

Annual report on Internal Audit Activity

2017-2018



Audit and Standards Committee
26 July 2018

Agenda Item 8
Appendix 1

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(1) Introduction

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that ‘a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance’.

The standards define the way in which the Internal Audit Service should be established and undertakes its functions. The Council’s Internal Audit Service is provided by Audit Risk Assurance (ARA) under a Shared Service agreement between Stroud District Council, Gloucester City Council and Gloucestershire County Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee. The standards also require that an independent and objective opinion is given on the overall adequacy and effectiveness of the control environment, comprising risk management, control and governance, from the work undertaken by the Internal Audit Service.

The Shared Service Internal Audit function conforms to the International Standards for the Professional Practice of Internal Auditing.

(2) Responsibilities

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and challenge, advising the organisation that satisfactory arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council’s Code of Corporate Governance and its Annual Governance Statement.

(3) Purpose of this Report

One of the key requirements of the PSIAS is that the Chief Internal Auditor should provide an annual report to those charged with governance, to support the Annual Governance Statement. The content of the report is prescribed by the PSIAS which specifically requires Internal Audit to:

- Provide an opinion on the overall adequacy and effectiveness of the organisation's internal control environment and disclose any qualifications to that opinion, together with the reasons for the qualification;
- Compare the actual work undertaken with the planned work, and present a summary of the audit activity undertaken from which the opinion was derived, drawing attention to any issues of particular relevance;
- Summarise the performance of the Internal Audit function against its performance measures and targets; and
- Comment on compliance with the PSIAS.

When considering this report, the Committee may also wish to have regard to the quarterly interim Internal Audit progress reports presented to the Committee during 2017/18 and the reports on Risk Management Activity.

(4) Chief Internal Auditor's Opinion on the Council's Internal Control Environment

In providing my opinion it should be noted that assurance can never be absolute. The most that Internal Audit can provide is a reasonable assurance that there are no major weaknesses in risk management arrangements, control processes and governance. The matters raised in this report and our quarterly monitoring reports, are only those that were identified during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that may exist or represent all of the improvements required.

Chief Internal Auditor's Opinion

I am satisfied that, based on the internal audit activity undertaken during 2017/18 and management's actions taken in response to that activity, enhanced by the work of other external review agencies, sufficient evidence is available to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of Stroud District Council's overall internal control environment.

In my opinion, for the 12 months ended 31 March 2018, Stroud District Council has, with the exception of the matters relating to the ICT service as detailed within the Society for IT Practitioners in the Public Sector (Socitm) review, a **satisfactory** overall control environment, to enable the achievement of the Council's outcomes and objectives.

This opinion will feed into the Annual Governance Statement which will be published alongside the Annual Statement of Accounts.

(4a) Scope of the Internal Audit Opinion

In arriving at my opinion, I have taken into account:

- The results of all internal audit activity undertaken during the year ended 31st March 2018 and whether our high and medium priority recommendations have been accepted by management and, if not, the consequent risk;
- The effects of any material changes in the organisation's risk profile, objectives or activities;
- Matters arising from internal audit quarterly progress reports or other assurance providers to the Audit and Standards Committee;
- Whether or not any limitations have been placed on the scope of internal audit activity; and
- Whether there have been any resource constraints imposed on internal audit which may have impacted on our ability to meet the full internal audit needs of the organisation.

(4b) Limitations to the scope of our activity

There have been no limitations to the scope of our activity or resource constraints imposed on internal audit which have impacted on our ability to meet the full internal audit needs of the Council. Whilst the core Internal Audit service is provided by ARA during 2017/18, the Chief Internal Auditor has:

- Commissioned external specialist ICT audit via Warwickshire County Council's Internal Audit Framework Agreement;
- Set up joint working arrangements in relation to Internal Audit and Risk Management with the Chief Internal Auditor at Warwickshire and Worcestershire County Council and Stratford District Council;
- Arrangements in place with Gloucestershire NHS Counter Fraud Service to provide support with investigations; and
- An agreement in place with Gloucestershire's Counter Fraud Unit to provide counter fraud support.

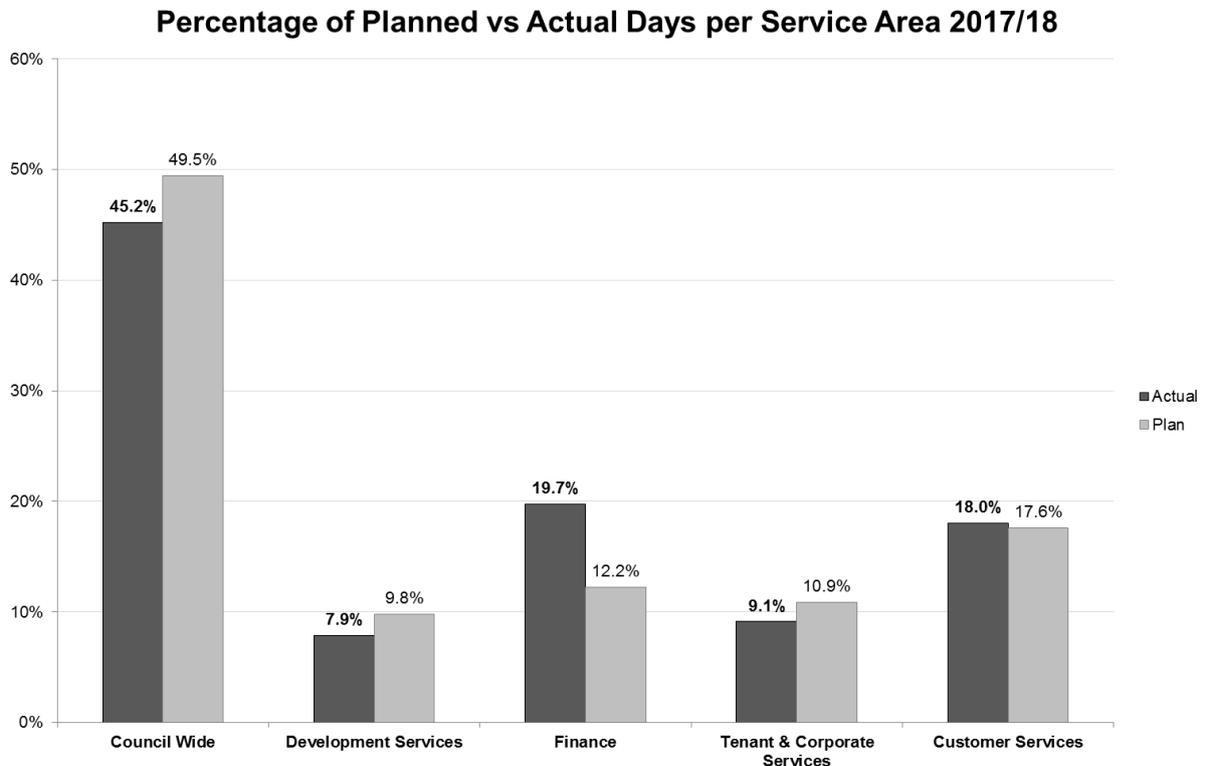
(5) Summary of Internal Audit Activity undertaken compared to that planned

The underlying principle to the 2017/18 plan is risk and as such, audit resources were directed to areas which represented ‘in year risk’. Variations to the plan are required if the plan is to adequately reflect the ongoing changing risk profile of the Council.

Since the original risk based plan was approved in April 2017 by the Audit and Standards Committee, a number of additional audit and consultancy activities have proved necessary and some of the original planned audits have been deferred into the 2018/19 Internal Audit Plan (based on appropriate client request and to ensure the audit adds value). Plan changes are detailed in **Appendix 2** (the Summary Activity Progress Report 2017/18).

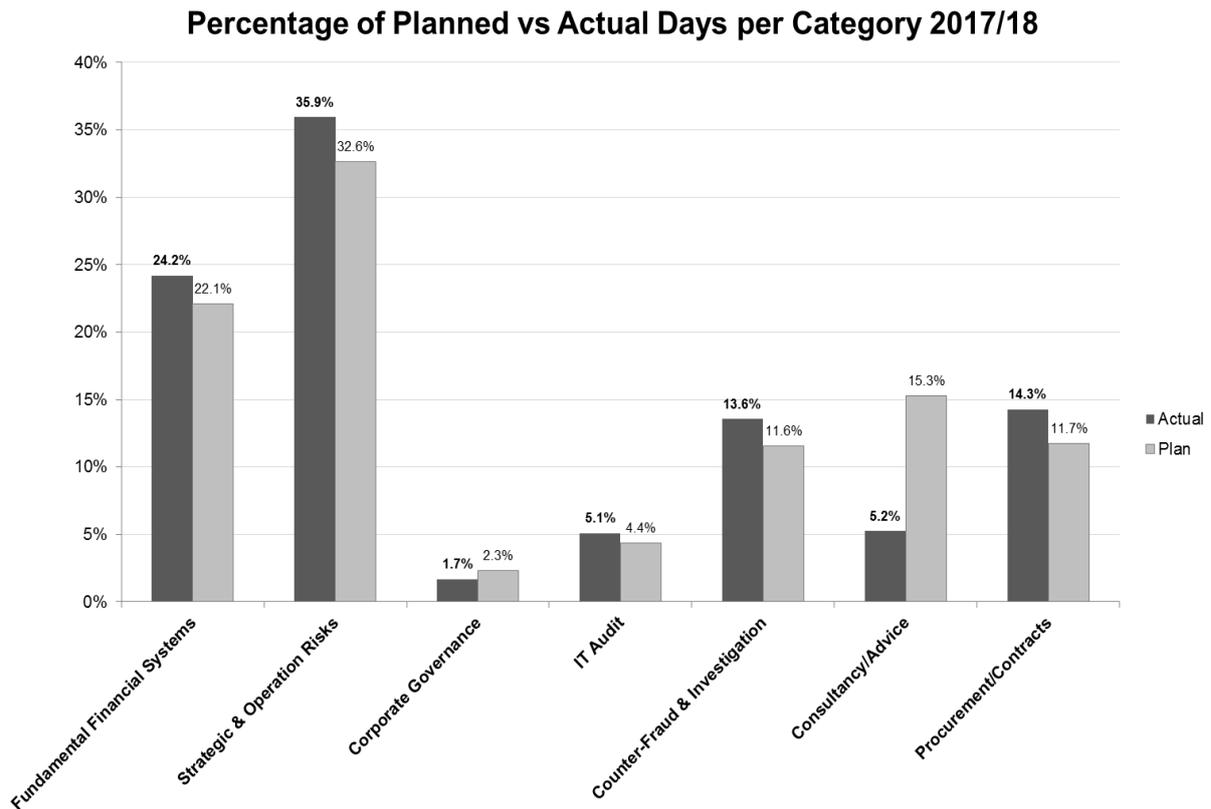
The net effect is that although the work undertaken was slightly different to that originally planned we are able to report that we achieved **96%** of the overall revised plan 2017/18, against a target of 85%.

The bar charts below summarise the percentages of planned audits per service area (i.e. Development Services, Finance, Tenant and Corporate Services, Customer Services, etc.) and category of activity (i.e. fundamental financial systems, corporate governance etc.) compared with the percentage of actual audits completed.



Example rationale for the variance between 2017/18 planned and actual days per service area include (but are not exclusive to):

- New activity requests: e.g. Subscription Rooms (Financial Reporting); and Equality and Rural Analysis (ERA) – Garden and Bulky Waste; and
- Audit activity where actual days were in excess of those originally budgeted, due to the findings and outcomes of the audit work e.g. The Pulse, Capital Programme and Local Government Pension Scheme.



In addition to the above, example rationale for the variance between 2017/18 planned and actual days per category include (but are not exclusive to):

- New activity requests e.g. Critical ICT systems back up arrangements;
- Client request / updated risk assessments resulted in audit deferrals into the 2018/19 Plan e.g. Homelessness; and
- Audit activity where actual days were in excess of those originally budgeted, due to the findings and outcomes of the audit work e.g. The Pulse, Post Project Reviews, Multi Services Contract and potential fraud / irregularity referrals.

(6) Summary of Internal Audit Activity undertaken which informed our opinion

The schedule provided at **Attachment 1** within this report provides the summary of 2017/18 audits which have not previously been reported to the Audit and Standards Committee.

The schedule provided at **Appendix 2** contains a list of all of the audit activity undertaken during 2017/18, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Standards Committee. Explanations of the meaning of these opinions are shown below.

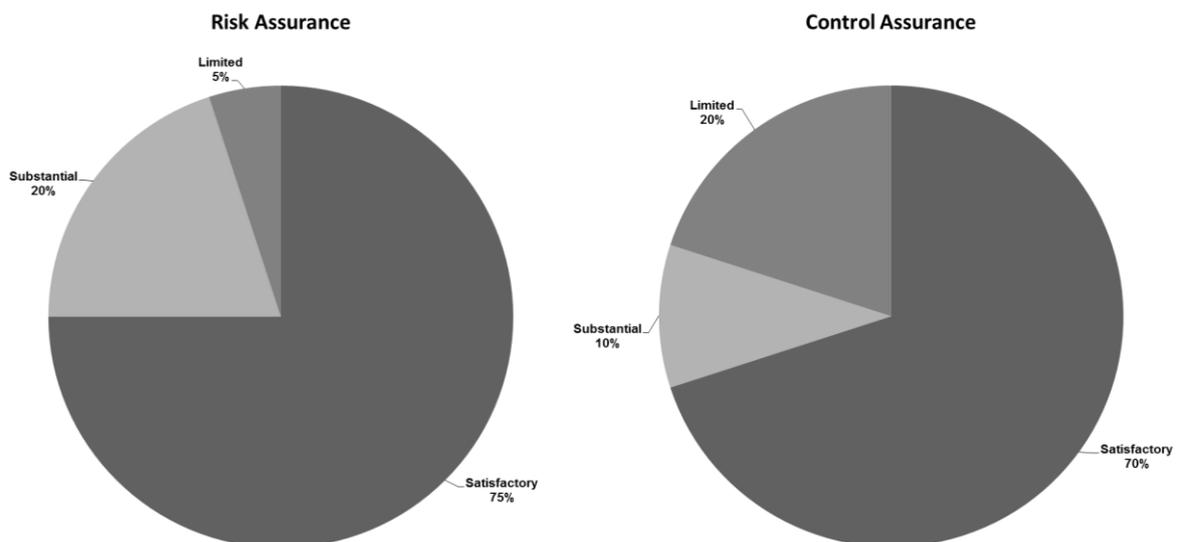
Appendix 3 confirms the audit coverage and outcomes from the BACS Direct Debit review 2018/19. Due to this review being part of the 2018/19 Internal Audit Plan, the results are not included within Appendix 2 or the 2017/18 audit statistics quoted within this report.

Assurance levels	Risk Identification Maturity	Control Environment
Substantial	<p>Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Corporate Risk Management Strategy.</p>	<ul style="list-style-type: none"> • System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved • Control Application – Controls are applied continuously or with minor lapses
Satisfactory	<p>Risk Aware Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Corporate Risk Management Strategy.</p>	<ul style="list-style-type: none"> • System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger • Control Application – Controls are applied but with some lapses
Limited	<p>Risk Naïve Due to an absence of accurately and regularly reporting and monitoring of the key risks in line with the Corporate Risk Management Strategy, the service area has not demonstrated an adequate awareness of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, client/customer/partners and staff.</p>	<ul style="list-style-type: none"> • System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls • Control Application – Significant breakdown in the application of control

(6a) Internal Audit Assurance Opinions on Risk and Control

The pie charts provided below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited. ARA can report that the Council is showing that **80%** of the activities reviewed have received a **substantial (10%)** or **satisfactory (70%)** opinion on control. Whilst **20%** of the opinions on control are limited, this may be related to transformational change, continued focusing of our activity on the key risks of the Council and specific requests from Directors, who are asking for areas to be reviewed where issues have arisen or where independent assurance is required.

Risk and Control Opinions 2017/18



(6b) Limited Control Assurance Opinions

Where audit activity records that a limited assurance opinion on control has been provided, the Audit and Standards Committee may request Senior Management attendance to the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

(6c) Audit Activity where a Limited Assurance Opinion has been provided on Control

During 2017/18, four limited opinions on control were provided. These related to:

Audited Service Area	Date reported to Audit and Standards Committee
Local Government Pension Scheme (LGPS) Regulations 2014	12 th September 2017
Capital Programme	10 th April 2018
Post Project Reviews	10 th April 2018
The Pulse Dursley	10 th April 2018

(6d) Satisfactory Control Assurance Opinions

Where audit activity records that a satisfactory assurance opinion on control has been provided where recommendations have been made to reflect some improvements in control, the Audit and Standards Committee and Corporate Team can take assurance that improvement actions have been agreed with management to address these.

(6e) Internal Audit recommendations made to enhance the control environment

Year	Total No. of high priority recs.	% of high priority recs. accepted by management	Total No. of medium priority recs.	% of medium priority recs. accepted by management	Total No. of recs. made
2016/17	24	100%	67	100%	91
2017/18	33	*95%	63	100%	96

*Two of the three recommendations made within the Post Project Review audit were not accepted by management, as they were deemed to be within their risk appetite.

The Audit and Standards Committee and Corporate Team can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

(6f) Risk Assurance Opinions

There was one audit where a limited assurance opinion was given on risk during 2017/18 which related to:

Audited Service Area	Date reported to Audit and Standards Committee
Capital Programme	10 th April 2018

Where limited assurance opinions on risk are provided, the relevant risk management lead officers within the Council are made aware, to ensure that the risks highlighted by Internal Audit are placed on the relevant risk registers. The monitoring of the implementation of the recommendations is then owned by the relevant manager and helps to further embed risk management into the day to day management, risk monitoring and reporting processes.

(6g) Internal Audit’s Review of Risk Management

During 2017/18, **95%** of the audited areas rated the effectiveness of risk management arrangements as **substantial (20%) or satisfactory (75%)** with **5%** obtaining a limited assurance opinion. This evidences that risk management continues to be further embedded into the Council’s business activities.

The assurance statements obtained from all Directors and Service Managers across the Council (when formulating the Annual Governance Statement), provided reasonable assurance that management apply the Council’s Risk Management Strategy and principles within their service areas.

However, the annual review of the governance arrangements operating within the Council has identified an action for the Audit and Standards Committee to continue to monitor and challenge key risk controls identified. This action has been included within the Council’s Annual Governance statement 2017/18.

(6h) Stroud District Council's Corporate Governance Arrangements

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement. The Annual Governance Statement is signed by the Leader, Chief Executive and the Chief Financial Officer and must accompany the Annual Statement of Accounts.

In April 2016, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authorities Chief Executives (SOLACE) published 'Delivering Good Governance in Local Government: Framework 2016' and this applies to annual governance statements prepared for the 2017/18 financial year. Guidance notes were also published to assist Council Leaders and Chief Executives in reviewing and testing their governance arrangements against the seven principles for good governance.

The key focus of the framework is on sustainability – economic, social and environmental and the need to focus on the longer term and the impact actions may have on future generations. Internal Audit therefore:

- Reviewed the existing governance arrangements against the principles set out in the Framework;
- Developed and implemented a refreshed local Code of Corporate Governance, based on the new principles and guidance, including an assurance framework for ensuring ongoing effectiveness; and
- Will report publically, via the Annual Governance Statement on compliance with the code on an annual basis, how the council has monitored the effectiveness of the governance arrangements operating in the year and on planned improvement areas.

The key 2017/18 governance matters identified related to: Future Financial Stability, Capital Programme Management, Risk Management Framework, ICT Strategy and Infrastructure, ICT Back Up and Disaster Recovery Arrangements, Multi Services Contract, and the Procurement Action Plan.

The actions to be taken to address the above can be found within the Council's Annual Governance Statement 2017/18.

(7) Summary of additional Internal Audit Activity

(7a) Special Investigations/Counter Fraud Activities

During 2017/18 (1st April 2017 to 31st March 2018) six potential irregularities were referred to Internal Audit (IA), plus one case continued to be investigated from 2016/17. All cases referred to IA were investigated (some in collaboration with relevant officers within the Council) and six have now been finalised. The areas investigated occurred within tenancy services, benefits, customer services, financial reporting and cash handling. Of the six completed cases one resulted in the recovery of a Stroud District Council property, although eventually this was due to a non payment of rent rather than as a result of the investigation. One investigation looked at an equality issue in respect of access to services, which showed some ambiguity in how access was to be achieved. One further case was referred to the DWP as the allegation related to non-council benefit fraud, another case involving whether or not an individual had deliberately made themselves homeless could not be proven, and recommendations were made to management in the remaining two cases, to improve and strengthen the control environment and accuracy of financial reporting.

The Counter Fraud Unit (CFU) has been engaged through ARA in 2017/18 to undertake work on behalf of the Council. All counter fraud activity undertaken by the CFU has been agreed with the relevant Service Managers, S151 Officer and overseen by the Chief Internal Auditor.

As a result of a piece of bespoke counter fraud work on the Right to Buy applications (RTB), the CFU has worked on eight cases involving potentially fraudulent cases, plus one case already known to Internal Audit. The outcomes of the investigations will be reported to the Audit and Standards Committee once they have been completed.

In addition, a piece of work was undertaken by the CFU in respect of the housing list whereby 120 applications were reviewed. 17 applications raised queries and were flagged for more urgent attention. The queries ranged from 'already housed' or contradictory information held on the Revenues and Benefits system, to queries with the grounds for the housing need and whether it is genuine and correctly assessed as 'Gold' priority. A further 32 applications showed minor queries/anomalies. All findings were reported back to the relevant managers.

In respect of any outstanding investigations Internal Audit continues to work with relevant officers within the Council and the investigation outcome will be provided to the Audit and Standards Committee once concluded.

IA also continued to be involved in following up a previously reported Housing Revenue Account (HRA) reporting issue in 2017/18.

Any fraud alerts received by Internal Audit from the National Anti Fraud Network (NAFN) are passed onto the relevant service area within the Council, to alert staff to the potential fraud.

Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policies

The Council is committed to the detection of fraud and has a responsibility to ensure that Housing Benefit and Council Tax Support are paid correctly (Council Tax Support is also referred to as the Council Tax Reduction Scheme or Local Council Tax Support Scheme). Penalty and prosecution policies were developed within 2017/18 and approved by the Strategy and Resources Committee on 12th April 2018. These policies set out the Council's approach to prosecution or sanctions in cases of fraud or misinformation in respect of Council Tax Support, Council Tax and Housing Benefit.

Fraud Risk Assessment / Risk Register

A fraud risk register is used to assist in the formation of the annual Internal Audit plan.

Counter Fraud Training

During 2017/18 both ARA and the CFU have provided counter fraud training within the Council.

National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections were collected throughout October 2016 and generating reports containing data set matches for follow-up action. Examples of data sets includes housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area.

Work to review the NFI Council Tax Reduction Scheme (CTRS) matches was commissioned by ARA through the CFU during 2017/18 although not all work has been completed to date. The outcomes of the review will be provided to the Audit and Standards Committee once complete. However, one match has already identified a potential over claim of Council Tax subsidy. Again, outcomes of the investigation will be provided on completion. A further three cases investigated showed no issues.

Two other RTB cases identified through NFI were also reviewed by the CFU. In one of the cases the RTB did not progress and in the other case, although the RTB application was appropriate, issues were identified which were referred to the DWP in relation to pension credit.

In addition, an annual data matching exercise is undertaken to match the electoral register data to single person discount data held within the Council. Once all relevant data has been uploaded onto the NFI portal, a data match report is instantly produced and available for analysis. This latest report is still being reviewed. The outcomes of this will be provided to the Audit and Standards Committee

Monitoring and Review

The Audit and Standards Committee can also take assurance that all special investigations/counter fraud activities are reported to the Chief Executive, Monitoring Officer and Chief Financial Officer.

Anti Fraud and Corruption Policy Statement and Strategy

Effective governance requires the Council to promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour. To enable this, the Fighting Fraud and Corruption Locally 2016–2019 Strategy has been developed by local authorities and counter fraud experts and supported by the CIPFA Counter Fraud Centre. It is the definitive guide for council leaders, chief executives, finance directors and all those with governance responsibilities. The strategy includes practical steps for fighting fraud, shares best practice and brings clarity to the changing anti-fraud and corruption landscape.

The Chief Internal Auditor has undertaken a self-assessment against the guidance to measure the Council's counter fraud and corruption culture and response and as such, a revised Anti Fraud and Corruption Policy Statement and Strategy, Anti Bribery Policy and Anti Money Laundering Policy 2017-2019 was developed and subsequently approved by the Audit and Standards Committee on 11th April 2017.

As part of the counter fraud awareness communications plan, in June 2017 Internal Audit presented and promoted the revised Policies and Strategy to staff at the Proud of Stroud sessions.

Serious and Organised Crime Strategic partnership led by Gloucestershire Police

The Chief Internal Auditor is a member of the Serious and Organised Crime Strategic Partnership (SOCSP) to discuss the local multi agency approach to tackling crime/fraud.

There is a clear direction from central government that a 'whole government approach' is required, with the co-ordination of the Police, statutory partners and the community and voluntary sector. It is the intention that this partnership is to set the context of Serious and Organised Crime within Gloucestershire and then mobilise the network of local partners to work together with a strong emphasis on a preventative, early intervention approach.

(7b) Local Government Transparency Code 2015

Introduction

This Code is issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services.

Transparency is the foundation of local accountability and the key that gives people the tools and information they need to enable them to play a bigger role in society. The availability of data can also open new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets.

Detecting and preventing fraud (taken from Annex B of code)

Tackling fraud is an integral part of ensuring that tax-payers money is used to protect resources for frontline services. The cost of fraud to local government is estimated at £2.1 billion a year. This is money that can be better used to support the delivery of front line services and make savings for local tax payers.

A culture of transparency should strengthen counter-fraud controls. The Code makes it clear that fraud can thrive where decisions are not open to scrutiny and details of spending, contracts and service provision are hidden from view. Greater transparency, and the provisions in this Code, can help combat fraud.

Local authorities must annually publish the following information about their counter fraud work ¹ (as detailed for Stroud District Council) in the table below:

¹ *(The definition of fraud is as set out by the Audit Commission in Protecting the Public Purse).*

Council wide fraud and irregularity activity relating to 2017/18 including Internal Audit activity

Question	Stroud District Council Response
Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.	2 (1 currently pending/under investigation)
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.	0.45 FTE for ARA/CFU plus SDC staff employed in housing and tenancy services involved in investigations which cannot be quantified.
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.	The Council has access to 1.8 FTE fraud investigators plus qualified staff within the Counter Fraud Unit (CFU), as part of the Internal Audit shared service arrangement.
Total amount spent by the authority on the investigation and prosecution of fraud.	Approximately £14,069 in staff time from ARA/CFU. Staff costs employed by SDC unknown
Total number of fraud cases investigated by ARA and the CFU.	11

In addition to the above, it is recommended that local authorities should go further than the minimum publication requirements set out above (as detailed for Stroud District Council) in the table below.

Question	Stroud District Council Response
Total number of cases of irregularity investigated.	8
Total number of occasions on which a) fraud and b) irregularity was identified.	(a) 1 (10 ongoing) (b) 2 + 2 referred to DWP.
Total monetary value of a) the fraud and b) the irregularity that was detected.	(a) Estimated £12,000 (£7k based on cost of providing temporary accommodation for a year). Excluding ongoing cases where value is currently not known. (b) None
Total monetary value of a) the fraud and b) the irregularity that was recovered	(a) Estimated £12,000 (£7k based on cost of providing temporary accommodation for a year) (b) none

Full details about the code and its requirements can be found at:

<https://www.gov.uk/government/publications/local-government-transparency-code-2015>

(8) Internal Audit Effectiveness

The Accounts and Audit Regulations 2015 require ‘*a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*’. This process is also part of the wider annual review of the effectiveness of the internal control system, and significantly contributes towards the overall controls assurance gathering processes and ultimately the publication of the Annual Governance Statement.

The Accounts and Audit Regulations 2015 also state that internal audit should conform to the Public Sector Internal Audit Standards (PSIAS) 2017.

Public Sector Internal Audit Standards (PSIAS)

These standards have four key objectives:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

The Internal Audit Charter and Code of Ethics reflect the requirements of the standards.

External Assessment of the effectiveness of Internal Audit

The last External Quality Assessment (an independent assessment of the effectiveness of an internal audit function which should take place at least every five years) was completed within 2015/16 of the Gloucestershire County Council internal audit service.

The review was undertaken during May 2015 by the Chartered Institute of Internal Auditors and included a review of the team's conformance to the International Professional Practice Framework (IPPF) as reflected in the PSIAS, benchmarking the function's activities against best practice and assessing the impact of internal audit on the organisation.

There are 56 fundamental principles to achieve with more than 150 points of recommended practice in the IPPF. The independent assessment identified 100% conformance.

The Chartered Institute of Internal Auditors stated: *'It is our view that (the Council's) internal audit function conforms to all 56 principles. This is excellent performance given the breadth of the IPPF and the challenges facing the function'*.

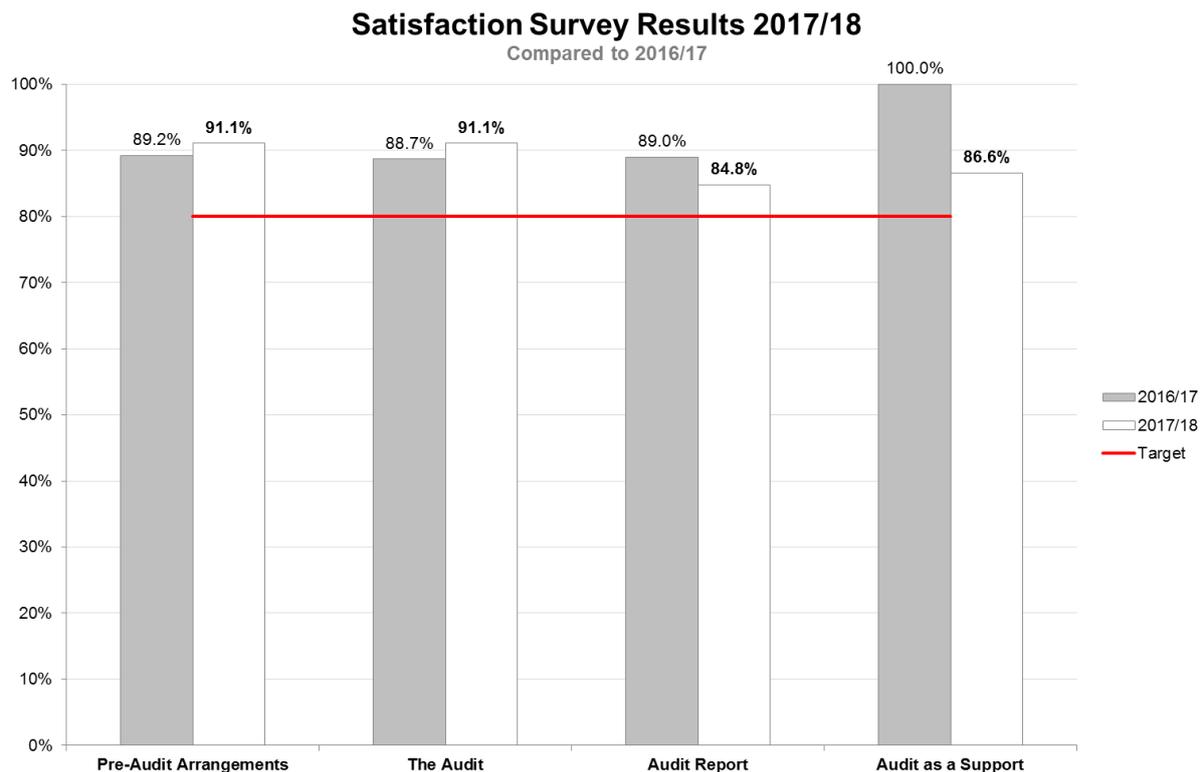
The internal audit shared service applies consistent systems and processes, which supports compliance across the Audit Risk Assurance Shared Service partners.

During 2017/18 the Chief Internal Auditor assessed Internal Audit’s performance against the Internal Audit’s Quality Assurance and Improvement Programme (QAIP) as required by the PSIAS. The QAIP confirmed compliance against the PSIAS and highlighted opportunities for further service improvement.

Internal Assessment - Customer Satisfaction Survey results 2017/18

At the close of each audit review a customer satisfaction questionnaire is sent out to the Strategic Head, Service Manager or nominated officer. The aim of the questionnaire is to gauge satisfaction of the service provided such as timeliness, quality and professionalism. Customers are asked to rate the service between excellent, good, fair and poor.

A target of 80% was set where overall, audit was assessed as good or better. The latest results as summarised below, shows that the target has been exceeded, with the score of **86.6%** reflecting Internal Audit as being a positive support to their service.



In addition, the following positive comments have been received from our customers:

- *‘The timing of the audit was appreciated as it was scheduled for when the service was relatively new. As we are still in the learning phase of implementation, this should make it easier to embed the audit recommendations’.*

- *'The main area was the time the auditor spent putting together the reconciliation process and training the team members to prepare the reconciliation each month. The auditor has continued to support as this has been a difficult task due to the number of mistakes made this year. Without this support on this element we would not have been able to meet the criteria for reconciliation'.*
- *'The final report was as discussed in earlier feedback meetings. There were no surprises'.*
- *'Minimum disruption to work. Positive recommendations that should help improve performance'.*
- *'We seem to be in a much better place with Audit and have developed good relationships with the officers. The audits are more relevant to the service rather than going over the same old audit year on year'.*
- *'Highlighting actions for consideration that were beneficial to the overall project management of the scheme i.e. formalising the terms of reference for the Project Board and reviewing the format of the risk register'.*
- *'The auditor talked us through the process, kept us up to date with her thoughts as the audit progressed and ran through the report prior to it being issued. The auditor was supportive throughout the process'.*

Lessons Learned from customer feedback and actions taken by Internal Audit

The Chief Internal Auditor reviews all client feedback survey forms and where a less than good rating has been provided by the client, a discussion is held with both the relevant auditor and the manager to establish the rationale behind the rating and where appropriate actions are agreed and taken to address any issues highlighted.

The following specific feedback for improvement of audit approach has been received within 2017/18:

- *'Been more flexible given current climate. Appeared to be a lack of understanding about financial constraints facing the council. We are not working in an ideal world and there has been a clear reduction in staffing resource which is set to continue'.*
- *'We have had some discussions around future audits. Particularly in that there is more value in auditing some of our high risk areas rather than auditing what has been audited for x amount of years'.*

Discussions have been held with relevant managers / officers in relation to the above feedback further explaining the role of internal audit and changing working arrangements, where appropriate, such as the joint working protocol with the external auditors to avoid duplication and static annual auditing of the same service area / system or process.

ARA Learning and Development

Development of leaders, managers and staff within ARA is a key priority, to ensure that the service has the qualities, behaviours and skills to deliver efficient and effective services to our partners and external clients.

The Chief Internal Auditor is a member of the Local Authorities Chief Auditor's Network, Midland Counties Chief Internal Auditor Network and the Midland District Chief Internal Auditors Group. ARA staff participate in CPD and / or are members of other relevant internal audit, counter fraud and risk related forums / groups, all of which provides the opportunities to discuss and understand the latest developments affecting the internal audit, counter fraud and risk management profession, contribute to strategy, exchange ideas and work collaboratively on problems and issues.

ARA is also committed to offering a structured trainee auditor programme, to attract people to the Council and to the profession, currently supporting three trainee auditor posts.

ARA Partner Dividend

During 2017/18 ARA has been in a position to be able to provide a dividend to the Council in the sum of £6,646.07. This is due to efficiencies achieved by the shared service during this period.

Completed Internal Audit Activity during the period April – June 2018**Summary of Satisfactory Assurance Opinions on Control****Service Area: Council Wide****Audit Activity: Members Allowances and Expenses****Background**

The Local Authorities (Members' Allowances) (England) 2003 Regulations (the Regulations) provide that it is for each local authority to decide its scheme of Members' allowances and the amounts to be paid under that scheme to its Member.

Stroud District Council (the Council) currently has 51 elected councillors (Members). Each Member is eligible to receive a basic annual allowance and where appropriate, Members who hold special responsibilities in relation to the authority are eligible to receive a special responsibility allowance. Members are also entitled to claim expenses associated with their 'approved duties' as detailed within the Members' Scheme of Allowances.

Scope

The objective of this audit was to review the framework of controls for administering the Council's Members' Scheme of Allowances (the Scheme) and evaluate the operating effectiveness of the systems and processes in place.

Risk Assurance – Satisfactory**Control Assurance – Satisfactory****Key Findings**

- The Scheme was drawn up with regard to the recommendations of an Independent Remuneration Panel (IRP) in 2015. The IRP was made up of three Members as required under section 20 of the Regulations.
- Section 10 of the Regulations state that before the beginning of each year, an authority shall make the Scheme required by Regulation 4(1) (a) for the payment of basic allowance for that year. The IRP via the Monitoring Officer put forward the current scheme for approval to full Council in February 2016 however, approval was deferred until April 2016. The Scheme is effective from 2016/17 until 2019/20.

- The Council has published all Regulations required 2016/17 information through their website.
- Schedule one of the Scheme sets out the in year allowances payable (basic and special responsibility). However the monetary sum to be received by Members for both allowances does not reflect the correct application of the index uplift (as per clause 16), this being stated as applicable from the municipal year whereas the monetary sum stated is reflective of the index uplift for the financial year. Therefore Members could never receive the full amount as stated within the table, within the financial year.
- From review of the application of the index uplift in both 2016/17 and 2017/18 Internal Audit identified an inconsistent approach. While the index uplift was applied in concordance with clause 16 of the Scheme in 2016/17, in 2017/18 Democratic Services had directed Finance to apply the index uplift as of the financial year, resulting in a small overpayment to each Member for the period 1st April to the beginning of the municipal year. Going forward, management will need to give consideration to the narrative and application of the index uplift in order for there to be a clear representation of the sum that a Member will receive.
- For the basic allowances paid to Members in 2016/17 for all 36 Members who remained in position for the entire year received the sum of £5,207. Special Responsibility Allowances paid to four Members during 2016/17, were found to have been paid in accordance with clause 16 of the Scheme.
- From a review of all 16 new starters from May 2016, Internal Audit found that 15 Members started their new position on 5th May 2016. However one Member who was elected on 5th May 2016 had been given a start date of 9th May 2016 in error which has led to a small underpayment of £55.56.
- The Council has an appropriate escalation process for resolving any dispute as claims for Members' allowances and expenses. The Proper Officer (Chief Executive) is responsible for resolving any queries directly with Members should they arise.
- Expenses claim forms were confirmed as paid in line with the Scheme.
- Internal Audit established during the undertaking of this review that the Council do not currently reclaim VAT for any claimed mileage expenses (i.e. employee or Members).

As a result, a small project was undertaken independently by Finance Services to determine whether it is now beneficial for the Council to consider if backdated VAT and future VAT for incurred mileage expenses could be claimed. Finance Services have since clawed back **£12,977** of VAT in the April 2018 Return from HMRC.

- The Scheme does not make any provision for the requirement of an independent review of each Member's driving licence, MOT certificate and business insurance policy (driver checks). However, Democratic Services do have a process in place at the start of each year to undertake driver checks for each Member. At the date of the review of this process (August 2017), checks had been completed for nine of 51 Members and therefore Internal Audit was unable to verify if the documents required to drive a personal vehicle whilst directly on council business has been satisfied for the majority of Members.
- The Council does have an insurance policy including a motor contingency policy to cover any potential liabilities caused by Members driving in the course of council business however, if the Council cannot demonstrate that it has adequate risk management arrangements in place to ensure that the inherent risks are sufficiently mitigated and align to the policy requirements, any claim against the Council may be deemed outside of the coverage of the policy and the Council is exposed to the risk of a claim for vicarious liability.

Conclusion

Overall the review findings confirm there is a satisfactory control framework in place for managing the inherent risks associated with administering the Council's Members' Scheme of Allowances. Audit testing has identified opportunities for further control improvement and has made two recommendations. These aim to:

- Align the payment parameters within the Members' Scheme of Allowances to ensure going forward there is a consistent approach to the remuneration of Members;
- Enable management consideration to be given to the action that should be taken to remedy the identified under/overpayments that have arisen from human error and the application of the index uplift for the financial year 2017/18; and
- Review, refresh, and formalise, as appropriate, the current risk management arrangements for Members' driver checks.

Management Actions

Management have responded positively to the two recommendations made.

Service Area: Development Services

Audit Activity: Community Infrastructure Levy (CIL)

Background

The CIL came into force in April 2010, allowing local authorities to charge a levy on buildings and extensions to buildings in accordance to their floor areas. The purpose of CIL is *'to ensure that costs incurred in providing infrastructure to support the development of an area can be funded (wholly or partly) by owners of developers of land'* (section 205, Planning Act 2008).

The money raised from the levy can be used by the Council to pay towards district wide infrastructure priorities included on its approved Regulation 123 list. The list sets out infrastructure projects or types of infrastructure that the Council intends will be, or may be, wholly or partly funded by CIL funds. A percentage of the collected CIL funds are then allocated to the parish / town council.

Revisions to the CIL Regulation in 2014 introduced a range of technical amendments to improve the administration of the levy, these came into force in March 2015. The Council adopted the levy in February 2017 and introduced it from 1st April 2017. Any application for full planning permission of chargeable development determined from this date is liable to pay CIL in line with the Council's Charging Schedule rates.

Scope

This review was undertaken to ensure that the Council has a robust control environment for the administration, management and monitoring of CIL charges. The specific objectives of this audit were to provide assurance on the following areas:

- All developments are liable to CIL are correctly identified and the appropriate documents completed;
- Claims for relief or exemption from CIL are correctly granted against approved policy;
- CIL charges have been approved, correctly calculated and the developer promptly and correctly informed of the levy and payment procedure;

- All CIL receipts are promptly received, correctly processed, accounted for, and a receipt issued;
- Enforcement procedures have been agreed, documented and applied where appropriate; and
- The costs of the service is correctly identified and accounted for within the Council's financial records.

Outside of scope:

- A review of Section 106 Agreements to fund infrastructure;
- Determination and calculation of the infrastructure funding gap and CIL charges;
- Reporting of CIL income and expenditure for 2017-18 as this is not required to be completed until, at the latest, December 2018; and
- The framework and process for determining and delivery of CIL to fund and support the infrastructure development within the Stroud District Council area. This aspect has not, at the time of this audit, been established and operated due to the current phase of CIL development.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

This is the Council's first year of the CIL operation and Internal Audit test results and discussions with CIL officers has confirmed that there is a robust control environment for the administration, management and monitoring of CIL charges. However, lapses / improvements were identified in the control environment relating to the following areas:

- Evidencing of the CIL liability for a planning application;
- Formal management oversight of the processes and controls;
- Reconciliations of CIL income and liabilities between systems, i.e. General Ledger, Planning and Land Charges;
- User access control to the CIL system;
- Evidencing of approval and checks to standing data within the CIL system;

- Clarity over the application of indexation of CIL;
- Management review of overdue CIL debts;
- Debt management procedures; and
- Accounting for all CIL related expenditure.

Internal Audit believes, based on the known expenditure and actual and anticipated CIL receipts over the first three years of the CIL operation, that it will prove challenging for the Council to cover all of its estimated CIL expenditure. Therefore management should consider its options to make this service financially viable, e.g. increase the CIL charges, reduce expenditure, make the service more efficient, etc.

Conclusion

The Internal Audit findings support a satisfactory assurance conclusion for both risk identification and control environment, with the identification of a number of opportunities for the Council to further strengthen processes and controls in the area as the CIL approach is embedded by the Council.

Management Actions

Internal Audit has raised one high, and nine medium priority recommendations to further strengthen the risk management arrangements and internal control environment, which have been accepted by management.

Service Area:	Development Services
Audit Activity:	Licensing (Business Licences)

Background

The Council raises Licensing income as a result of statutory legislation such as The Licensing Act 2003 and The Gambling Act 2005. For 2017-18 the total Licensing income is expected to be circa £160k.

Scope

The audit reviewed the key processes and controls for fee income and the service control environment, as follows:

- Evidence of relevant procedure notes to administer the initiation, raising and invoicing of fees payable;

- Review of Licensing risk recognition in the Excelsis service performance system;
- High level review of Council Licensing policies, with the objective of assessing their clarity, completeness and are up to date;
- Sample testing the procedure to ensure that: i) compliance with the Licensing Policies is in place, ii) fraud checks have been completed, iii) the fees raised are accurately calculated, and iv) invoiced fees are received before Licences are issued or renewed;
- Exception reports from the Uniform Licensing module are frequently used and evidenced to demonstrate that system records are up to date and where applicable instigate appropriate procedures e.g. Licence holder Disclosure Barring Service certificates renewed every three years;
- Inspection of Licenced premises by Environmental Health staff, are suitably documented on the Uniform database;
- Premises licenced under the Licensing Act 2003 have been allocated a risk rating based on a range of factors, which determines the frequency of inspection;
- An adequate monitoring procedure is in place for: i) key performance indicators (KPI's) with time scales as identified by legislation, and ii) evidence of reporting KPI's to the Licensing Committee;
- The fee setting arrangements, to assess whether these are appropriate to cover the costs of service provision and are in compliance with legislative requirements;
- A transparent process is in place to revoke, refuse or suspend a licence, based on the Wednesbury principle; and
- A licensing register of issued licences is available for the public to access.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

The key eleven processes and controls for the Licensing service to the public were assessed and tested by Internal Audit. The audit results demonstrate that the Council have developed an effective and efficient Licensing team and approach to the requirements of the various statutory acts.

Good use was made of the Uniform Licensing system to record, monitor and report to the licence stakeholders.

Five medium priority recommendations have been identified which when implemented will further strengthen the existing controls in place, these include:

- A revision to a section within the Taxi and Private Hire Policy;
- Formalising the risk management arrangements for the area under review;
- Fee setting/cost recovery; and
- Revisions to the information accessible via the Council's website.

Conclusion

Audit review of the key processes, controls and service control environment, supports the audit outcome of satisfactory assurance for both risk identification maturity and control environment.

Management Actions

Management have responded positively to recommendations emanating from the review.

Service Area: Finance

Audit Activity: General Ledger

Background

The Agresso general ledger contains all the accounts for recording transactions relating to the council's assets, liabilities, reserves, revenue and expenses and is supported by feeder subsidiary systems including (but not exclusive to) Northgate for payroll, Northgate for housing, Civica for Council Tax, Business Rates and housing benefits, the Fixed Asset Register and Treasury Management system.

The general ledger is a key financial reporting and financial transaction system that supports the annual financial statements. It is of vital importance that there is a sound control environment and that the agreed systems and processes are operating effectively.

This audit considered and reviewed the relevant general ledger areas, as defined by the joint working protocol between Internal Audit and External Audit (KPMG).

Scope

The specific objectives of the audit were to review and provide assurance as to whether:

- Key feeder system reconciliations to the general ledger are regularly and promptly performed, correctly reconciled and subject to management review;
- Suspense and control accounts are periodically reviewed and unmatched transactions cleared;
- Journals are correctly authorised and material journals subject to independent review;
- Only authorised current users have access to the financial system, their access is appropriate for their post responsibilities and segregation of duties for key processes is assured; and
- Previous Internal Audit recommendations have been fully implemented.

The bank and cash receipting reconciliations were separately reviewed through the Cash and Bank internal audit which was reported in this financial year.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

The key feeder system reconciliations to the general ledger and other council systems and suspense reconciliations had mainly been completed for the set periods in a timely manner and agreed back to supporting documents during the period April 2017 to January 2018. Unmatched transactions identified by the reconciliations were being investigated and material transactions promptly cleared.

The key control reconciliations were subject to management review, although this monitoring control for housing rents and housing benefit sundry debtors' reconciliations was introduced during the period of this audit following an Internal Audit observation to management.

Internal Audit tests of a sample of 26 financial journals highlighted that non budget holders were approving journals and that Finance were accepting their authority.

A report of all journals £100k and greater is produced and subject to Finance management review to confirm that they are appropriate.

Internal Audit established for the period April 2017 to January 2018 that:

- Journal exception reports had not been produced and reviewed by Finance management for the period August 2017 to January 2018 as at 27th February 2018;
- June 2017 journal exception report had not been reviewed by Finance management; and
- A journal exception report for the accounting period 2017/00 (two journals had been posted) had not been produced.

The Agresso financial system resides on a server and user access to the system is controlled through the users' Windows profile. From July 2017 a monthly report of staff leavers from the Payroll system stopped without explanation. Staff that have subsequently left since this date have not had their access to the financial accounting system removed. In addition Finance do not receive regular notification from Human Resources / Service areas regarding agency staff or contractors who have access to the financial accounting system and whose services have been terminated. A mitigation to this is that these staff and agency or contractors would have had their Windows system access (Stroud network access) removed by ICT.

The five recommendations that were raised in previous audits were found to be implemented.

Conclusion

The Internal Audit review highlighted that in the main the key feeder system and suspense reconciliations were operating as required at the point of this audit. As regard journals, improvements to the control environment is required to ensure only properly authorised journals are accepted and processed and that material journals are subject to prompt Finance management review and approval.

The issues identified by Internal Audit regards Agresso general ledger user systems access have been recognised by Finance and are to be resolved as part of the 2018/19 upgrade of the financial system.

Management Actions

Internal Audit has raised two medium priority recommendations to further strengthen the control environment around journals. Both have been accepted by management.

Service Area: Finance

Audit Activity: Budget Setting

Background

Budgeting is the process of setting financial goals and forecasting future financial resources and needs. The design of the budget should offer the opportunity for effective monitoring and control of both income and expenditure.

The Council had a net general revenue budget of £15.345m for 2017/18. It faces budget funding challenges in 2018/19 and beyond. The Budget Strategy 2018/19 to 2021/22 outlines the funding estimates from central government, which generate a funding gap. A balanced budget is to be achieved each year through the delivery of a savings plan and the utilisation of reserves.

References to the Accountancy Manager include his statutory and delegated Section 151 Officer responsibilities where it is applicable to the comment made.

Scope

The objective of the audit was to review the effectiveness of the budget setting process and relevant control arrangements to provide assurance that an accurate and operationally reflective budget is set prior to the start of the financial year, which then informs the Council's Medium Term Financial Plan (MTFP). This included audit review of:

- Budget setting is linked to medium term financial planning, with multi-year budgeting being undertaken, supported by appropriate levels of detail and certainty;
- Budgets are based on realistic projections about pay, inflation, grants and receipts, previous year outturn, known cost pressures and takes account of changes occurring within the Council;
- Clear budget ownership and accountability is present with budget holders leading the budget setting process and approving all budgets prior to final budget approval;
- For all major budget saving and income generation schemes the Accountancy Manager has formal assurances that these are attainable, with the financial implication being proven in advance of budget setting;
- Opening budgets input to the financial management system are controlled to ensure accuracy; and

- The timetable and resources available to undertake the budget setting process are appropriate and adequate to meet budget setting deadlines.

The review covered the general fund revenue budget setting arrangements only.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

There are a number of uncertainties, clearly identified in the budget setting related reports, which impact on the robustness of medium term financial planning. However, reduction of the net cost of services is a clearly stated requirement. The saving pressures for 2018/19 have been substantially mitigated by service savings achieved, with pressures to make savings in following years being clearly identified.

The identified levels of saving included within the MTFP reduce, but do not eliminate, the continued reliance on utilising reserves and this has been clearly stated.

Based on the information and explanations obtained, the Budget Setting report for 2018/19 reported to Full Council on 25th January 2018 links well to medium term financial planning as is required by Financial Regulations. The Budget Setting report offers a risk based commentary of the budget challenges faced, indicates the work streams currently running to provide some mitigation and identifies the requirement to seek further savings or income generation sources.

The budget setting and delivery risk are stated as high risks on the Council's risk register and are reviewed as part of the risk management process.

Internal Audit confirmed that budgets developed for 2018/19 and summarised in Budget Setting reports to Committee are based on realistic projections about pay, inflation, grants and receipts, previous year outturn, known cost pressures and take account of changes occurring within the council. For two specific potential budget pressure areas (IT salaries and the multi service contract) the risk of managing costs within the existing budgets has been clearly identified as being challenging. This risk should be monitored and managed by the service areas and the Corporate Team as the year progresses with Members being fully advised through budget monitoring reports.

There are a number of processes present that support and ensure clear budget ownership and accountability is present. Finance driven communication and consultation with budget holders and Directors ensure matters that will impact on the budget are identified along with saving opportunities.

These processes support and ensure ownership of the final Council approved budget by senior managers linking to the budget management requirements stipulated within the council's Financial Regulations.

The saving plan processes ensures the Accountancy Manager has appropriate supporting evidence in support of major budget saving and income generation schemes that have been attained in advance of the budget year. For those that are target savings, to be delivered within the year, the delivery risks are identified with assurance being gained throughout the year from close budget monitoring. For the latter the information flows between projects, particularly the Workforce Planning Project and the Finance Team is key to ensuring the realisation of savings are reported to Members and reflected within the respective service budgets. A recommendation has been made by Internal Audit in respect of this.

The arrangement for the creation of the 2018/19 budget in the main financial system was reviewed as appropriate.

The Finance Team operate to a budget development plan and timetable that is updated and monitored. Effective resource planning and prioritising of work within the Finance Team has been identified, within other recent Internal Audit work, as a risk. During the course of this Internal Audit review, it was apparent that the Accountancy Manager held knowledge and understanding of specific aspects of the budget setting process, for example Business Rate retention. Although Internal Audit was advised that a process to spread this knowledge and understanding within the Finance Team has commenced, single officer dependence remains a risk. This risk has been discussed with the Accountancy Manager and it has been agreed that mitigating actions will form part of the review of resource planning and work prioritisation.

Conclusion

The Internal Audit review confirms that effective General Fund budget setting processes and relevant control arrangements provide assurance that an accurate and operationally reflective budget is set prior to the start of the financial year. This process then informs the council's MTFP, which although based on a number of uncertainties (which are appropriately disclosed within Committee reports) reflect the budget pressures faced by the council.

The budget reports to Members and the Accountancy Manager's Section 25 statement (a requirement of the Local Government Act 2003 that a Chief Financial Officer reports to Full Council on specified areas when it is considering its Budget and setting its Council Tax) clearly identify the budget related risks and the requirement for the savings plan to reduce the reliance on the use of reserves. The Corporate Risk Register appropriately reflects the significance of budget related risk.

Although the budget setting process was delivered in accordance with the plan and timetable, recent Internal Audit work has identified the need for greater assurance in respect of resource and work prioritisation for key Finance Team activities like budget setting.

Internal Audit has raised two High Priority recommendations that are aimed at strengthening the control framework and ensuring alignment with best practice. One of the recommendations link to resource and work prioritisation requirements that will be delivered as an agreed action stemming from the recent Subscription Rooms Financial Error report (presented to Audit and Standards Committee on 10th April 2018).

Management Actions

Management have responded positively to the two recommendations made.

Summary of Consulting Activity and/or support provided where no opinions are provided

Service Area: Council Wide

Audit Activity: Contract Management Framework (Consultancy)

Background

The Council has a number of key contracts, it is therefore essential that these are effectively managed to mitigate the Council's exposure to commercial, contractual and reputational risk through good contract management throughout the life of the contract.

Scope

Internal Audit to provide professional support and advice in the development of a Contract Management Framework that aims to map out a consistent approach to contract management activities across Stroud District Council.

Key Findings

The Principal Procurement Officer provided an update for the 2017/18 Procurement Action Plan to the July 2017 Audit and Standards Committee. The benefits for developing corporate guidance for contract management based on internal and external best practice and external guidance was highlighted.

Internal Audit has provided the Principal Procurement Officer with documentation (based on existing good practice and National Audit Office and Government Procurement Service guidance) to support her in the development of corporate contract management framework/guidance.

The documentation details how an organisation can put in place a framework that recognises that contract management is a holistic process that combines a mix of strategic and operational tasks depending on the type of contract, and the goods and services being supplied. The framework is designed to ensure that contract management resources are appropriately allocated to those commercial relationships that present the highest strategic importance or risk.

Conclusion

A corporate contract management framework/guidance has not yet been finalised, however there is a commitment from the Principal Procurement Officer for a contract management framework/guidance to be published during the financial year 2018/19.

Service Area: Council Wide

Audit Activity: Information Management

Background

The EU's General Data Protection Regulation (GDPR) becomes enforceable from 25 May 2018, when it supersedes the UK Data Protection Act 1998. Significant and wide-reaching in scope, it expands the rights of individuals to control how their personal information is collected and processed, and places a range of new obligations on organisations to be more accountable for data protection.

Scope

This piece of consultancy work by Internal Audit aimed to review/support (where relevant) Legal Services regards their understanding of the new GDPR requirements and assist with the Information Champion/relevant officers awareness meetings to discuss information management practices and procedures within each service

Key Findings

It is pleasing to report that from September 2017, Legal Services have been proactive in supporting service areas in their understanding of the impact of GDPR and how it will affect the way they work with local residents and third parties.

Legal Services delivered awareness sessions for Information Champions and key officers, as well as formal training sessions and an interactive presentation at the four Proud of Stroud meetings in March 2018.

Legal Services, especially the Solicitor and Trainee Solicitor, have demonstrated a good awareness of GDPR and how it will affect Stroud District Council service areas.

Internal Audit attended two GDPR awareness sessions, run by Gloucestershire County Council (GCC), with the aim to share good practise. Feedback was given to Legal Services including a copy of the GCC Destruction of Records form.

Internal Audit attended, with Legal Services, ten 'Information Management Procedures & Practices' meetings held for: Property Services, Tenant Services, Community Services, Customer Services, ICT, Environmental Health, Finance, Chief Executive's Office, Procurement and Human Resources. These meetings were interactive and informative and officers who attended were given ample time and opportunity to ask questions to ensure their full understanding of the changes in the regulations. Officers were also encouraged to take responsibility for the changes their service areas would have to make to meet the requirements of the GDPR, such as privacy notices.

The Gloucestershire Information Sharing Partnership Agreement (GISPA) is designed to encourage the safe, lawful and secure sharing of personal information between the police, health services, local authorities and their partners, for which Stroud District Council is a signatory. Internal Audit liaised with the Chair of the Gloucestershire Information Governance Group (GIGG) to verify that the GISPA was going to be updated in line with the GDPR; and arranged for Legal Services to be included in the GIGG mailing lists to ensure they are updated on progress.

Conclusion

Internal Audit concludes that Legal Services were knowledgeable in their understanding of GDPR and proactive in raising the awareness of key officers to the new regulations.