

South Ribble - Audit Reports & Issues 2019/20

Audit Review	Opinion	Issues Arising	Governance Issues	Update
South Ribble				
Absence Management	Adequate	<p>Absence Management Guidance in place providing an effective framework, however, weaknesses in the operation of the framework.</p> <p>Return to Work notifications & RTW Interviews not completed and / or completed in timescales, absence documentation not sent to HR, outcomes of interview process not documented.</p>	<p>Whilst there is an appropriate policy in place, which provides for an effective governance framework, non-compliance with Council Absence Management policy within services signifies weaknesses in the operation of the controls within that framework.</p> <p>The findings are contra to information included in the Service Assurance Statements which state Absence managed appropriately. The non-compliance signifies a weakness in Management Controls.</p> <p>Council can't evidence absences managed effectively; sickness absence data incorrectly recorded; sickness management information and performance reporting inaccurate.</p>	<p>Introduction of new HR system will enable all sickness management to be undertaken on line, however, LT need to ensure that absence documentation is completed, appropriate documents and processes are carried out and sickness is managed effectively.</p>
Ethical Culture Review	Adequate	<p>Adequate framework in place to support an ethical culture within the Council, appropriate training for Members and appropriate policies in place to ensure ethical governance is provided for.</p> <p>Issues identified include: - themes in the Corporate Plan not linked to Service plans, website out of date and up to date information not made available, a number of policies and procedures that contribute to ethical require reviewing and updating, including Financial Regulations, Communications Strategy, Scheme of delegation. Ethical Culture training to Members ad-hoc, however, efforts have been made to provide direction and guidance to Members, requirement to provide similar training .for officers</p>	<p>In general the policies and procedures that provide the framework to ensure officers and members are aware of their responsibilities in regard to maintaining a high standard of ethical culture is in place, however, there are some areas that require improvements in order to ensure that the framework is operating effectively and that the ethical framework is robust.</p>	<p>It has been recognized that a number of policies and procedures require review and updating; it is also recognised that a programme of effective training is required and to that end, a Corporate Governance training portfolio has been agreed with a view to all staff to be trained between September2020 – March2021.</p>
GDPR Compliance	Limited	<p>Framework not fully implemented 20 months after implementation date, some policies / systems of control in place, however, ineffective application of those controls and lack of controls in some areas including:- lack of awareness and ownership of GDPR across Council, incomplete records of processing activity, retention policy not fully agreed and adopted, no formal review of Council contracts to ensure compliance with GDPR, SIRO not appointed and lack of ownership by Senior Management, no defined reporting structure for GDPR matters. Lack of implementation means Council failed to comply with requirements of GDPR and at risk of data breaches, financial penalties and reputational harm.</p> <p>The audit also reviewed compliance with the principles of GDPR, it was identified that systems / processes were operating ineffectively, in that data was not held securely in all cases, a lack of awareness of the principles of GDPR and what to do in the event of a data breach indicates ineffective training and communication; too much reliance placed on DPO who has adopted processes and completed actions that are the responsibility of the Information Asset Owners (Leadership Team). GDPR is not fully embedded throughout the Council, general lack of clarity and awareness evidenced by walk through tests which identified documents with personal details left out on desks overnight / in unlocked areas; Senior</p>	<p>Policies and procedures which form the governance framework relating to GDPR was not fully implemented, therefore the governance framework was ineffective.</p> <p>The audit identified weaknesses and non-compliance in respect of controls operating within those areas where policies / procedures had been implemented, specifically in relation to Management controls as Leadership Team / Information Asset Owners had failed to ensure compliance with those processes / policies implemented; failed to give priority to GDPR and had failed to take responsibility and own the requirements within the GDPR; further the LT members place too much reliance on the DPO and are unaware of what to do if erasure of data / information is requested and processes have not been implemented in their service areas, it is LT responsibility to ensure that the GDPR are taken seriously, appropriate procedures are put in place and ensure staff are aware of their responsibilities, it is the DPO's role to review that this is happening not to implement it.</p> <p>These findings are contra to the answers contained in the Service Assurance Statements.</p>	<p>A number of management actions have been implemented since the review, which improve the robustness of the framework, further work is ongoing to ensure implementation is signed off, GDPR are complied with and the IAO / LT own and take accountability and responsibility for Data Protection in their service areas. New governance arrangements have been implemented and roles and responsibilities have been clarified, a revised group has been established, membership of which is now the IAO / LT; progress on the management action plan is to be regularly reported at the GDPR group and an update will be provided to Governance Committee. Further Internal Audit will undertake a follow up review in 2020/21 to ensure actions are implemented and regulations / principles are being complied with.</p> <p>Training is to be provided to all staff and members, fully completed ROPA adopted and IAO will be made aware of requirement to maintain; Draft retention policy is awaiting approval, IAO to review data they are responsible for on a quarterly basis, contract managers are to review existing contracts for GDPR compliance, electronic document management system to be introduced, work ongoing in respect of move to digital first, commitment to clear desk policy.</p>

		Managers have failed to ensure clear desk policy is maintained, this breaches GDPR security principle.		
Credit Cards	Adequate	<p>Policies, Procedures and Guidance in place, compliance with Financial Procedure Rules, appropriate authorization of expenditure and payments.</p> <p>There are area of weakness within controls operating within the system including cards remaining active for officers who have left the Council, audit trails have not been maintained in respect of new cardholders and changes to credit limits, cards being used by officers other than the cardholder to procure goods, lack of compliance with guidance in some areas; Cards used in circumstances where it is more appropriate to use Creditors, i.e., regular / repeat payments; lack of timely reconciliation and failure to obtain VAT receipts.</p>	<p>Whilst there is a framework in place providing effective governance, there are areas of non-compliance with the framework, therefore the operation of the framework is ineffective.</p> <p>Controls are in place in a number of areas, however, there are weaknesses in a number of areas which means that the operation of controls is ineffective in some areas.</p>	<p>Management actions have been agreed with Finance, it has been agreed that:-</p> <p>audit trails will be maintained relating to request and authorization to issue cards and changes to credit limit and cardholder accounts including deleting leavers; review of guidance and agreements including delegated authority for other officers than the named cardholder to use cards, retention of card usage register / log; further training and guidance to be provided.</p>
Environmental Enforcement –Fixed Penalty Notices	Adequate	<p>There are appropriate policies, procedures and guidance in place in respect of Fixed Penalty notices and areas of good practice including understanding responsibilities, retaining of records, monitoring of outstanding payments and legal recourse and preparation of files for prosecution.</p> <p>Areas of weakness in control were identified in that policies / guidance require reviewing and updating and aligning with current legislation, no formal performance management is in place to provide management with assurance relating to the management of officers or outputs; elements of the charging policy have not been reviewed / approved for some time and the process for ensuring prosecutions can be actioned requires improvement.</p>	<p>Although there are polices / procedures in place to provide a framework for robust governance arrangements, failure to review, update and align with current legislation means that the governance framework is ineffective. Further the weaknesses in controls identified indicate that the controls are operating ineffectively in those areas identified. The audit also identified weakness in management controls in that there is no formal performance management reporting undertaken / evidenced.</p>	<p>Management actions have been agreed, the policy will be updated and aligned to current legislation as appropriate, this should strengthen the governance framework ; a review of Neighbourhood services roles and responsibilities to be undertaken, records to be maintained and a workshop to be set up with relevant officers to establish the requirements to enable successful prosecution; a review of charging policies to be undertaken and presented for approval and policies in regard to payments plans to be agreed; a review of performance management information will also be undertaken.</p>
Environmental Health – Food Safety	Limited	<p>A food safety plan is in place, this sets out demands for the service the potential risks to non-achievement of the required inspections and resources available, it provides a snapshot of the intervention programme and backlog of overdue interventions. A number of areas of weakness in controls where identified including:-</p> <p>Inspections and interventions outlined in the Food Safety plan are not always carried out in line with the outlined timescales; there is little of no performance monitoring evidenced, a backlog of intervention inspections which is ongoing from the FSA inspection in 2017, the lack of measurement and reporting of the intervention programme and the routine use of overtime / additional payments to deal with significant backlogs since 2017, the failure to utilise and update the services computer system (IDOX) and the failure to maintain up to date documents relating to Data Accuracy and Internal Monitoring following changes to individual file monitoring.</p>	<p>Whilst the Food Service plan provides an adequate framework of governance to manage inspections and interventions, including the identified backlog, the outlined timescales are not being complied with in all cases, this weakens the governance framework, making it ineffective, further the continual backlog from the FSA inspection in 2017, which was included in the plan further evidences that the framework is not operating as it should. Further weaknesses in control indicate that the controls are not effective in the areas identified leaving the Council open to significant risk. The audit also identified weakness in management controls as little / no performance management is undertaken / evidenced.</p>	<p>A comprehensive management action plan has been agreed, including an updated service plan, the identification of resource shortfalls, management & monitoring of delivery of the service plan.</p> <p>The backlog of interventions was due to be complete by 31st March 2020, however, this could have been impacted by the COVID-19 crisis.</p> <p>A follow up of the Internal Audit review will be undertaken in 2020/21 by Internal Audit.</p>
Environmental Health – Health & Safety	Adequate	<p>Enforcement Policy in place, up to date and accurate records maintained as required of enforcement activities and sanctions applied when necessary which is relatively rare. A number of areas of weakness in controls have been identified in that:-</p> <p>Enforcement policy not reviewed and updated since January 2015; no proactive programme of inspection relating to H&S inspections of premises and hasn't been for several years; no performance reporting available for review, it is difficult to identify the value the service is providing with little or no</p>	<p>Whilst there is a policy in place to provide a framework of governance, as the policy has not been updated since 2015, there is a risk that the framework is out of date and doesn't align with relevant legislation, therefore the operation of the governance framework is ineffective. Further weakness in control in the areas highlighted determine that controls are not operating effectively in those areas specifically in relation to performance management. The lack of performance reporting / management being evidenced signifies weaknesses in management controls.</p>	<p>A robust management action plan has been agreed including the review of the EH Policy relating to H&S, a proactive work plan based on new HSE national priorities and incorporating local intelligence to be developed and monitoring / reporting of performance against that plan to be undertaken.</p>

		checking / monitoring routines to ensure work is being carried out correctly and consistently.		
Environmental Health – Environmental Protection	Adequate	Enforcement Policy in place, guidance available on Gov.Uk website in respect of Environmental Protection, guidance available to businesses in respect of their obligations, conditions under which permits are granted are recorded and issued in line with relevant legislation. Weaknesses in control identified in regard to:- Enforcement Policy not reviewed and updated since January 2015; IDOX system not utilized for administration of permit inspection plan and the spreadsheet used is not an accurate reflection of the permitting process, a number of inspections were yet to be undertaken resulting in a backlog of inspections due by end of March 202 which could result in non-compliance with DEFRA regs.; Service and performance management is not evidenced / not reported.	Whilst there is a policy in place to provide a framework of governance, as the policy has not been updated since January 2015, there is a risk that the framework is out of date and doesn't align with relevant legislation, therefore the operation of the framework is ineffective. Further weakness in control in specific areas highlight that controls are not operating effectively in those areas. The lack of performance and service monitoring & reporting / management being evidenced signifies weaknesses in management controls.	A management action plan has been agreed including the review of the Enforcement Policy; sample checks / routine management of the work is to be undertaken when enforcement activity is actioned; a review of the system for the issue of permits will be undertaken and open cases to be closed where appropriate. As there was a backlog indicated Internal Audit will carry out a follow up review of this element of the service in 2020/21.
Car Park Management / Enforcement	Limited	Areas of good practice include appropriate off street parking orders in place, appropriate controls in respect of income collection and reconciliation; effective processes for issuing & monitoring PFN's and issue of permits. Weakness identified in respect of:- No planned maintenance & Inspection policy, previous audits have included management actions to address this issue have been agreed and not implemented; no evidence of signed framework agreement and no evidence to demonstrate contract / agreement is properly managed; car park fees not reviewed since 2017 in contravention of Financial Procedure Rules.	The provision of off street parking orders provide an effective governance framework in respect of enforcement procedures relating to charges and FPN. Controls in regard to car park charges and FPN's are generally effective with the exception of the lack of evidence to support the framework agreement and the monitoring of that agreement / contract, this demonstrates controls are ineffective in that area; the Council cannot demonstrate the performance of delivery against the agreed framework agreement. In respect of Car Park maintenance & inspection, the lack of a policy demonstrates ineffective governance arrangements, further controls in that area are ineffective and leave the council at risk of potentially not being able to defend claims.	A management action plan has been agreed which includes the development of a car park inspection policy; off street parking order to be updated to reflect electric vehicles; contract / framework management arrangements will be put in place and performance reported, managed and monitored. A follow up of this review will be undertaken by Internal Audit as part of the 2020/21 Audit Plan.
Tree Inspection & Maintenance	Limited	Controls are operating effectively in respect of suitably qualified and trained staff; accurate information held on each of the Council's trees, works orders promptly and accurately raised. Areas of weakness identified in respect of:- Council does not have a tree inspection and maintenance strategy / policy; shortcomings identified in the systems used to manage date in respect of trees; backlog of outstanding work orders due to category allocated and timescales assigned not aligning, some work orders go back to 2016; budget pressures are an issue due to the lack of correlation between the delivery of service and cost of delivery; increase in trees to be planted by new administration increases risk where no proper inspection regime is in place; issues related to procurement of external contractors and lists of contractors supplied to public; no performance management / reporting in relation to the service.	The lack of a tree inspection and maintenance policy / strategy signifies a lack of the governance framework for the service to operate to, further weakness in control demonstrate that controls are also ineffective in areas relating to tree inspection and maintenance. The risk is likely to increase with the increased tree planting which is a key element of the current administrations corporate plan. The lack of performance management / reporting and the lack of a policy / strategy demonstrates weakness in management controls in those areas.	A management action plan has been agreed which includes:- a formally adopted policy to be implemented Feb 2020; the introduction of a suitable computer system; workload categorized and monitored to ensure future completion dates met, measures introduced to reduce the backlog of work, however, this is hampered by the resource limit (and will be further impacted by CV); in respect of procurement quotes will be sought and evidenced; random auditing of works carried out and discussions will take place in respect of performance management. A follow up review will be undertaken by Internal Audit as part of the 2020/21 Audit Plan.
Performance Management	Limited	Significant issues in relation to the collection, calculation, definition and reporting of performance indicators during 2018/19 and the first quarter of 2019/20. Data collection processes ineffective, no evidence to demonstrate senior officer sign off in respect of accuracy and timeliness, misreporting of performance indicators, lack of compliance with principles of the policy including undertaking an annual review of policies and procedures which was not reviewed since April 2014.	Whilst a policy was in place as it was out of date and changes in operation had been undertaken without amending the policy, the policy was out of date and therefore provided an ineffective governance framework by which to operate. Further significant weaknesses in control demonstrated that the control environment was also ineffective.	A management action plan was implemented and agreed, with input from all Leadership Team. Agreement was sought from Internal Audit relating to implementing new policies and procedures in regard to the collection, calculation monitoring & reporting of Performance indicators, the revised policy and practices are in place and have been operating effectively. A follow up review will be undertaken as part of the 2020/21 Audit Plan, however, involvement from Internal

				Audit in the provision of the revised policy & procedures has provided assurance that significant improvements have already been implemented.
Commercial Properties – Follow Up	Limited	Follow up review due to previous assurance opinion of Limited assurance, management actions not fully implemented relating to the Asset register, revised asset valuations have been undertaken, however, no single record and no evidence to demonstrate all SRBC assets recorded; inconsistent filing and retention of property management records, whilst roles have been appointed, it is only recently so rent reviews and lease renewals have not been completed. Assets have been valued at approx. £2m more than the figure previously included in Insurance renewal quotes.	Failure to reconcile assets against Land Registry records to ensure all assets are accounted for demonstrate a weakness in the governance framework, further lack of and failure of controls in this area indicate that the operation of controls are ineffective, further there are significant risk of financial harm for the Council as rent reviews and lease renewals have not been undertaken on a regular basis and there is no central record of all assets of the Council.	A further management action plan has been put in place and a further follow up review in this area will be undertaken as part of the 2020/21 Audit Plan. Internal Audit will also manage the progress made against this plan on a quarterly basis and report back to Governance Committee.
Shared Services				
Creditors	Limited	There are appropriate Financial Regulations / Procedure Rules in place to provide a robust framework for the system / processes relating to the ordering, receipting and payments for goods and services, the audit reviewed the controls embedded in the key financial system utilised for these processes. A number of significant controls weakness were identified which provide the potential risk of fraud, error and / or allow staff to potentially act beyond their delegated authority in that:- Receipt of goods and payments of invoices that are of significant greater value than the order raised; the failure of officers to review invoice amounts against orders and goods receipted; the overriding of controls relating to allowed spend, in that a number of officers have access to override the set budget limits for goods and services; no monitoring and / or reporting of use of override facility; orders raised after goods / services received and invoiced; incorrect orders; goods / services receipted prior to physical receipt; lack of supervisory review of Admin users log.	The findings constitute significant breaches of the governance framework that is the Council's Financial Procedure Rules, further the weakness in control leave the Council open to risk of fraud, error, officers acting beyond their delegated authority and could result in material misstatement in the accounts, loss of monies to the Council and inaccurate financial recording and reporting. This demonstrates that the operation of controls in those areas reviewed are ineffective. The findings are contra to the answers in the Service Assurance Statements.	Internal Audit will undertake further work in 2020/21 plan to determine the extent of the potential issues for both Councils, this will require substantive testing of all payments against orders to identify the value and number of invoices paid exceeding order values, this is in order to determine if there is potential for material misstatement or not prior to the audit of accounts. Internal Audit will work with the Section 151 Officer to implement appropriate controls and strengthen rules and regulations in the areas required to address the issues identified. Other audit reviews, e.g., budget monitoring / management will identify if any compensatory controls exist in other areas specifically in regard to the review of payments against orders and goods received. SRBC Financial Regulations are to be reviewed, updated and aligned to CIPFA best practice. A series of training sessions are to be provided to all staff relating to Financial Regulations as part of Governance training.
Procurement – Utilities Contract	Limited	There are robust Contract Procedure Rules in place to ensure that provides a robust framework for the procurement of goods and services to the Council. This review specifically reviewed the Procurement of Utilities for South Ribble BC. The procurement exercise breached all Contract Procedure Rules, rules in respect of Key Decisions, management and reporting rules in respect of responsibilities of Cabinet and rules in respect of legislative requirements both internal to the Council and external in that EU procurement rules were also breached. It was also identified that there the member of staff responsible was new to the Officer role and was not aware of CPR's / Financial Regulation and had not been provided with any training / instruction or support. The procurement exercise that was undertaken is flawed and does not evidence / demonstrate that the Council has achieved best value in regards to the procurement of utilities.	The complete failure of adherence to the governance framework in place demonstrates ineffective governance, the lack of controls does not demonstrate / evidence best value has been achieved. The failure to comply with EU rules and the rules / regulations of the Council leaves the Council open to significant financial, reputational and legislative damage / harm. The operation of controls in relation to Procurement, Decision making and Legal process have not operated effectively in relation to this procurement exercise. The lack of training / support and induction to the new role for the officer demonstrates significant failure in management controls in that area, this has been recognised in the Service Assurance Statement.	A further review of other procurement exercises is to be undertaken by Internal Audit as part of the 2020/21 Audit Plan, a review of high value expenditure against suppliers is in the process of being undertaken to ascertain if there are any other issues relating to breaches of CPR's and Council decision making as part of the 2020/21 Audit Plan. The report relating to the Utilities Contract will be presented to the Director, S151 Officer, Interim Chief Executive, Deputy Chief Executive and Governance Committee. A series of training sessions in relation to Contract Procedure Rules has commenced initially with relevant staff, i.e., those who undertake procurement exercises, this will be extended to all staff as part of the Governance training.