

## **INTERNAL AUDIT PROGRESS REPORT**

**Cabinet Member**                      Cllr Peter Hare-Scott  
**Responsible Officer** Audit Manager, David Curnow – Devon Audit Partnership

**Reason for Report:** To update the Committee on the work performed by Internal Audit for the 2017/18 financial year.

**RECOMMENDATION(S):** The Committee notes the contents of this report.

**Relationship to Corporate Plan:** Effective Internal Audit plays a fundamental role in assisting the Council to deliver its corporate plan.

**Financial Implications:** None arising from the report

**Legal Implications:** None arising from the report

**Risk Assessment:** The role of Internal Audit is providing assurance that the risk management and internal control framework are operating effectively.

**Equality Impact Assessment:** No equality issues identified for this report.

### **1.0      Introduction**

- 1.1      The four-year strategic audit plan for 2017/18 to 2020/21 and annual work plan for 2017/18 were presented to the Audit Committee at its meeting on 21 March 2017, where they were approved.
- 1.2      The purpose of this report is to provide the Committee with a progress report on performance against the 2017/18 Internal Audit work plan for the period from 1 April to 15 October 2017.

### **2.0      Progress to date and scope of audit activities**

- 2.1      The Audit Plan is split into the following sections:
  - Core Audits
  - Systems Audits
  - Other Work (including fraud/ irregularity/ consultancy/contingency)

#### **2.2      Core Audits**

- 2.2.1      The Core Audits are given priority as they either cover the Council's key financial controls or the level of income is material in the context of the Council's annual accounts. These audits are allocated a larger number of days, as part of the risk based audit planning process, so they are carried out annually. We are scheduling these to be complete prior to the External Auditors interim audit in late February.

- 2.2.2      The Core audits are primarily scheduled and have started in the autumn.

#### **2.3      Systems Audits**

- 2.3.1      Systems Audits have been completed for Safeguarding, Housing Health and Safety Management Arrangements, Environmental Health and Lords Meadow Leisure Centre.

Travel & Subsistence, Customer Care & Complaints, Insurance and Elections & Electoral Registration are currently in progress.

- 2.3.2 The opinions for the majority of these are included in full in section 3 below and the remainder (Electoral Registration) will form part of the next progress report.

## 2.4 Other Work

- 2.4.1 The reporting on performance and risk using the Spar system is now provided by the Group Manager Performance, Risk & Data Security though support has been provided in the earlier part of the year for this to PDGs and Committees.

- 2.4.2 Tender documents have been verified as usual.

- 2.4.3 The Audit Manager and one of the Auditors have been involved with investigation work since the previous progress report. Separate reports will be issued to address these areas.

## 2.5 Performance Indicators

- 2.5.1 As at mid October 2017 the Internal Audit PIs are as follows:



The work completed is primarily systems work where the majority of the core work is scheduled for the second half of the year.

### Customer Satisfaction

- 2.5.2 Ten post-audit surveys have been sent out to clients; seven have been returned scored as 4-5 for most questions, meaning they were satisfied or very satisfied with the process, which is excellent.
- 2.5.3 The results are good with 95% positive feedback to survey questions. The two audits where there was some constructive feedback related in one instance to the timing of the audit and the other audit with two comments on report findings and clarity. In this latter instance the service stated *"report amendment was needed to better reflect the actual risk and to recognise improvements already made/direction of travel in place. All changes were agreed with the exception of the overall audit opinion of risk in respect of private water supplies. There was nonetheless adequate opportunity to discuss the findings"*

### 3.0 Audit Opinions

The following opinions have been issued since the last report:

#### 3.1 Safeguarding

- 3.1.1 Mid Devon District Council has adopted the Devon District Councils Joint Safeguarding Policy in partnership with Exeter Council, Teignbridge DC, North Devon Council, East Devon DC, South Hams DC, West Devon Borough Council and Torridge District Council. Within the policy, the aim and scope are clearly defined, as are the roles of each officer within the structure.
- 3.1.2 Since taking over the responsibility for Corporate Safeguarding in November 2016, the current Corporate Safeguarding Officer (CSO) has carried out a significant amount of work in updating policies and raising awareness of safeguarding issues within the Council in line with the joint policy.
- 3.1.3 The CSO has introduced a page on the Council's Sharepoint system that gives a list of all of the service designated safeguarding officers and attached a range of useful documents on the subject for employees. As well as this she has also achieved the following:
- Arranged training for the Service Designated Officers, (SDO's);
  - raised staff awareness of safeguarding through articles in the Link;
  - assisted ICT in implementing a mandatory online safeguarding course for all employees and members;
  - attended quarterly meetings to date of the Devon Wide Safeguarding Group;
  - submitted the annual report on safeguarding to Cabinet in August 2017.
- 3.1.4 Despite the amount of work already covered, the CSO recognises that there are still areas that need to be addressed, such as:
- training/awareness courses for Members still to be delivered;
  - the quarterly meetings with the Safeguarding Designated Officers (SDO's) need to be minuted;
  - with the involvement of the Procurement Manager, MDDC needs to ensure that safeguarding arrangements are incorporated into tender documents where appropriate (e.g. recruitment agency).
- 3.1.5 It is important to note, that the SDO's responsibility is to refer to the relevant partner agency and not to investigate an allegation or issue; any decision to investigate will be made by the agency e.g. Multi Agency Safeguarding Hub (MASH).
- 3.1.6 It is the overall opinion of the auditor that the Safeguarding arrangements process is adequately controlled.

Summary of Recommendations		
High	Medium	Low
1	3	1

#### 3.2 Housing – Health& Safety Management Arrangements

- 3.2.1 The Housing Building Service employs an external contractor to carrying out the gas safety work which includes gas servicing, smoke alarm and CO2 detector testing. The work programme and contract is managed by the Gas Database Administrator (GDA) within the Housing Building Service and there are good processes and procedures in place to ensure that the contractor's service level is well monitored. The GDA manages the work programme using the contractor's portal. There is a signed data sharing

agreement between the contractor and the Council, and measures are in place to address data protection issues. However, it should be noted that no Audit testing or assurance on data sharing has been completed in this area for this audit.

3.2.2 Housing Building Services use a system called Integrator to manage electrical inspections and asbestos information. It appears that the area of legionella has had a period of inactivity (2 years) where there is no evidence to suggest testing was undertaken. This has been identified and there is an action plan in place to address this, which looks good. It is appreciated that the plan will take some time to implement and it is working to its full potential; interim work has been carried out including a categorisation by generic risk of all housing stock properties using system design and type as the criteria, and the implementation of remedial works to remove/reduce both the Critical and High risk properties is being addressed alongside the review. Legionella is currently managed by way of spreadsheets; going forward, it the intention is that all legionella information is held on Integrator to ensure that all management information for each property is held centrally.

3.2.3 The areas of legionella and asbestos are being managed; however, there are areas where improvement is required, these being:

- housing stock property has been categorised into risk areas and a programme of work has been implemented, though not yet completed, to address the critical and high risks properties.
- however, there seems to be a lack of evidence to support works/testing, and although legionella risk categorisation has been carried out by system type/design this has yet to be formally documented for each property type or recorded on Integrator. We understand general fund property risk assessments have been carried out but are now due. There seems to be a lack of evidence to support works/testing.
- asbestos inspections are required to achieve the Council aim to inspect 20% of the housing stock annually on a rolling programme; these inspections have been completed on a risk priority need, those overdue are low risk properties.
- risks on Spar.net for legionella and asbestos need to be reviewed and updated;
- legionella and asbestos performance should be reported and monitored to PDG along with the gas survey performance.

The management and responsibility of legionella and asbestos are currently being reviewed to establish where these areas best fit into the establishment. An efficient and timely review would be beneficial to help address the points mentioned above.

3.2.4 It is the overall opinion of the auditor that the Health & Safety Management Arrangements system is:

- Gas – well controlled
- Electrical - well controlled
- Legionella - housing stock - poorly controlled
- Asbestos – adequately controlled.

Summary of Recommendations		
High	Medium	Low
2	9	0

### 3.3 Environmental Health

3.3.1 **Food safety** is managed through the Uniform system and seems to be working well. Monthly reports are used to allocate work load and users are able to print reports from Uniform for any 'overdue' inspections which is a good control to ensure that inspections

are not missed. A new function is the Enterprise system which shows workload and the numbers of days left to action or whether it's overdue.

An annual return is submitted to the Food Standards Agency (FSA). Information is downloaded from the Uniform system and sent in a specified format. Before submission the information is checked and verified and a copy is saved. However, no reconciliation of the number of records appears to be done between the Uniform system and the report output, therefore only limited assurance can be given on completeness of the data.

In January 2015 the FSA carried out a dairy audit and made some recommendations. The Lead Officer EH Team was able to provide an update on the progress of the recommendations and it seems that a lot of work has taken place to address the points made. Currently, there is one remaining recommendation from the report that the Council still needs to address, and that is the production of a food service plan.

- 3.3.2 **Air Quality Action Plan** - for the 2 recognised 'hot spots' where pollution levels exceeded the Government air quality targets in Crediton and Cullompton and these areas were declared Air Quality Management Areas in 2006 & 2009 respectively. MDDC Environmental Health has been compliant with submitting an Annual Status Report (ASR) under Part IV of the Environment act 1995 to DEFRA, as well as updates on the progress of the action plans, and Air Quality Updating and Screening Assessments, all of which are published on the MDDC website. Despite there being no formal timetable for updates to the relevant PDG on the progress against the measures identified in the action plan, this has been done by the Environmental Health Team.

The measures identified in the Crediton AQMA, notably the building of a link road to Lords Meadow Industrial Estate have improved the air quality in Crediton and air pollution within the town has reduced significantly. Due to the complexity of air quality management, there are other factors and initiatives that can contribute to improving air quality, but these are more difficult to measure. The Council continues to work with other services and agencies to encourage people to car-share, use public transport, and to promote the use of ECO friendly vehicles which all help reduce the levels of harmful pollution. However, the overriding aim of the air quality action plan is to reduce pollution levels; monitoring and reporting these levels remains the most significant part of the formal process and MDDC manages this well.

- 3.3.3 **Private Water Supply** - It is recognised that a lot of work/development of the Uniform system has already happened; capture, input and mapping of all private water supply details across the district have been input onto the system and the results of water tests are also recorded on the Uniform system. A lot of development was required on Uniform to populate the information required for the annual return to the Drinking Water Inspectorate. This has now been achieved and made the process leaner and more automated.

The process is operated using the Uniform system where it has been developed but using a spreadsheet system for monitoring of private water supplies (including with commercial element) and invoicing information. Our review has identified that there is no reconciliation between the manual records, Uniform and eFinancials. It is not possible from our review to give assurance that all income due from inspections has been identified or billed, where neither the target income, annual budget or actual income reconcile to the manual spreadsheets used for billing. This is further compounded where the integrity of performance and completeness checks relies on spreadsheet filters or manual inspection of data.

The spreadsheets are used by 3 Team members; they input data to keep the spreadsheets up to date. It is critical that this information is as up to date as possible and accurate as the spreadsheet is also used to provide information on which water tests are due for the month, obtaining this from the report requires applying filters.

There are no reporting functions to pick up a missed test; this relies on visually inspecting the spreadsheet. Notices are currently kept in a folder so these also are checked manually for monitoring purposes.

There is a separate spreadsheet for invoice information, each invoice is manually entered onto the spreadsheet once a pro-forma has been raised and sent to Finance though not reconciled in total. The long term vision is that all information will be held on the Uniform system and performance will then be able to be monitored through the use of its report functions. This will create automation to processes and eradicate some of the manual manipulation currently employed in the use of spreadsheets.

If invoicing were to be possible (other modules do this) directly from the Uniform system into the Finance system, there would be no need for the recording of this information separately and provide a quicker reconciliation process. Processes would be leaner providing time efficiency for the service. To be at a point where this will be possible, there is a need to have a water sample result for each property; this process could take some time as they are being entered as and when they are carried out and some of them are on a 5 year cycle.

It would be prudent to analyse whether entering data retrospectively to bring the system up to date in order that it can be used at an earlier stage would be beneficial. At present, we understand there is limited capacity for the Officers to carry out this work, however, it could be that the benefits of this work outweigh the time it takes using the current system.

3.3.4 **Out of hours** – there is currently insufficient information recorded on out of hours calls to assess demand on the service and therefore the customer's needs for out of hours attendance. The emails received from the out of hours service need to be analysed over a sample period of time in order to quantify the number of calls and the range of calls as a percentage of the service requests received during office hours. This would provide a level of management information not currently recorded, and would help inform the service if there is a customer need for out of hours cover from Environmental Health.

3.3.5 It is the overall opinion of the auditor that the:

- Food Safety is **adequately** controlled
- Private water supplies is **poorly** controlled
- Air quality is **well** controlled
- Out of hours – opinion not applicable.

Summary of Recommendations		
High	Medium	Low
	11	1

### 3.4 Travel and Subsistence

3.4.1 The Travel and Subsistence system processes are now self-service (MyView) making the application and authorisation process automated. Processes are operating effectively and as expected by the organisation. There is a Policy setting guidance for users which creates good outcomes. There was some low level non-compliance found which is not considered to be significant.

3.4.2 Since the last audit MyView has been implemented and is a now fully embedded. It is appreciated that a lot of work went into the implementation of this system which is recognised in the good standard found in this review, this is to the credit of all staff involved.

Summary of Recommendations		
High	Medium	Low
0	1	1

### 3.5 Customer Complaints

- 3.5.1 The Council has a Corporate Complaints Policy in place that all employees are to use to record complaints. There is a designated system (Customer Relationship Management (CRM)) used to record complaints which has a built in reminder facility to help keep track of the complaint and encourage prompt responses within the timelines outlined in the policy. This process allows consistency across the Council and provides a central reporting system where, the Council are able to monitor and report on how well complaints are dealt with. The aim is to provide a positive outcome for the complainant and maintain a good standard of customer care for the Council.
- 3.5.2 Our review found that some services, where they very rarely receive complaints, were unaware of the corporate complaints policy and the designated system for logging complaints; that said, should they receive a complaint they would refer to a line manager to establish the correct process to use. There were 2 service areas (Leisure and Tourism) where complaints logged through the web go onto the CRM system but complaints received direct to the service are recorded separately and are therefore not included in the corporate complaints stats. Through verbal discussion services were aware of what constitutes a complaint and this concluded with the description outlined in the Policy.
- 3.5.3 On the CRM system, there is the facility to be able to attach documentation to the complaint. There were a high percentage of complaints logged, however, that don't have documentation attached to the complaint. There are some complaints that are still open on the CRM system, closure of these cases is important to ensure that the Council is able to provide customer satisfaction wherever possible, this is very low percentage. There is a report available to monitor outstanding complaints but there is no chasing of these to ensure prompt closedown. Investigations are carried out on each complaint received as part of the process of dealing with the complaint so shows that each complaint is scrutinized.
- 3.5.4 The CRM system is able to report on lessons learnt and it was evident that services do make changes as a result of a complaint. This helps to achieve customer service and to improve the service for other customers. During the financial year 2016-17 just under 10% of calls resulted in changes to procedures.
- 3.5.5 A positive sign is that we received 229 compliments during 2016/17 which is a high proportion of against complaints so this is a really good sign that although we are receiving complaints there are also a lot of compliments too.
- 3.5.6 Guidance within the Complaints Policy is that stage 2 complaints will result in a further investigation by a member of the Corporate Management Team or by the Chief Executive. Due to recent restructures, this is in now in need of review.
- 3.5.7 It is the overall opinion of the auditor that the Customer Care Complaints system is adequately controlled.

Summary of Recommendations		
High	Medium	Low
0	5	1

### 4.0 Conclusion

- 4.1 We will continue to monitor and report on our progress at each Audit Committee meeting. Outstanding audit recommendations are summarised at Appendix 1.
- 4.2 High Priority deadlines may only be extended with the Audit Committee's agreement. Only 4 high priority recommendations have been made so far this year, 3 of which are not yet due.
- 4.3 Where there are insurmountable issues making achieving targets impossible then managers needed to bring these issues to the attention of the Chief Executive.

**Contact for more Information:** David Curnow, Deputy Head of Partnership, x4975

**Circulation of the Report:** Management Team and Cllr Peter Hare-Scott

**List of Background Papers:** None

# Appendix 1

Incomplete Audits	Year	Recommendations											
		High			Medium			Low			Total		
		C	N	O	C	N	O	C	N	O	C	N	O
Appraisals & Training	2015	1			13		1	2			16	0	1
Car Park Income	2016				3		2				3	0	2
Cemeteries & Bereavement	2016				5	1					5	1	0
Council Tax/NNDR	2016				5		3				5	0	3
Creditors	2016					1	1				0	1	1
District Offices	2017					2	6	1			1	2	6
Electronic Payments/ Online Forms	2017			1		3					0	3	1
Emergency Planning	2015				3		1			1	3	0	2
Environmental Health	2017					15			1		0	16	0
Housing H&S Management	2017	2			6	1	2				8	1	2
Housing Rents	2016				2		1				2	0	1
ICT Core	2016	1			6			2		1	9	0	1
Income & Cash Collection	2016				4	0	1				4	0	1
Insurance	2015						1				0	0	1
Legal Services	2015				2	1	1				2	1	1
Leisure CVSC	2015				5		1				5	0	1
Leisure EVLC	2016				6		1				6	0	1
Licensing	2016	1			5	1					6	1	0
Main Accounting - Capital	2017										0	0	0
Planning - Enforcement	2017					1	5				0	1	5
Procurement - Contract register	2017				5		2				5	0	2
Recruitment & Selection & JE	2015				6	1		4		1	10	1	1
Safeguarding	2017		1			4					0	5	0
Sickness & Other Time Off	2016				5	2	1				5	2	1
Standby	2016				2		1				2	0	1
Trade Waste	2015				8	2					8	2	0
Treasury	2016							1	1		1	1	0
Vehicles & Fuel	2015	5			4	2	1				9	2	1
		10	1	1	95	37	32	10	2	3	115	40	36

Direction of Travel  
R,A,G



\*

\*

CORE
SYSTEM

C = Completed

60%

N= Not yet due

21%

O= Overdue

19%

Not progressing



Progressing some  
overdue



On Target



\* report just issued