Appendix C

Final

Internal Audit Report

**Review of Neighbourhood Records**

2020/2021

Audit Assurance: Limited

Auditor: Struan Jackson

Date Issued: 10th September 2021

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|  | **Reason for the Audit & Scope** |
| 1 | Reliable and up to date information helps the Council support effective decisions and can help drive efficient working practices throughout the organisation. Neighbourhood Services maintain a core database for their Grounds Maintenance and Streetscene Services which encompasses records for play equipment inspections and maintenance; parks inspections and maintenance; environmental enforcement; street cleansing; the installation and maintenance of street furniture and signage; work scheduling and details of important ad hoc jobs that are in progress/completed.  It is essential that the information held within the database is well maintained, up to date and supported with accurate records to aid with efficiencies and improve customer satisfaction with the Council’s outdoor spaces.  The review is included in the 2021/22 Annual Audit Plan approved by the Governance Committee on the 23rd March 2021. |

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|  | **Audit Objectives** |
| 2 | The overall objective of the audit was to provide an opinion of the adequacy, application and reliability of the key internal controls put in place by management to ensure that the identified risks are being sufficiently managed: The risks included in this review were:   * Security of records; * Accuracy and completeness of data; * Database is unable to encompass all required data/tasks; * Unauthorised amendment to records; * Potential for the loss of data. |
| 3 | The audit also assessed the effectiveness of the various other sources of assurances using the three lines of defence methodology. |

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|  | **Audit Assurance** |
| 4 | The Head of Internal Audit is required to provide the Governance Committee with an annual audit opinion on the effectiveness of the overall control environment operating within the Council and to facilitate this each individual audit is awarded a controls assurance rating. This is based upon the work undertaken during the review and considers the reliance we can place on the other sources of assurance. |
| 5 | To manage, control and direct workload, Neighbourhood Services utilise a series of Microsoft Access databases incorporating:   * Grounds Maintenance; * Streetscene Services and * Health & Safety.   These were developed in house by an officer who ceased his employment with the Council early 2021. This system is currently unsupported as no training or procedural guidance has been provided for other officers and ICT Service does not support the use of Microsoft Access databases. Officers within Neighbourhood Services do not contain sufficient knowledge in order to be able to undertake administrative responsibilities to the system.  We are unable to confirm the accuracy of the data held within the databases due to the following reasons:   * Whilst the standing data of known council assets, property records and maintenance schedules are extremely detailed, no amendments have been made since the departure of the officer in early 2021; * Whilst we were able to undertake some testing, this was limited due to lack of source data to support the standing data; * Officers using the databases have highlighted inconsistencies in the data and have to undertake additional tasks to verify land ownership etc. * Supervisor checks, which were a key control in maintaining the accuracy of the data, ceased at the start of the Covid pandemic and to date have not yet resumed. These checks highlighted changes required to the standing data; * Without re-programming the database, it is not possible to identify outstanding supervisor checks. Officers are not sufficiently knowledgeable about the system to perform this task.   As a result of the databases not fully reflecting the council’s assets, additional Microsoft Excel spreadsheets have been developed in order to direct and control the current workload. This presents additional risks of error, duplication and inefficiencies within the system.  The lack of accurate data will also impact upon the Councils GIS system as this records the precise location of council assets.  Access to the system is unrestricted. Any officer who can access Neighbourhood Services K drive can add, delete or amend records without trace as the system also does not incorporate a comprehensive audit trail to monitor activity.  The databases are non-compliant with the requirements of GDPR as it contains over 2400 customer contact details ranging back to 2003 and does not have a recognised asset owner.  Due to the significant risks to the system and council data, a **Limited** assurance rating has been awarded for this review  **Control Rating Key**  **Full –** the Authority can place complete reliance on the controls. No control weaknesses exist.  **Substantial** - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.  **Adequate** - the Authority can place only partial reliance on the controls. Some control issues need to be resolved.  **Limited** - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist |

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| **Risk and Controls** | **Control Evaluation** |
| **Risk 1 - Records are not secure** | See Appendix B Management Action Plan |
| Access permissions to the databases and supporting records are restricted to appropriate officers only. |
| Defined levels of access to the database have been established preventing unauthorised access. |
| An Information Access Owner has been clearly designated for the database and supporting records. |
| Records of access permissions are maintained by the Information Asset Owner. |
| **Risk 2 - Database is unable to encompass all required data/tasks** |
| All relevant workflow data is captured by database. |
| Duplication of records & tasks is clearly prevented. |
| The database holds only essential data. |
| The database is accurately updated preventing unauthorised amendment and deletion of data |
| **Risk 3 - Data held is not accurate** |
| Procedural guidance is in place to ensure officers are suitably trained on the use of the database and are aware of its requirements. |
| Records are regularly updated and maintained: |
| * Standing / Core Data. |
| * Maintenance Records. |
| Information held is accurate and complete. |
| Ad hoc data quality checks are undertaken. |
| Information held complies with the Council’s data retention requirements. |
| **Risk 4 - Unauthorised amendment to records**. |
| Amendments & deletions to records is completed by authorised officers. |
| Officer access levels to amendments & deletions have been clearly defined. |
| Supervisory checks of inputted & exported data are completed. |
| An audit trail of amendments is maintained. |
| **Risk 5 - Loss of data.** |
| Clear procedures are in place to ensure integrity of data. |
| Information is correctly & appropriately deleted. |
| Ad hoc checks of data integrity are undertaken. |
| Data is fully backed up and can be restored in the event of a system failure. |

\*Additional risks and controls identified by Internal Audit to be added to GRACE

Appendix A

**AUDIT ASSURANCE**

**Three Lines of Defence**

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| **Audit Area** | **1st Line** | **2nd Line** | **3rd Line** | **Internal Audit opinion** |
| Neighbourhood Services | Senior Officers | Information Services | Internal Audit | Due to concerns raised by officers we are unable to place any reliance on either the first or second line of defence. |

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| **Risks Examined** | **Full** | **Substantial** | **Adequate** | **Limited** |
| **Risk 1 - Records are not secure** |  |  |  | ✓ |
| **Risk 2 - Database is unable to encompass all required data/tasks** |  |  |  | ✓ |
| **Risk 3 - Data held is not accurate** |  |  |  | ✓ |
| **Risk 4 - Unauthorised amendment to records** |  |  |  | ✓ |
| **Risk 5 - Loss of data.** |  |  |  | ✓ |
| **OVERALL AUDIT OPINION** |  |  |  | ✓ |

Appendix B

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| **MANAGEMENT ACTION PLAN** |

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| **NO.** | **FINDING** | **AGREED**  **ACTION** | **OFFICER**  **& DATE** |
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| 1 | Our work has confirmed that the current database in operation has a number of significant system weaknesses.  It is our understanding that alternative solutions to the use of the data base are currently being explored, which would eliminate the control weaknesses identified.  Failure to implement an alternative approach leaves the council exposed to the risks identified in this report. | There are plans to implement an alternative solution currently being implemented by Chorley Council. This is due to be fully mobilised by March 2022. The benefits of this solution are significant will ensure a central database is established to record asset related information and work schedules.  It is prudent to only implement this system once it is fully live at Chorley Council.  Implementation at South Ribble can be undertaken during April – June 2022. | Director Customer and Digital  June 2022 |
| 2 | Our work highlighted that we could not place reliance upon the accuracy of the data held within the current database. As a result, alternative solutions are being introduced to direct and control the workload of Neighbourhood Services. | In preparation for the implementation of the replacement IT system during Q1 2022 (as indicated above) a programme of work will be agreed to ensure a full and comprehensive review of all existing data assets. This is will then ensure accurate assets maintenance schedules and performance data.  Asset data validation will be a project for the newly appointed Neighbourhoods Manger once recruitment is undertaken over the coming weeks.  This work is intended to be completed by March 2022 in preparation for data migration to the new system. | Director Customer and Digital  March 2022 |