



Dacorum Borough Council - Internal Audit Report

Follow Up of Recommendations

Distribution list:

Audit Committee

Shane Flynn – Assistant Director (Finance and Resources)

Sally Marshall – Corporate Director (Finance and Governance)

Key dates:

Date of fieldwork: Ongoing

Date of report: April 2012

This report has been prepared on the basis of the limitations set out in Appendix B.

This report and the work connected therewith are subject to the Terms and Conditions of the Contract between Dacorum Borough Council and Deloitte & Touche Public Sector Internal Audit Limited. The report is confidential and produced solely for the use of Dacorum Borough Council. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

Contents

- 1. GRADING OF RECOMMENDATIONS **3**
- 2. EXECUTIVE SUMMARY **3**
- 3. OUTSTANDING PRIORITY 1 RECOMMENDATIONS **6**
- APPENDIX A – STAFF INTERVIEWED **13**
- APPENDIX B - STATEMENT OF RESPONSIBILITY **13**

1. Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

2. Executive summary

1.1. Background

As part of the Internal Audit programme for 2011/12, approved by the Audit Committee in February 2011, we have undertaken a follow-up of agreed internal audit recommendations. Priority 1 recommendations that were found to be either partly implemented or outstanding are restated in this report, with a progress update and revised implementation date.

1.2. Objectives and Scope

The objective was to assess the degree to which the recommendations made in 2010/11 and 2011/12 internal audit reports have been implemented. Auditees were asked to provide an update on recommendations of all priorities (1 to 3). The auditee responses were used to determine implementation of priority 2 and 3 recommendations whilst, for priority 1 recommendations, evidence was requested to support the responses. It should also be noted that where a further audit was scheduled in the 2011/12 internal audit plan, the responses provided as part of the follow-up were confirmed as part of the audit testing programme.

1.3. Summary Table 2010/11

The following table summarises our findings:

2010/11 Audit	Raised	Imple- mented	Partly Impleme- nted	Outsta- nding	Not yet due	No longer appli- cable
Agency Cost (Depot Agency Staffing)	4	3		1		
Aids and Adaptations	6	5	1			
Asset Security - Tenant Services	11	11				
Business Rates	4	2	1			1
Capital Accounting	4	3	1			
Carbon Reduction	4	2	2			
Members Services	4	4				
Council Tax	4	2	2			
Data Quality	4	3	1			
Homelessness	3	3				
Housing and Council Tax Benefits	2	2				
Housing Rents	2	1				1
Land Charges	5	1	3	1		
Licensing	5	5				
Regeneration	3	2				1
Risk Management	7	6				1
Section 106 Agreements	1					1
Trade Waste	7	5	2			
Treasury Management	4	4				
Voids	6	5				1
Total	90	69	13	2	0	6

1.3. Summary Table 2011/12

The following table summarises our findings:

2011/12 Audit	Raised	Impleme- nted	Partly Impleme- nted	Outsta- nding	Not yet due	No longer appli- cable
Accounts Payable	3	1	2			
Budgetary Control	2	1		1		
Data Quality	5	4	1			
Food Safety	5	2	3			
Health & Safety Follow Up	10	5	4	1		
Housing Asset Management	4	4				
Housing Repairs and Maintenance	8	6	2			
IT Disaster Recovery	8		2	6		
IT Security	24	5	6	6	7	
Partnerships	8	6	1	1		
Payroll	3	2	1			
Planning Applications	7	3	4			
Property	4	2	2			
Risk Management	6	4	2			
Waste Recycling	6	4		2		
Total	103	49	30	17	7	0

3. Outstanding Priority 1 Recommendations

Health & Safety Follow Up – 2011/12

Review / Audit of Health & Safety Systems	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>A formal annual review / audit of all areas of the Health and Safety system should take place in order to ensure that procedures are being adhered to by each service area. The review should include all areas of the Council and findings should be reported to Senior Managers and the Corporate Management Team. Where areas of concern are identified, an action plan should be agreed in order to mitigate Health and Safety risks.</p> <p>Date due – 31/12/11</p> <p>Observation</p> <p>There should be a means of auditing the performance of the Health and Safety system and this should be reported to senior staff. Such an audit should encompass all areas of the Council and action plans should be agreed where necessary in order to improve performance.</p> <p>It was confirmed that for two of the three areas reviewed (IT and Customer Services) there was no evidence that an annual review had taken place.</p>	1	Corporate Safety, Health and Care Officer	29/02/12 Further revised date: 30/04/12	<p>Partly Implemented</p> <p>January 2012 update:</p> <p>The audits have recently commenced. They have been scheduled to take place from 12/01/12 to 16/02/12.</p> <p>The Council restructure has required new Health & Safety Co-Ordinators to be assigned. 50 Co-Ordinators have been appointed, spanning the new Council structure. This is documented in the new 'Health & Safety Organisation Structure' dated 21/11/11.</p> <p>The Co-Ordinators have been offered training if required, with sessions attended on 28/11/11 and 01/12/11. A guide to the Role & Responsibilities has also been emailed to each Co-Ordinator.</p> <p>Prior to the scheduled audits, Co-Ordinators have been sent a 'Self-Audit Questionnaire' to complete and return. These were due by 29/11/11 although only 16 (circa 25%) had been received back as at 19/12/12.</p> <p>April 2012 update:</p> <p>80% of the service areas audit programme has</p>

				been completed. The remainder are on track for completion by the end of April. Progress is reported to CMT and a separate report is being prepared for the Audit Committee.
--	--	--	--	---

Partnerships – 2011/12

Sports Trust Delivery Plan & Funding Approval	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>The Dacorum Sport Trust 'Sportspace' should prepare a three year development plan and obtain Portfolio Holder approval for the Dacorum funding contribution.</p> <p>Date due – 31/12/11</p> <p>Observation</p> <p>The financial commitment to partnerships should be supported by a delivery plan or service level agreement with the partnership. Such plans provide assurance that the Council is obtaining value for money from the partnership. Funding awards should be approved in accordance with the Council's financial regulations to prevent unnecessary or unauthorised partnership expenditure.</p> <p>Audit were not provided with evidence that a delivery plan was in place for 2011 and beyond. Similarly, there was no evidence that the actual financial commitment of £525,000 had been approved by Portfolio Holder or Cabinet prior to inclusion in the annual budget. However, the funding award is reviewed by officers every year (Deputy 151 Officer, Assistant Director Strategy and Transformation, Group Manager, Sportspace Chief Executive and Finance Director).</p>	1	Group Manager (Partnerships & Citizen Insight)	31/03/12 Further revised date:30/04/12	<p>Partly Implemented</p> <p>January 2012 update:</p> <p>A three year business plan has been produced by Sportspace and sent to the Assistant Director (Strategy and Transformation, Community and Organisation). The plan confirms the Dacorum funding contribution.</p> <p>The Council have drafted a Sports Policy Statement for approval by Cabinet on 27/03/12.</p> <p>The Council are meeting with Sportspace in February to discuss revision of the three year business plan to align it with the Council's new Sport Policy Statement.</p> <p>Plan, Policy Statement & Portfolio Holder approval are expected to be complete by 31/03/12.</p> <p>April 2012 update:</p> <p>This has been delayed by CMT and Cabinet. The Sports Policy statement will go to Cabinet in April 2012.</p> <p>The Sportspace delivery plan and funding agreement is being developed by AD Finance. This is due to be discussed at Sportspace / DBC Annual Meeting in April 2012. Once this is agreed it will be for the AD Finance to seek</p>

approval from the Portfolio Holder.

Information Security – 2011/12

Remote Access Controls	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>A review of remote access security controls should be performed with a view to implementing additional security controls for access connections into the Council's network, for example:</p> <ul style="list-style-type: none"> • Implementing two-factor authentication controls for remote access to enhance security; • A policy and process should be established to help ensure that all devices connecting to the Council's network have up to date Anti-Virus and Spyware software in place and that this is regularly updated; • All PCs accessing remotely should have up to date security patches in place; and • Restrictions should be established to help ensure that all users are not permitted to download Council data onto PCs unsupported and not owned by the Council. <p>Date due – 31/03/12</p> <p>Observation</p> <p>Additional remote access controls will help to ensure that the confidentiality and integrity of the Council's network and its systems is greatly improved and protected as additional controls improve authentication to Council data and do not permit</p>	1	ICT Team Leader	31/05/12	<p>Partly Implemented</p> <p>April 2012 update:</p> <p>Two factor authorisation is not in place as yet.</p> <p>Currently waiting on upgrade to Netilla Appliance v7.4 which provides enhanced reporting facilities to help establish the number of remote users. So far up to 170 users have been deleted from the Netilla Appliance. A spreadsheet of remote users has been prepared, drawn into three categories; High (red), Medium (Yellow), and Low (Green). Serial numbers of tokens have been added to the spreadsheet waiting for allocation after the Netilla Upgrade. The remote access costs will be assessed based on revenue.</p>

<p>Council data to be loaded onto unsupported devices.</p> <p>We identified that in order to remotely connect to the Council's network, the user is required to enter a username and password in the secure website: ssl.dacorum.gov.uk. No further authentication is required and no checks are made on the user's PC to help ensure that their Anti Virus protection is up to date or that it has got the latest security updates and patches applied. We further ascertained that the user is able to download or copy data from the remote network connection to the local drive of the PC.</p>				
---	--	--	--	--

Information Security – 2011/12

Security of Mobile Phones	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>The Council should consider a stronger and robust policy on the issue and use of mobile phones with the need for adequate security to prevent unauthorised access to information (email and data) in the event that the phone is mislaid or stolen.</p> <p>Date due – 31/03/12</p> <p>Observation</p> <p>Enhancing security controls on mobile devices helps to ensure that specific standards have been established for portable devices. With the increase in the use of PDAs, Mobile devices and tablet PCs there</p>	1	ICT Team Leader	30/06/12	<p>Partly Implemented</p> <p>April 2012 update:</p> <p>Mobile PIN's are in place.</p> <p>The Mobile Phone Policy to be refreshed by end April. It was confirmed that a start has been made on refreshing the policy.</p> <p>Device encryption has not commenced and is now anticipated by the end of June 2012.</p>

<p>is a need to enhance security controls to ensure that all users of these devices have appropriate security in place. Mobile devices by their nature are more portable and therefore more at risk to being lost, stolen or left in public places.</p> <p>Currently, the issue of mobile devices is dependent on the procurement policy that is followed and several different types of phones are currently in use at the Council including Smart phones. Users are advised to set passwords/PINs on their phones but it is down to the individual to enforce this setting. If a phone is reported as stolen, it can be disabled so that no more emails are transmitted to the phone and the service provider will be requested to block the phone. Additionally, users have the ability to download documents which once downloaded are stored on the devices which may not be adequately protected.</p>				
---	--	--	--	--

Information Security – 2011/12

Records and Information Management	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>We recommend that, as a minimum:</p> <ul style="list-style-type: none"> • The current Records and Information Management Policy is reviewed to ensure that it meets with the Council current requirements and usage of data; • A periodic review is conducted to ensure that users and departments are complying with the policy, for example, on records and data management, retention and destruction; 	1	ICT Team Leader	30/04/12	<p>Partly Implemented</p> <p>April 2012 update:</p> <p>It was confirmed that a start has been made to updating the procedures.</p> <p>Specifically, the next to be updated will be:</p> <ul style="list-style-type: none"> • Records Management Policy • Records Disposal Policy • Retention Schedule

<ul style="list-style-type: none"> • An exercise should be conducted to review and remove records that are no longer necessary (in compliance with the DPA) but keeping in mind any regulatory and legal requirements for retention; and • A documented records disposal procedure should be developed which is available and distributed throughout the Council. <p>Date due – 31/03/12</p> <p>Observation</p> <p>A strong Records and Data Management Policy will help in enforcing the Council's objective in records and data management. Periodic review of the document will help to ensure that users and departments are in compliance with the policy and the regulatory/legal requirements of the policy. A documented disposal procedure will provide guidance to users on the management and disposal of records.</p> <p>The Council has a Records and Data Disposal policy in place. However, it was created in 2009 and is considered to be out of date. From the information provided, it is known that records and data exist dating back to 1995 that are no longer required or should have been archived. Data not removed or deleted is being retained and is probably in non-compliance with the 5th Principle of the Data Protection Act 1998.</p>				<p>These are expected to be complete by the end of April 2012.</p>
---	--	--	--	--

Appendix A – Staff interviewed

Staff from all directorates were contacted as part of this follow-up work. We would like to thank the staff involved for their co-operation during the audit.

Appendix B - Statement of responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Deloitte & Touche Public Sector Internal Audit Limited

London

April 2012

In this document references to Deloitte are references to Deloitte & Touche Public Sector Internal Audit Limited.

Registered office: Hill House, 1 Little New Street, London EC4A 3TR, United Kingdom. Registered in England and Wales No 4585162.

Deloitte & Touche Public Sector Internal Audit Limited is a subsidiary of Deloitte LLP, the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited