SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

**For the Audit and Corporate Governance
Committee meeting on 8th March 2018**

RSM

CONTENTS

1 INTRODUCTION

The Internal Audit Plan for 2017/18 was approved by the Audit Committee on 16th March 2017. This report provides a summary update on progress against that plan and any remaining audits within the 2016/17 plan as at the 27th February 2018.

2016/17 Internal Audit Plan

The following two reports issued as part of the 2016/17 plan remain in draft and are still in the process of being finalised:

- Follow Up – sponsor is liaising with the Risk and Insurance Officer to complete.
- Follow Up of Financial Controls – sponsor is liaising with the Risk and Insurance Officer to complete.

2017/18 Internal Audit Plan

We have finalised seven 2017/18 reports since the previous Audit and Corporate Governance Committee meeting held in December 2017.

- Payroll (26.17/18) – **Partial assurance**
- Follow Up Quarter One (12.17/18) – **Little Progress**
- Follow Up Quarter Two (22.17/18) – **Reasonable Progress**
- Asset Register (30.17/18) **– Reasonable Assurance**
- Rent Accounts (24.17/18) – **Reasonable Assurance**
- Information Governance (32.17/18) **– Partial Assurance**
- Purchasing Cards (31.17/18) – **Reasonable Assurance**

Of the reports listed above, both the payroll and Information Governance audits resulted in partial assurance opinions being provided over the effectiveness of controls in place, with a number of significant weaknesses identified which require prompt action to be taken the Council. In addition, our follow up of actions due for completion in quarter one of this year identified that only limited progress (less than 50% of action implemented by their due date) had been made. This, coupled with two follow up reports from the 2016/17 still not finalised, could be the cause of some concern if the original actions agreed are not being addressed.

A summary of the review and Medium and High priority management actions from finalised 2017/18 reports, where a partial assurance opinion was given, along with implementation dates and owners has been included within Appendix A below.

In addition to the above, the following six reports have been issued in draft. A number of these have remained in draft for over a month as highlighted below:

- Chalvey Early Years Centre (issued 13th July 2017)
- Council Tax (issued 6th December 2017)
- Budgetary Control – Issued on 20th December 2017. A management response has been provided to this audit are we are anticipating that this will be finalised shortly
- Follow Up Q3 (Issued 16th January 2018)
- Fixed Penalty Enforcement (Issued 19th January 2018)
- Debtors – (Issued on 23rd January 2018 – a partial response has been provided by the Council, and we anticipate that this will be finalised shortly)

2 SUMMARY OF PROGRESS TO DATE

Reports shown in bold have been finalised.

Executive summaries and action plans from any negative assurance reports finalised since the previous meeting are appended to the bottom of this progress report.

2017/18 Internal Audit Plan

Assignment area	Timing Per Approved IA Plan	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
Follow Up Q1	**June 2017**	**Final Report**	**16th August 2017**	**30th January 2018**	**Little progress in implementing agreed actions**			
Neighbourhood ASB Enforcement	**June 2017**	**Final Report**	**15th August 2017**	**13th October 2017**		**2**	**4**	**1**
Management of Housing Stock	**May 2017**	**Final Report**	**23rd June 2017**	**21st August 2017**		**2**	**3**	**1**
Payroll	**December 2017**	**Final Report**	**16th January 2018**	**1st February 2018**		**4**	**3**	**1**
Information Governance*	**August 2017**	**Final Report**	**14th February 2018**	**27th February 2017**		**2**	**10**	**1**
Follow Up Q2	**October 2017**	**Final Report**	**1st December 2017**	**2nd February 2018**	**Reasonable progress in implementing agreed actions**			
Chalvey Early Years Centre	April 2017	Draft Report	13th July 2017			1	4	0
Lea Nursery School	**April 2017**	**Final Report**	**2nd June 2017**	**23rd June 2017**		**10**	**3**	**0**
Holy Family Catholic School	**April 2017**	**Final Report**	**8th June 2017**	**11th July 2017**		**4**	**3**	**0**

Audit	Date	Status	Draft Report	Final Report	Assurance			
Gas Safety	June 2017	Final Report	11th July 2017	21st August 2017	Reasonable assurance	4	3	0
Management of the Pupil Premium	May 2017	Final Report	24th July 2017	15th November 2017	Reasonable assurance	0	4	0
Delayed Transfers of Care	September 2017	Final Report	19th October 2017	27th October 2017	Reasonable assurance	1	2	0
New Facilities Contract	September 2017	Final Report	19th November 2017	23rd November 2017	Reasonable assurance	0	3	0
Five Year Plan - Performance Reporting	September 2017	Final Report	7th November 2017	15th November 2017	Reasonable assurance	3	1	0
Housing Regulations	October 2017	Final Report	16th November 2017	24th November 2017	Reasonable assurance	5	3	0
Capital Expenditure	October 2017	Final Report	15th November 2017	22nd November 2017	Reasonable assurance	5	2	0
Rent Accounts	November 2017	Final Report	20th December 2017	16th February 2018	Reasonable assurance	3	3	0
Purchasing Cards	December 2017	Final Report	9th February 2018	27th February 2018	Reasonable assurance	5	3	0
Assets	December 2017	Final Report	26th January 2018	1st February 2018	Reasonable assurance	4	2	0
SEN Funding	June 2017	Final Report	4th August 2017	23rd November 2017	Substantial assurance	2	1	0
Business Rates	December 2017	Final Report	7th November 2017	9th November 2017	Substantial assurance	1	0	0

Iqra School	**April 2017**	**Final Report**	**2nd June 2017**	**7th June 2017**		**1**	**0**	**0**
Schools Financial Value Standard (SFVS)	**May 2017**	**Final Report**	**23rd June 2017**	**3rd July 2017**	**Advisory**	**3**	**3**	**0**
AMEY Contract Management	**May 2017**	**Final Report**	**23rd October 2017**	**14th November 2017**	**Advisory**	**-**		
Budgetary Control	July 2017	Draft Report	20th December 2017					
Council Tax	September 2017	Draft Report	6th December 2017					
Debtors	November 2017	Draft Report	23rd January 2018					
Follow Up Q3	December 2017	Draft Report	16th January 2018					
Fixed Penalty Enforcement*	November 2017	Draft Report	19th January 2018					
Data Flow Mapping	September 2017	Advisory – Initial work complete and wider Data Flow Mapping / GDPR support being discussed with IT Team.						
Equal Pay Review / Gender Pay Reporting Gap	September 2017	Fieldwork in progress						
Business Continuity Advisory Support	September 2017	Fieldwork in progress and nearing completion						
Creditors	December 2017	In QA						
Cash Management & Collection / Treasury Management	January 2018	In QA						
General Ledger	January 2018	In QA						
Follow Up Q4	February 2018	In QA						
Voids*	January 2018	Commencing March 2018						
Governance	November 2017	Commencing March 2018						
General Data Protection Regulations Readiness	November 2017	This work now forms part of a wider piece of advisory support to the Council from RSM						

Adult Social Care Supervision	December 2017	Commencing 19 March 2018
Educational Welfare Service*	August 2017	Change requested by Director of Finance and Resources
Annual Governance Statement	March 2018	Commencing March 2018

* Please note change from agreed plan, see details below.

3 OTHER MATTERS

3.1 Changes to the 2017/18 audit plan

Auditable area	Reason for change
Voids	Audit delayed to Q4 (initially agreed to be undertaken in Quarter 2) at the request of the Head of Neighbourhood Services, as a new contractor will be in post from December 1st, and the review would be better placed to be undertaken in January 2018 to provide assurance over the arrangements for voids with the new contractor. Review again delayed at the request of the Council, to be undertaken within March 2018
Educational Welfare Service	This audit was initially agreed to be undertaken in Quarter 2, but has been delayed at the request of the Strategic Director, Children, Skills and Learning, as the service has only recently been brought back in house from Mott Macdonald (Cambridge Education). Subsequently, we have been asked by the Director of Finance and Resources to review the area for Procurement Cards in replacement of this audit.
Fixed Penalty Notices	This audit was due to be undertaken in Quarter 2, but has been delayed at the request of the Head of Neighbourhood Services, as the 2016/17 report was only recently finalised, and Housing are in the process of implementing the actions. The audit has now been undertaken and a draft report was issued on 19th January 2018
Information Governance	This audit was due to be undertaken in Quarter 2, but has been delayed at the request of the Assistant Director, Finance and Audit, as the Council were still in progress of implementing actions from the previous review in 2016/17. The audit has been undertaken and a final report was issued on 27th February 2018.
Property Services / Neighbourhood Services Building Maintenance	At the request of the Director of Finance and Resources, we were asked to review the processes for ordering and authorising invoices for work undertaken by Interserve (new contractor as of 1st December is Osbournes) to ensure this was undertaken in line with Council procedures.

3.2 Impact of our work to date on year end opinion

The assurances given in our audit assignments are included within our Annual Assurance Report. In particular, the Committee should note that any negative assurance opinions ('No Assurance' or 'Partial Assurance' opinions) will need to be noted in the annual report and may result in a qualified or negative annual opinion.

Where we have issued 'no assurance' (red) and 'partial assurance' (amber / red) reports, these opinions will impact our 2017/18 Head of Internal Audit Opinion for the Council.

We have issued four final reports to date that will impact our year end opinion on our end of year opinion, Information Governance, Management of Housing Stock, Neighbourhood ASB Enforcement and Payroll as all of these received a partial assurance opinion. The Information Governance and Payroll reports may need to be considered in the Annual Governance Statement, together with the little progress that has been made in implementing previous Internal Audit actions.

Of the seven 17/18 reports out in draft, Budgetary Control, Fixed Penalty Enforcement, Debtors and Follow Up Quarter Three (Little progress) may also impact the overall opinion, as these currently stand as partial opinion audits, albeit some of these opinions could yet change if additional information is provided. We are awaiting management responses to these audits before they are finalised.

In addition, it should be noted by the Committee that while the review of AMEY contract management was conducted on an advisory basis, the review identified discrepancies between the published RPIx and what has been used by AMEY Plc for indexing the contract value up to 2010, and this has resulted in a potential overcharge to the Council by AMEY Plc on the non-highways part of the contract. These details were discussed at the December Committee meeting.

We have also agreed a number of areas where negative assurance opinions were issued in 2016/17, but where we have provided further support and advice to the Council to help address these weaknesses in a timely manner. These details are included below.

We have continued to keep the Section 151 Officer, CMT and Audit and Corporate Governance Committee updated throughout the year on impact of all of the year to date findings on our year end opinion for 2017/18. Progress has been made in a number of areas to address weakness in the internal control, risk management and governance framework. However, we will need to consider all of the assurances issued to date, all remaining draft reports and the outcomes of the reviews in progress, along with when they were implemented and how embedded these improvements are in the control framework when considering our 2017/18 year end opinion. We will continue to discuss this with the Section 151 Officer over the coming weeks. We will also provide another update to the Committee at the next meeting.

3.3 Added value specialist support

Area of work	How this has added value
Risk Management Support	We are providing the Council with support to embed and re-establish effective risk management processes to aid in the achievement of the Council's objectives. The support is being provided currently. To date we have; • Interviewed the Corporate Management team and support officers to obtain their views on the Corporate risks to the Council • Produced a paper describing the risk themes that emerged from interview • Circulated the risk themes to the Corporate Management Team followed by a workshop to agree the risks, discussed controls and the score those risks. • Documented the corporate risks following this workshop for inclusion on the Corporate Risk Register. • Reviewed the risks and controls on the 4Risk software system In summary, some good progress has been made in 2017/18 but further work is required to embed a risk management culture. We also need to see ongoing evidence of the new software being used, updated and risk owners buying into the risk management framework.
Business Continuity Support	Following a negative assurance opinion in 2016/17, we have agreed to provide support to the Council in improving its processes in relation to Business Continuity and the scope of the work is currently in progress. To date the following has been completed; • Review of existing Business Continuity Plan and agree scope • Production and agree Business Impact Analysis template • Pilot BIA on two departments which were not affected by the recent restructuring • Review the completed BIAs with the departments and suggest improvements • Production and agreement of a Business Continuity Plan framework

	• Production and agreement of a Recovery Plan template
	We are currently in the process of reviewing the BC plans in place in respect of arvato,
	In summary, good progress has been made in the areas mentioned above, there is however still a lot of work to do to ensure that BC plans are rolled out across the wider council and cover all key service areas.
Data Flow Mapping	Following a negative assurance opinion in 2016/17, we are providing the Council with support to map their flows of data, to aid in the Council's management and security of data. The initial DFM work has been completed and three successful DFM workshops have been held. We are now in discussions with the IT team about facilitating the roll out of further workshops in February 2018. These are being delivered under a separate engagement. The overall focus and outcome is to assist the Council in understanding and mapping their data flows, which is required to comply with the new GDPR arrangement coming into force in May 2018.

3.4 Information and briefings

The following items were highlighted as part of our information briefings since the last Audit and Corporate Governance Committee in December 2017:

Enabling school improvement

Councils continue to work on school improvements to ensure that children and young people have access to a good school. The Local Government Agency (LGA) has set out nine conditions which it believes are important in establishing an effective local school improvement system. They include a clear and compelling vision, leadership from key systems and sufficient financial contributions. Across the three levels the local systems commonly work in - school-level clusters, local area or district-level clusters and local authority strategic partnerships - it will want to compare their own arrangements in these structures and review how local system are operating. The use of the new £140m Strategic School Improvement Fund is a chance for both schools and councils to together identify priorities and activities to make a strategic bid for resources.

Read more

Website accessibility tests

60 per cent of homepages from 270 UK council websites were accessible to people with disabilities; a 5 per cent decline from the previous year. Following a test conducted by Better Connected, most council websites failed stage one accessibility due to a lack of visible focus indicators, meaningful links in context and the absence of skip links. Movement on the screen which affects cognitive-impaired, dyslexic and low vision users account for a third of website failures. Following the assessment, Better Connected has warned the councils to improve their sites in accordance with the new EU directive.

Read more

New housing agency to boost house building

Sajid Javid has launched a new national housing agency, Homes England, in the aim of providing the homes the country needs. The new agency aims to help deliver an average of 300,000 homes a year by the mid-2020s, supporting smaller house builders (the SME sector) into the market. 310 local authorities have published a brownfield register showing over 26,000 hectares of developable land in which Homes England will progress brownfield development across the country. Homes England will seek to create a new 'commercial approach' to preparing and developing land in areas of high demand.

Independent Review of Building Regulations and Fire Safety, interim report

The Independent Review of Building Regulations and Fire Safety, commissioned by the government following the Grenfell Tower tragedy, 'aims to make recommendations that will ensure there is a sufficiently robust regulatory system for the future and provide further assurance to residents that the buildings they live in are safe.' The interim report sets out the findings to date and the direction of travel for the final report. Key findings are:

- the current regulatory system is not fit for purpose in relation to high rise and complex buildings; and
- there is a need for significant improvement in the current system in several areas:
    1. regulation and guidance – current regulation guidance is complex and unclear;
    2. roles and responsibilities – clarity of roles and responsibilities within the system is poor;
    3. competence – the means of assessing and ensuring appropriate levels of competence throughout the system are unclear and inadequate;
    4. process, compliance and enforcement – enforcement and sanction measures are poor and do not provide adequate means of compliance assurance, deterrence or redress for non-compliance;
    5. residents' voice and raising concerns – the route for residents' concerns to be raised and addressed is unclear and inadequate; and
    6. quality assurance and products – current methods for testing, certification and marketing of construction products and systems are not clear.

The independent review will now undertake its second phase of work and publish a final report in spring 2018. The interim report sets out the direction for change in each of the six areas. In summary, this is a call to action for an entire industry and those parts of government that oversee it. It is noted that true and lasting change will require a universal shift, while a summit will be called in early 2018 with key stakeholders to discuss taking this work forward. Read more

Statutory homelessness, homelessness prevention and relief

Official statistics reveal that between 1 July and 30 September 2017, local authorities accepted 15,290 households as being statutorily homeless. This represents an increase of 6 per cent from the previous quarter and 2 per cent on the same quarter of last year. On 30 September 2017, the number of households in temporary accommodation also went up 6 per cent from last year. The data comes as the Committee of Public Accounts described the extent of homelessness across England as a national crisis. Read more

Councils facing a financial cliff edge

The Local Government Association (LGA) has warned that a likely delay in 100 per cent business rate retention has left councils facing a financial cliff edge in 2019-20. The local government settlement is expected to be announced soon and the LGA are urging the government to use the settlement to avoid 'a financial breaking point which will threaten the existence of some local services by 2020'. The LGA also warned that rising demand for adult social care and children's services threatened the viability of other services such as street cleaning, libraries and highways maintenance. Nick Forbes, LGA senior vice chair stated that 'councils knew they would struggle to cope with the pace of government funding cuts over the next few years. It was hoped that local government keeping all of its business rates income by 2020 would ease that pressure.' Read more

APPENDIX A: KEY FINDINGS FROM FINALISED 2017/18 INTERNAL AUDIT WORK (HIGH AND MEDIUM PRIORITY MANAGEMENT ACTIONS ONLY WHERE PARTIAL OR NO ASSURANCE REPORTS HAVE BEEN ISSUED)

		4 - Low
Payroll (26.17/18) – PARTIAL ASSURANCE		3 - Medium
		1 - High

Our audit identified significant weaknesses with the management of leavers and the resulting effect of overpayments where managers within the Council are not sending termination forms into Payroll in a timely manner, and reconciliations between the payroll system and the ledger not being undertaken since June 2017 due to resource issues. At the time of the audit, overpayments totalled £44,472 for the current financial year, with c£17,000 attributable to one member of staff. In addition, weaknesses were identified in relation to leavers from the Payroll Team at arvato not having their access terminated on Agresso (as a web based system, this can be accessed remotely) and this issue has been raised by both Internal Audit and External Audit previously, and action needs to be taken to strengthen the controls in place to manage leavers.

We identified the following weaknesses which resulted in one high and three medium priority management actions being agreed. We have also identified four 'low' priority management actions which are detailed further within section two of this report.

Control Account Reconciliations
We were informed by the T-HR & Payroll Service manager that monthly reconciliations had not been completed since June 2017. Upon enquiry, we were informed that this was due to operational pressures and insufficient resources and that a recruitment process was underway for the appointment of the additional resource. If reconciliations are not performed there is a risk of payroll errors not being identified, investigated and resolved in a timely manner. **(High)**

Payroll: Agresso User Access
At the time of this review there were three payroll staff members who had left the employment of arvato. We reviewed Agresso user access reports and noted that user access rights had not been revoked for all three leavers. Failure to revoke user access right for payroll leavers (payroll processing staff at avarto) may result in inappropriate access to payroll information and potentially lead to payroll fraud. **(Medium)**

Leavers forms
Whilst we confirmed that 19/20 leavers from our sample testing had been removed from the Payroll system in a timely manner, for one of the leavers, the leaving date was stated as 31st August 2017, yet the leavers form was not received and input by Payroll until the 2nd November 2017, resulting in an overpayment of £1362. Further investigation identified that whilst the member of staff left at the end of August, the form was only signed by the manager on 26th October, HR on 27th October and received in Payroll on 31st October, being processed on 2nd November 2017. Although the form was processed by Payroll in a timely manner, the form was completed two months following the member of staff leaving. There is an increased risk of overpayments if responsible managers do not complete termination forms in a timely manner. This has been raised in previous audits of this area, and if not addressed, could lead to unnecessary expenditure being incurred and difficulty in receiving income due back from staff that have left. (**Medium**)

Overpayments
At the time of this review the recorded total amount of overpayments was £44,742 (YTD). We noted that of this total, over 25% related to one employee, where an overpayment was made, totalling £18,270, split into two overpayments of £11,056 and £7214. Through review of the notification of debt form, we identified that for the £11,056, the total was obtained by the member of staff being overpaid from October 2016-March 2017, a period of six months. We were informed that the

member of staff is still a current employee, but held different roles within the Council, and a failure to notify payroll in a timely manner of a change in circumstances led to the overpayment.

Whilst an action has been raised in relation to the timeliness of termination forms being received by Payroll, if overpayments are not recovered in a timely manner, this could lead to financial loss if the Council cannot reclaim amounts due, and could also be seen as financial mismanagement by staff responsible for notifying Payroll of leavers (**Medium**).

Ref	Findings Summary **Management Action**	Priority	Implementation Date	Manager Responsible
1	The T-HR & Payroll Service Manager will ensure that monthly reconciliations between Payroll and the ledger are completed in a timely manner.	High	31st March 2018	Barry Stratfull – Service Lead, Finance
2	On termination of employment for payroll staff, the T-HR & Payroll Service Manager will inform the SBC Agresso Support Team via email, copying the Financial Systems Accountant so access is removed	Medium	31st December 2017	Barry Stratfull – Service Lead, Finance
3	Where an overpayment occurs as a result of a termination form being received late by Payroll, the names of staff responsible for late completion will be forwarded by Payroll to the relevant service lead for action to be taken and recorded.	Medium	31st March 2018	Barry Stratfull – Service Lead, Finance
4	The payroll team will record reasons for salary overpayments in the adjustment register. A link for evidence that invoices had been sent to accounts receivable will be added into the register for adequate record keeping.	Medium	31st March 2018	Barry Stratfull – Service Lead, Finance

Follow Up – Quarter 1 (12.17/18) – LITTLE PROGRESS

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated **little** progress in implementing agreed management actions.

We identified through our fieldwork that of the four high and 11 medium priority management actions sampled, **33 per cent** of these had been fully implemented, however we noted that **60 per cent** of the actions were in progress of being implemented, including two **High** actions in relation to business continuity and health and safety and these are detailed below.

Action tracking is undertaken by Slough Borough Council's management.

We have identified 10 instances where the implementation status of actions reported to management differs from our own findings.

Of these, the following two **high** actions remained in progress:

- **Business Continuity** – while we confirmed that the Risk Management Group had begun to oversee progress with the implementation of actions from the previous audit, there was still a need to establish a Business Continuity Group, to ensure the objectives of the Council in relation to this area were delivered.
- **Health and Safety** – while we confirmed that the Corporate Health and Safety Committee had started to receive updates on the Directorate Health and Safety Risk Assessments, these had not been provided to the committee for all directorates.

Further details of progress made are provided in Section 2 of this report.

It is important to note that until a management action is fully implemented, the organisation is still exposed to risk.

Information Governance (32.17/18) – PARTIAL ASSURANCE		**2 - Low** **10 - Medium** **1 - High**

The key findings from this review are as follows:

Information Governance Policy and Structure

We found that due to the restructure, and key members of staff being off sick, the Information Governance Policy still had not been updated, and consequently, the role of the SIRO had not been allocated. Lack of an up-to-date policy which is reflective of the overarching IG framework within Council and which contains sufficient guidance on IG arrangements and processes increases the risk that staff may adopt incorrect processes which are non-compliant with the Data Protection Act. This could result in data protection breaches and expose the Council to reputational risks as well as the risk of penalties from the Information Commissioner. (**High**)

While a proposed structure had been provided to demonstrate the assignment of responsibilities for Information Governance, this had not been implemented at the time of audit fieldwork due to the council restructure. Without ensuring that all IG responsibilities are formally assigned, there is a risk that these responsibilities will not be undertaken and appropriate IG arrangements and processes may not be established and embedded within the Council. (**Medium**)

Data Protection Clauses within Contracts

The Council is has still not undertaken a review of all contracts within the organisation to ensure that sufficient clauses are included to set out the Council's obligations in relation to the Data Protection Act, due to key procurement staff leaving the organisation. If the Council is unable to sufficiently assure itself that appropriate data protection clauses are contained within all contracts, and where appropriate clauses are not included; there is a risk that the Council may not be able to hold third parties to account should they be involved in a data protection breach involving Council data. The Council is also unable to evidence compliance with the toolkit requirement. (**Medium**)

Information Security Awareness Training and Specialist Training

We found issues with the monitoring and reporting of compliance with training provided by the Council, with only 590 out of 1097 members of staff having undertaken the relevant Information Security training, with limited evidence to confirm this being challenged at CMT. In addition, the Council has not identified the training needs for specialist roles such as the SIRO and Caldicott Guardian due to the current restructure. If training is not provided for specialist roles, there is a risk that specialist staff will not be trained up to an appropriate standard which could in turn lead to a breach of the Data Protection Act and the consequences associated with this. (**Medium**).

Linked to the above, we found that the Information Security Awareness training slides had not been updated to include information in relation to the Caldicott Principles, upon which compliance with the Data Protection Act is based. Where training courses do not cover all relevant areas, there is a risk of incorrect processes being followed by staff, which could potentially result in non-compliance with data protection requirements and expose the Council to the risk of penalties and reputational damage. (**Medium**)

Information Governance Action Plan

Our review identified that the Council are yet to form a suitable action plan to address gaps identified in the IG framework. It was intended to use the previous Internal Audit report as the basis for the improvement plan, however this was never formulated. The lack of a formal IG Improvement Plan to identify actions necessary to embed IG arrangements may increase the risk that staff may adopt incorrect processes which are non-compliant with the Data Protection Act. This could result in data protection breaches and expose the Council to reputational risks as well as the risk of penalties from the Information Commissioner. (**Medium**)

We found that while a process had been implemented in relation to reporting of incidents to the IG Board, this process had not been updated within the Council's Information Security Incident Reporting Policy. If the Information Security Incident Reporting Policy is not updated with the process, there will be no reference to the procedures for the reporting of and response to incidents and there is a risk that information security incidents will not be reported correctly and that may lead to incidents not being addressed. (**Medium**)

Corporate Policies and Data Protection Workplan in relation to Information Governance

No policy for the management of corporate records had been developed by the Council since the previous audit in this area. This exposes the Council to the risk of penalties due to non-compliance with the provisions of the Data Protection Act, as well as an increased risk of data breaches due to records being held indefinitely. (**Medium**)

The Data Protection and Privacy Policy, which was found to be insufficient during the previous audit, had not been updated. If the Data Protection and Privacy Policy is not updated to ensure that the roles of a Council-wide Caldicott Guardian as well as those staff responsible for supporting the Caldicott Guardian appropriately are not assigned and formally communicated, there is a risk of a lack of sufficient attention to and oversight of the work necessary to ensure the Council complies with its confidentiality and data protection obligations. (**Medium**)

No data protection annual plan had been developed since the previous audit due to a lack of resource. If the data protection work programme is not developed there is a risk that work necessary to ensure compliance to data protection and confidentiality requirements will not be identified and non-compliance may result in penalties and reputational damage. (**Medium**).

We found that while the Council had drafted a data quality policy, this had yet to be approved by the Information Governance Board, however the policy had not been updated to take account of GDPR. Without a Data Quality Policy, there is a risk of a lack of consistency as a result of controls to ensure the quality of data not having been defined. (**Medium**)

| Ref	Findings Summary Management Action	Priority	Implementation Date	Manager Responsible
1	The Information Governance Policy will be reviewed and updated to sure it reflects the arrangements and processes within the Council, in line with the HSCIC guidance, including; • roles and responsibilities, covering senior IG roles (Caldicott Guardian, • SIRO and IG Lead), other key staff roles in relation to IG as well the responsibilities of the wider workforce; • the specific resources within the Council to fulfil these roles. • The key policies underpinning; • the overarching Information Governance Policy; • governance arrangements for overseeing the IG agenda within the Council; • processes for delivering training and awareness programmes to staff; and • arrangements for reporting, escalating and monitoring IG incidents and breaches. Once updated, the policy will be presented to the IT and Information Governance Board for approval, and then subsequently circulated to staff and made accessible via the intranet. Thereafter, the policy will be reviewed annually with version control included within document to record approval and next review details.	High	31st March 2018	Simon Pallett - Service Lead Digital & Strategic IT
2	The Council will ensure that the draft Digital and IT team structure is approved by the IG Board and the recruitment process is undertaken to ensure that sufficient resources are in place to appropriately oversee information governance arrangements and responsibilities per the Health and Social Care Information Centre guidance are formally assigned.	Medium	31st July 2018	Simon Pallett - Service Lead Digital & Strategic IT
3	The Council will ensure that, as part of the review and re-scoping of the contracts database, fields are included for evidencing the review of contracts for appropriate clauses relating to data protection and requirements for reporting information governance incidents.	Medium	31st March 2018	Frederick Narmh - Head of Procurement
4	The Data Protection Awareness training will be updated to provide guidance in line with GDPR prior to regulations going live.	Medium	31st March 2018	Alex Cowen - IT & Business Relationship Manager /

	A review will be undertaken to ensure the additional training needs of staff within specialist IG roles are identified and the training needs document will be updated with the identified training requirements. Training reports will be discussed at DMT quarterly and CMT half-yearly and details of the discussion will be recorded in the minutes.			Surjit Nagra-Service Lead HR
5	The Council will ensure that the Data Quality Policy is updated with GDPR and it is reviewed and approved by the Information Governance Board. Once approved, the policy will be circulated to staff and made accessible via the intranet. The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.	Medium	31st March 2018	Simon Pallett - Service Lead Digital & Strategic IT
6	The Information Security Awareness course will be reviewed and updated to ensure and includes reference to the Caldicott Principles. In addition, the Council will consider merging the Information Security Awareness and Data Protection Awareness courses to provide a single course covering data protection and information governance.	Medium	31st March 2018	Alex Cowen - IT & Business Relationship Manager
7	The Council will develop and finalise the IG Improvement Plan to identify the actions necessary to embed robust IG arrangements and ensure compliance with the HSCIC IG toolkit requirements. Each action will be assigned a responsible owner and completion deadline. The plan will be reviewed and revised on an annual basis and will be subject to approval by the IT and Information Governance Board. It will drive the IG agenda within the Council and progress against the plan will be monitored at each meeting of the IT and Information Governance Board, with progress updates reported to CMT periodically.	Medium	31st March 2018	Simon Pallett - Service Lead Digital & Strategic
8	The Council will ensure that the Information Security Incident Reporting Policy is updated to reflect the reporting, recording, investigating and managing information security incidents. Once updated, the policy will be presented to the IT and Information Governance Board for approval, and then subsequently circulated to staff, made accessible via the intranet and communicated to third party providers and partner organisations. The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details.	Medium	31st March 2018	Simon Pallett - Service Lead Digital & Strategic IT

| 9 | The drafted Records Management Policy will be discussed with relevant service leads and finalised Once finalised, the policy will be presented to the IT and IG Board for approval.

Upon approval, the policy will be circulated to staff and made accessible via the intranet.

The Council will ensure that the policy is also updated to provide guidance in line with GDPR prior to regulations going live.

The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details. | Medium | 31 March 2018 | Simon Pallett - Service Lead Digital & Strategic IT |
|---|---|---|---|---|
| 10 | The Data Protection and Privacy Policy will be reviewed and updated to ensure it details;
• the requirement for the Council to have in place a Caldicott function;
• the specific resources within the Council to fulfil the roles within the function, including the Caldicott Guardian, Data Protection Officer as well as those staff at directorate level with responsibility for supporting the Caldicott Guardian;
• the additional training requirements for staff within the function;
• the mechanisms for ensuring the effectiveness of the function, including the development and monitoring of an annual data protection work programme which identifies the work necessary to ensure the Council meets its data protection and confidentiality obligations; and
• the governance arrangements for monitoring the effectiveness of the function.

Once updated, the policy will be presented to IGB for approval, and then subsequently circulated to staff and made accessible via the intranet. The roles will be formally assigned to the relevant staff and details published via the staff intranet. The role of Caldicott Guardian will also be communicated on the Council website. The policy will be reviewed annually thereafter, with version control included within document to record approval and next review details. | Medium | 31 March 2018 | Simon Pallett - Service Lead Digital & Strategic IT |
| 11 | An annual data protection work programme will be developed to identify the work necessary to ensure the Council meets its data protection and confidentiality obligations.

Clearly defined timescales and responsible owners will be assigned for all actions identified. The work programme will be reviewed and set on an annual basis and will be subject to approval by CMT. Progress will be monitored at each meeting of the IT and IG Board, with progress updates reported to CMT periodically. | Medium | 31st March 2018 | Simon Pallett - Service Lead Digital & Strategic IT |

2017/18 ASSURANCE OPINIONS

We are constantly developing and evolving the methods used to provide assurance to our clients. As part of this, we have refreshed our opinion levels in line with the graphics below.

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:
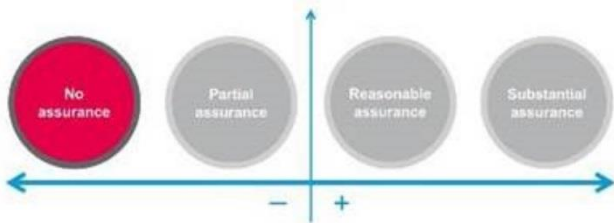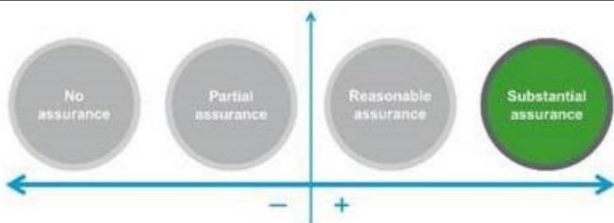

Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.
Urgent action is needed to strengthen the control framework to manage the identified risk(s).
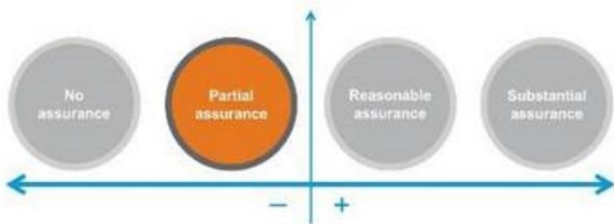
Taking account of the issues identified, the Council can take **partial assurance** that the controls to manage this risk are suitably designed and consistently applied.
Action is needed to strengthen the control framework to manage the identified risk(s).
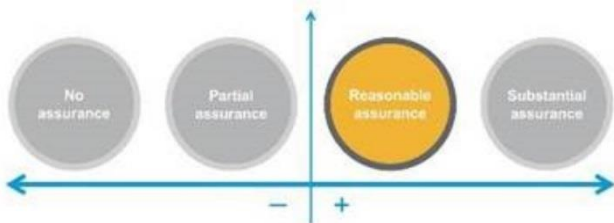
Taking account of the issues identified, the Council can take **reasonable assurance** that the controls in place to manage this risk are suitably designed and consistently applied.
However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

Taking account of the issues identified, the Council can take **substantial assurance** that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

FOR FURTHER INFORMATION CONTACT

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