satisfactory** level of assurance at this current time.

Management Comments

The audit on the planning applications process has been a helpful piece of work confirming that appropriate measures are in place. The observation and recommendations identified are understood and suggested way forward to rectify will be in place in line with the action plan.

Executive Summary for Risk Management 2016/2017

Assurance	Good

Overview and Key Audit Findings

This audit on Risk Management was carried out as part of the risk based audit programme planned for 2016/17 as approved by the Audit Committee in March 2016. The audit of risk management is undertaken using a modular approach with one third of the process being examined and tested each year. The module for this review is the 'Risk Control Environment' focussing on the identification and assessment of controls, monitoring the effectiveness of controls and programming actions to manage the risks.

Our review has examined processes used for corporate risks, service based risks, project related risks, and risks that rest with external partners or organisations that would have an adverse impact on the Council if they were to materialise. We can confirm that risks are identified, assessed and control activities reviewed on a regular basis by the appropriate risk manager or team in the areas covered by our review.

The Corporate Risk Register is maintained electronically on the TEN system, service based and project risks are documented in separate divisional / project risk registers. We were advised that external partners administer their own risk management systems and that the Council gets its assurance from determining that relevant business continuity plans are in place; via contract monitoring processes to mitigate the risk of service delivery failure.

With the increase in partnership working and different delivery models, the Council may wish to consider consolidating the documenting of service delivery risks to ensure that these risks are captured and not lost within contract monitoring activity. We noted that the Risk Management Policy was reviewed and approved in March 2016; however, the policy published on the Council's website is the 2015 version and so needs to be updated.

On the basis of our findings we can confirm that processes are in place for the areas reviewed and have made recommendations / observations that if implemented should help to improve the control environment. We are able to give a Good level of assurance at this current time.

Management Response

CBC thanks Audit Cotswolds for this Risk Management and for confirming a level of assurance as 'Good' which we accept as being reasonable. The Corporate Governance, Risk and Compliance Officer (CGR&C) has considered the findings and the recommendations and confirms that in respect of Recommendation;

1. It is accepted that the wording of the policy in respect of escalating risks that have a score under 16 can also be escalated to SLT could be made clearer, this will updated as part of the annual review of the policy and approved by the Audit Committee on the 22 March 2017.

2. A request had been made to the web team in April 2016 to update the policy on the website and this version now been uploaded.

3. The Ten Risk System was originally developed to record and share Divisional and Project risks, however shortly after the risks were recorded onto the system the authority underwent a major management restructure which impacted on who was responsible for the risks and the way that they could be updated. It proved impractical for the continued use of the Ten Risk system to be used for this purpose and Divisions and Projects reverted to recording these risks within the Divisions and Projects. Unfortunately there has not been time to remove out of risks from system but they will be removed when the developer undertakes its annual housekeeping work on the system before April 2017.

4. The CGRC officer can confirm that a reminder has been sent to all Directors, Service managers and Project Managers reminding them that they must record the date that the risk was last updated. Directors have also been reminded that they should monitor the frequency of risk reviews through their 1-2-1, Project or DMT meetings as appropriate.

Assurance Levels 2016/2017

Assurance levels for all audits follow a standard methodology to ensure reliability and validity of Internal Audit opinion. The table below set out the rationale for the opinion and suggested management action timescales.

Assurance Level	IA Opinion - Controls
High	Compliance with policies and procedures is good and adhered to, in the areas reviewed. Internal controls, in place, operate effectively. Risks against the achievement of the client's objectives are well managed.
Good	There is a sound system of compliance and internal control, designed to achieve the client's objectives, in the areas reviewed. The control processes tested are being consistently applied. Although risks are well managed and there is no fundamental threat, internal controls still need to be monitored.
Satisfactory	Some evidence of non-compliance identified and / or weaknesses in the system of internal control, in the areas reviewed. The level of non-compliance could present a risk to the achievement of the client's objectives. Introduction or improvement of internal controls is required.
Limited	Sufficient evidence of non-compliance and / or weaknesses in the system of internal control, in the areas reviewed. Essential action needed by management to reduce the level of risk to the achievement of the client's objectives.
No	No assurance can be given over compliance and / or internal controls. Immediate action needed by management to address the risk issues, in the areas reviewed.
Not Applicable	Assurance level is not applicable due to the nature of the work undertaken.

Priority Ratings 2016/2017

Priority Ratings are attached to each recommendation made in an audit review. The table below sets outs the rationale for the priority ratings and the suggested timescale for the implementation or action for the agreed recommendation

Priority Rating	Description
Critical	A significant and serious control weakness in the system of internal control. This will also include, for example: No evidence of policies and procedures, non-compliance with legislation or authority policies or non-compliance with authority financial and procurement rules. Immediate action is essential.
High	A weakness which could undermine the system of internal control and compromise its operation. Action is required as soon as possible.
Medium	An improvement to the system of internal control in order to comply with best practice, or which offers efficiency savings. Action date to be agreed.
Low	Recommendations requiring action by management to improve control, although the achievement of objectives is not fundamentally threatened.
Observation	Observations presented for management consideration only, as they represent a suggested improvement in management of the risks.