

# Eastern Internal Audit Services



South Holland District Council

Progress Report on Internal Audit Activity

Period Covered: 7 January 2019 to 4 March 2019

Responsible Officer: Faye Haywood Internal Audit Manager

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## 1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
- Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - Any significant outcomes arising from those audits; and
  - Performance to date.

## 2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 15 March 2018, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since our last report no further changes to the plan have been made.

## 3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**. The following financial systems audits are currently delayed. A response from the internal audit team at East Lindsey District Council is provided below;

<b>Audit</b>	<b>Deadline</b>	<b>Auditor</b>
Revenues	January 2019	East Lindsey District Council
Benefits	January 2019	East Lindsey District Council
Housing Rents	November 2018	East Lindsey District Council

“Audit work in respect of the services provided to South Holland by Compass Point Business Services is progressing and we are currently on schedule to complete the work in good time to inform the Annual Audit opinion. We have experienced some delay to the original planned timescales due to the unforeseen departure of the auditor conducting the work, however resources have been realigned and the work is now progressing”.

- 3.2 In summary 176 days of programmed work has been completed, equating to 70% of the (revised) Audit Plan for 2018/19.

## 4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

**Substantial Assurance:** Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

**Reasonable Assurance:** Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation’s management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

**Limited Assurance:** Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

**No Assurance:** Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

**Urgent (priority one):** Fundamental control issue on which action to implement should be taken within 1 month.

**Important (priority two):** Control issue on which action to implement should be taken within 3 months.

**Needs attention (priority three):** Control issue on which action to implement should be taken within 6 months.

4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report Internal Audit Services have issued four final reports:

Audit	Assurance	P1	P2	P3
Building Control	Substantial	0	0	1
Procurement and Contract Management	Limited	0	9	3
GDPR Corporate Governance	Reasonable	0	2	2
Leisure	Substantial	0	0	0

The Executive Summary of these reports are attached at **Appendix 2**, full copies of these reports can be requested by Members.

4.5 As can be seen in the table above as a result of these audits 17 recommendations have been raised. All 17 of these recommendations have been agreed by management.

4.6 It is also pleasing to note that three audits concluded in a positive opinion being awarded indicating a stable control environment in these areas.

4.7 A limited assurance grading was raised in the area of Procurement and Contract Management. A total of nine important recommendations have been raised. It was noted within the report that the Central Contract and Procurement Team is a newly established team, and that many of the recommendations relate to legacy issues. Many of the recommendations already form part of the Team's work plan and were partially or largely implemented at the time of the audit. Since the audit was completed, four important recommendations have been implemented, with evidence provided accordingly.

4.8 The following important recommendations from the Procurement and Contract Management report remain outstanding and will be monitored through our follow up process.

- Details of exemptions to be recorded on the Contracts Registers.
- The current contract template is reviewed against the requirements of the Constitution and updated accordingly and specifically, to include the requirements of the Human Rights Act.
- Clarity be provided within the Contract Procedures Rules as to what level of officer may authorise each level of the procurement process.
- The Contracts Register to be updated to cover all aspects of Local Government Transparency Code guidance.
- A Procurement Strategy is produced for South Holland.

## **5. PERFORMANCE MEASURES TIAA**

5.1 The TIAA element of Internal Audit Services contract includes a suite of key performance measures against which the contractor is reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.

5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by the contractor and agreed with the Internal Audit Manager to ensure that appropriate action is taken.

5.3 The third quarters work has been completed and a report on the performance measures provided to the Internal Audit Manager, performance is currently at green status with the majority of targets having been met for this quarter.

## APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							Urgent	Important	Needs Attention	Op		
<b>Quarter 1</b>												
Environmental Services including waste, recycling & depot services	SH1902	16	16	16	Final report issued 13 September 2018	Reasonable	0	1	4	1	October 2018	
<b>TOTAL</b>		<b>16</b>	<b>16</b>	<b>16</b>								
<b>Quarter 2</b>												
Procurement & Contract Management	SH1901	8	8	8	Final report issued 7 January 2019	Limited	0	9	3	0	March 2019	Joint
Compass Point - Finance	SH1903	10	12	10	Audit underway Draft report due							Delays - client aware
Food, Health & Safety	SH1905	8	8	8	Final report issued 4 October 2018	Reasonable	0	2	2	0	January 2019	Joint
Democratic Services	SH1906	8	8	8	Final report issued 21 November 2018	Reasonable	0	4	3	2	January 2019	Joint
<b>TOTAL</b>		<b>34</b>	<b>36</b>	<b>34</b>								
<b>Quarter 3</b>												
Corporate Governance	SH1908	4	4	4	Final report issued 8 January 2019	Reasonable	0	2	2	0	March 2019	Joint
Payroll and Human Resources	SH1909	15	15	14	Draft report issued 24 January 2019							Joint
Delivery Unit Team	SH1910	6	6	5	Draft Position Statement issued 4 February 2019							Joint
Leisure	SH1911	10	10	10	Final report issued 25 February 2019	Substantial	0	0	0	0	March 2019	
Community Enforcement & ASB	SH1907	12	12	11	Draft report issued 24 January 2019							
Building Control	SH1912	8	8	8	Final report issued 3 January 2019	Substantial	0	0	1	0	March 2019	
<b>TOTAL</b>		<b>55</b>	<b>55</b>	<b>52</b>								
<b>Quarter 4</b>												
Asset Management	SH1904	10	10	1	Audit start 14 March 2019 Draft report due 12 April 2019							
Transformation Programme	SH1913	6	0	0								Joint
Environmental Protection	SH1914	8	0	0								Audit deferred to 2019/20
Housing Needs, Allocations, Homelessness and Housing Register	SH1915	30	12	9	Audit underway. Draft report due							
Housing - Property Services	SH1920	0	18	6	Audit underway. Draft report due 5 April 2019							
<b>TOTAL</b>		<b>54</b>	<b>40</b>	<b>16</b>								

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							Urgent	Important	Needs Attention	Op		
<b>IT Audits</b>												
Office 365	SH1916	5	0	0								Joint
Service Desk	SH1916	0	6	2	Audit underway Draft report due 15 March 2019							Joint
Cyber Security	SH1917	10	10	10	Final report issued 22 November 2018	Reasonable	0	5	0	0	January 2019	
Network Management	SH1918	5	5	2	Audit underway. Draft report due 12 April 2019							Joint
Software Licensing	SH1919	5	5	5	Final report issued 19 December 2018	Reasonable	0	1	0	2	January 2019	Joint
<b>TOTAL</b>		<b>25</b>	<b>26</b>	<b>19</b>								
<b>Follow Up</b>												
Follow Up	NA	12	12	9								
<b>TOTAL</b>		<b>12</b>	<b>12</b>	<b>9</b>								
<b>TOTAL</b>		<b>196</b>	<b>185</b>	<b>145</b>			0	24	15	5		
<b>Percentage of plan completed</b>				<b>78%</b>								
<b>Audit delivered by East Lindsey District Council</b>												
Key Controls & Assurance	tbc	20	40									
<b>Revenues</b>					TOR issued, report due January 2019							
<b>Benefits</b>					TOR issued, report due January 2019							
<i>(Payroll)</i>												
<b>Housing Rents</b>					TOR issued, report due November 2018							
<b>Financial Services:</b> <i>Accounts Receivable</i> <i>Accounts Payable</i> <i>Budget Management</i> <i>Income</i> <i>Asset Management</i>					TOR issued, report due March 2019							
<b>Accountancy Services</b> <i>(general ledger, control accounts, treasury management &amp; bank reconciliation)</i>				5	Draft Report issued 8 February 2019							
Housing Benefit Subsidy	tbc	25	25	25								
		<b>45</b>	<b>65</b>	<b>30</b>								
				<b>46%</b>								
<b>OVERALL TOTAL</b>		<b>241</b>	<b>250</b>	<b>175</b>								
				<b>70%</b>								

## APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

### Assurance Review of Building Control Arrangements

#### Executive Summary

##### OVERALL ASSURANCE ASSESSMENT



##### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
*Procedures	0	0	1	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>

\*The recommendation refers to procedures covering all areas in scope i.e. plan checks and decisions, inspections and completion certificates, fee setting and income and performance of the service.

##### SCOPE

The objective of the audit was to review the systems and controls in place over Building Control to help confirm that these are operating adequately, effectively and efficiently. The audit covered: policy, procedures, plan checks and decisions, inspections and completion certificates, fee setting and income and performance of the service and market share.

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'needs attention' recommendation being raised upon the conclusion of our work.
- This area has not been subject to previous audit scrutiny at South Holland by TIAA. As such, no direction of travel is applicable.

## POSITIVE FINDINGS

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It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Building Control team has a dedicated Office Technician providing administrative support for the Ocella system. This allows prompt oversight to systems users and writing bespoke reports to manage/monitor the system.
- Ocella is used to record, monitor and manage all building control applications. The system also has a remote application allowing Building Control Officers to make on site recordings. This enables officers to provide real time responses to agents in respect of building application decisions.
- Completion certificates for all the five full plan applications tested had been issued on the same day as the final site visit and approved by either the Building Consultancy Manager or the deputy the Building Control Team Leader. System controls on Ocella prevent completion inspection certificates from being issued until payment has been received, visits completed and any outstanding issues have been cleared. This ensures certificates are issued once all the requisite steps have been taken.
- The Building Control Department applies the Local Authority Building Control (LABC) guidance for local authorities on producing a model charging scheme, thereby providing a consistent approach used by other local authorities. All relevant fees collected for the sample of applications reviewed had been applied in accordance with approved charges.
- All inspection visits are recorded on Ocella along with supporting reports from the inspectors for each visit which supports the fees charged. The system places the application on hold until the fees are paid.

## ISSUES TO BE ADDRESSED

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The audit has highlighted the following areas where one 'needs attention' recommendation has been made.

### Procedures

- There is a need to provide evidence that written procedures are up to date in order to reduce the risk of incorrect or inconsistent practices developing.

### Operational Effectiveness Matters

No operational effectiveness matters have been raised.

This area has not been subject to previous scrutiny by TIAA Ltd.

### Other issues noted

The Council has a comprehensive suite of key performance indicators for monitoring service provision. This includes the number of estimated applications lost each month to Approved Inspectors which is reported via Pentana and is accessed by senior management and members.

The annual benchmarking report for building control performance for 2017/18 in the Lincolnshire area lists eight councils and one Council partnership. This report shows that only three organisations made a surplus, South Holland District Council being one, with all the remaining five organisation making a loss. This report shows that South Holland District Council made a surplus during this period of £40.8k and estimated loss of income to Approved Inspectors of £26.3k which should also be noted is the lowest estimated income loss to Approved Inspectors in the Lincolnshire area.

# Assurance Review of Procurement and Contract Management Arrangements

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Procurement of Works, Services and Supplies	0	7	3	0
Exemptions	0	3	0	0
Off Contract Spend	0	1	0	0
<b>Total</b>	<b>0</b>	<b>9</b>	<b>3</b>	<b>0</b>

### SCOPE

The objective of the audit was to review the systems and controls in place within Procurement, to help confirm that these are operating adequately, effectively and efficiently.

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of eleven 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- A review of Procurement (BRK/17/16) was completed as part of the 2016/17 audit plan for Breckland DC, which focused primarily on compliance with the Public Contract Regulations 2015 (Regulations 22 and 53). This culminated in a final Position Statement being issued in March 2017 detailing a number of suggested actions/improvements. This area has not been subject to previous audit scrutiny at South Holland DC by TIAA. As such, no direction of travel is provided in respect of either Council.
- It is noted that the Central Contract and Procurement Team is a newly established team, and that many of the recommendations relate to legacy issues. It was further noted that many of the recommendations already form part of the Team's work plan and were partially or largely implemented at the time of the audit. Since the audit was completed, six of the total fourteen recommendations have been implemented, with evidence provided accordingly.

## POSITIVE FINDINGS

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It is acknowledged there are areas where sound controls are in place and operating consistently:

- Project planning standard documentation has been produced by the Corporate Contracts and Procurement Manager for tenders which guides staff through the process and ensures that all necessary documentation is completed.
- The Council uses the online procurement portal In-tend, which fulfils the requirements of the Public Contract Regulations 2015.
- Training on Procurement is included as part of the Governance training thereby widening the requirements of correct procurement arrangements within the Council.
- Implemented a new tool 'Illuminator' to help us access business intelligence information as part of the procurement process thereby providing wider knowledge of procurement activity.
- Access to In-tend is restricted and a review of access levels confirmed that only current staff are activated. This demonstrates that the Council's procurement data is adequately safeguarded.

- A full review of 12 month supplier spend data has been completed for Breckland Council. This has identified contracts that had not been recorded on the published register and identified areas to test the market for potential savings. Furthermore, the Central Contract and Procurement Team has also developed a clear process alongside finance to both define and record cashable and non-cashable benefits achieved as part of procurement and contract management.

## **ISSUES TO BE ADDRESSED**

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The audit has highlighted the following areas where nine 'important' recommendations have been made.

### **Procurement of works, services and supplies**

- A procurement strategy is required for South Holland. Without this document key Council procurement objectives may not be clearly defined and so could be missed.
- At the time of the review, the Contracts Register for South Holland Council was not available on the Council's website. There is a risk to the Council's reputation by not complying with the Local Government Transparency Code.
- The Contracts Register requires updating to cover all aspects of Local Government Transparency Code guidance. South Holland's Contract Register is missing the reference number, title of agreement, supplier details, procurement route, and supplier type. The reputation of both Council's may be at risk by not openly publishing contract information in accordance with the Local Government Transparency Code.
- Clarity be provided within the Contract Procedures Rules as to what level of officer may authorise each level of procurement process. Without this, staff may authorise expenditure over and above their levels of delegated authority in breach of Contract Procedures Rules and in doing so, commit the Council to contractual arrangements that do not demonstrate best value.
- The current contract template is reviewed against the requirements of the Contract Procedure Rules, in particular, contract clause requirements and updated accordingly and specifically, to include the requirements of the Human Rights Act. The Council may not be able to prove it is discharging its duty with regard to the Human Rights Act and standard legal requirements may not be included in the standard contract template.

### **Exemptions**

- Exemption information is not held within the Contracts Register and so there is a risk that exemptions are not accurately recorded or that the Council is able to demonstrate compliance with the Local Government Transparency Code in regard all of its procurement activity.
- All exemptions require monitoring by the S151 Officer (and evidenced maintained) in accordance with the Constitution. Where exemptions are not approved in line with the Constitution, there is an increased risk of inappropriate exemptions being processed.
- All exemption forms be returned to the Central Contract and Procurement Team to ensure that full records are held. The Council may not be able to prove it has followed correct procedures in a fair and transparent manner if documentation cannot be located.

### **Off contract spend**

- Supplier spend analysis be fully completed. There is a risk that best value for money may not be achieved and CSOs may not be complied with.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

### **Procurement of works, services and supplies**

- A full review of all guidance for staff on procurement processes has not been undertaken, and therefore elements of the Constitution may not be followed as they are not included in the available guidance.
- Ensure reports are produced on the outcome of any competitive procurement process in accordance with the Constitution. There is a risk of non-compliance with this particular element of the Constitution.
- A post implementation review is required for all contracts over £75k in accordance with the Financial Procedures Rules within the Constitution. Without this is a risk of non-compliance with the Constitution and that lessons learnt are not addressed and materialise in future procurements.

### **Operational Effectiveness Matters**

There are no operational effectiveness matters for management to consider.

### **Previous audit recommendations**

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

# Assurance Review of Corporate Governance GDPR

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Governance	0	0	2	0
Data Classification and Asset Management	0	1	0	0
Third Party Providers	0	2	0	0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>

No recommendations arose in relation to impact assessments, data subject rights, data security and breach management, consent, Data Controllers and Processors, communication or training. Actions in relation to these areas are included by the Councils' General Data Protection Regulations (GDPR) plan however, which is work-in-progress.

### SCOPE

The review assessed compliance with the key GDPR elements of: Data Protection Impact Assessments, Data Subject rights, data classification and asset management, data security and breach management, governance, Data Controllers & Processors, and training for staff and members in preparation for GDPR.

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- This area has not been subject to previous audit scrutiny by Tiaa, hence, no comparable direction of travel indicator is provided.

## POSITIVE FINDINGS

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It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Executive Manager for Governance is the designated Data Protection Officer (DPO); a role required under GDPR. The Senior Information Risk Owner (SIRO) role has been transferred to the Executive Manager for Information, which will be confirmed in the Constitution in January 2019. Separating these roles reduces the risk of any conflicts of interest.
- The Executive Manager for Governance and DPO reports to the Statutory Information Group (SIG) which in turn reports to the Executive Management Team (EMT). Briefings also go to Portfolio Holders and Scrutiny Committees at both Councils. At South Holland, there is also a Data Protection and Data Retention Task Group that reports to the Policy Development Panel. EMT minutes show progress is regularly reported, reducing the risk of GDPR non-compliance due to lack of management buy-in.
- Data Protection Leads or 'champions' have been assigned in all departments. This helps embed a culture of data protection, reducing the risk of data incidents.
- Evidence demonstrates comprehensive GDPR communication and training for Data Protection Leads, other staff and Members, reducing the risk of data protection incidents. E-learning training records show 86% compliance and there is an action in the GDPR plan to improve Member training levels to increase this further.
- The Executive Manager for Governance and DPO described a good level of support and buy-in from the leadership in respect of the GDPR implementation, including the secondment of the Information Governance (IG) Officer. The Executive Manager for Governance and DPO plans to prepare a business case for the IG Officer role to be made permanent to continue the focus on GDPR. Properly resourcing the GDPR implementation reduces the risk of failing to introduce the required controls.

- Updated privacy policies and privacy notices are posted onto the Councils' websites. There are also privacy statements on staff and Member email signatures and Members also have their own privacy notices. This reduces the risk of the public not understanding how their information is collected and used.
- A Data Protection Policy appendix sets out the process and the one month timescale for handling Subject Action Requests (SARs) is in line with GDPR. With the exception of one administration error, testing confirmed that all SARs received after May 2018 were responded to in accordance with the one month GDPR target, reducing the risk of GDPR non-compliance and complaints.
- There is a clear incident reporting process which is followed to record and investigate incidents, including any potential data breaches. This is supported by a risk assessment process used to determine the severity of the breach and whether it is reportable to the ICO. Staff are reminded of the importance of promptly reporting any incidents, reducing the risk of fines from the ICO.
- There is a documented Data Protection Impact Assessment (DPIA) process, and a template has been designed which requires the advice of the DPO. Testing confirmed that a recent DPIA had been fully completed and agreed by both the Executive Manager for Governance and DPO and SIRO, reducing the risk of data not being protected.
- Compass Point Business Services (East Coast) Ltd provides back office services to South Holland District Council through a partnership approach. It was confirmed that incidents are reported to the Council, logged and investigated. This process reduces the risk of failure to report and learn from incidents, which could lead to fines under GDPR.
- South Holland has purchased insurance with Lloyds through CFC Underwriting Limited. The insurance clauses cover cyber incident response, cyber-crime, system damage and business interruption, network security and privacy liability, media liability, and court attendance costs. The liability limit for privacy and regulatory fines is £2m.

## **ISSUES TO BE ADDRESSED**

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The audit has highlighted the following areas where two 'important' recommendations have been made.

### **Data Classification and Asset Management**

- Information Asset Registers (IARs) to be populated and to include with whom information is shared. This to then be reviewed to ensure sharing is appropriate and supported by information sharing agreements as part of the development of the Record of Processing Activity (RoPA). Protecting all information assets and flows reduces the risk of data breaches.

### **Third Party Providers**

- The wording of the Compass Point Business Services (East Coast) Ltd contract to be revised to include demonstrable compliance with GDPR and evidence subsequently be sought that GDPR compliance is maintained. This will reduce the risk of potential supplier non-compliance causing reputational damage for the Council through breaches in GDPR.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

### **Governance**

- A document control section to be added to the Data Protection Policies to reduce the risk of GDPR non-compliance due to staff following old versions of the policies.
- GDPR related risk scores be reviewed on the Pentana system to reduce the chances of likelihood and impact scores being unrealistic or unachievable.

### **Operational Effectiveness Matters**

There are no operational effectiveness matters for management to consider.

### **Previous audit recommendations**

No previous internal audit review of GDPR has been undertaken by Tiaa.

### **Other points noted**

- The Information Governance Officer was appointed on 14<sup>th</sup> May 2018 initially on a 12-18 month secondment. The Executive Manager – Governance and DPO is planning to prepare a business case for making this post permanent.
- There is a GDPR project plan, incorporating 70 actions to be completed by December 2019, in order to demonstrate full GDPR compliance. The timetable was originally agreed by the Executive Manager – Governance and DPO and the Information Governance Officer, to sit alongside the 18 months duration of the Information Governance contract term with the risks prioritised. These are Red, Amber and Green (RAG) rated based on progress and risk, with progress regularly reported to the EMT. At the time of the audit, 11 items were Red rated. Not all instances were annotated to explain why or what remedial action had been agreed. This has been, to date, verbally explained to EMT, although it was agreed with the Information Governance Officer that this information will be recorded in the project plan moving forward. As such, no recommendation has been raised.
- There is a need for an overall up to date Retention Policy and retention schedules. The development of a Retention Policy and update of the Council's retention schedules are included in the GDPR project plan, with a target dates of December 2018 and April 2019 respectively. As such, no recommendation has been raised.
- A Data Protection Impact Assessment (DPIA) log was established during the audit visit. This will help track future DPIAs to ensure full completion and sign off. As such, no recommendation has been raised.

# Assurance Review of Leisure Arrangements

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
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No recommendations have been raised.

### SCOPE

The objective of the audit was to review the systems and controls in place within Leisure, to help confirm that these are operating adequately, effectively and efficiently.

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of no recommendations being raised upon the conclusion of our work.
- A previous review of Leisure (SH/17/11) was completed with a Position Statement issued in May 2017 that made a number of Suggested Actions/Improvements, all of which were accepted by management. Since no overall assurance opinion was provided, a direction of travel cannot be provided on this occasion, although it is recognised that all the 'Suggested Actions/Improvements' included therein, have been addressed by the Council.
- It also needs to be noted that the Council is still working on its mobilisation plans from moving from one provider to a new provider of its leisure services and that this audit was completed up to a given point in time and upon which the overall assurance opinion was based. Therefore, this report cannot take in to account any issues that may potentially arise, hereafter.

## POSITIVE FINDINGS

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It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Council has undertaken a thorough review of its leisure services provision both in respect of the Castle Sports Complex and the Peele Leisure Centre, with a report to Full Council on 28<sup>th</sup> November 2018 that considered options for a new contract, with effect from 1<sup>st</sup> March 2019.
- The Council has resolved the long term contract arrangements for the provision of leisure at both the Castle Sports Complex and the Peele Leisure Centre through a formal procurement exercise resulting in the appointment of Parkwood Leisure. The new contract will commence from 1<sup>st</sup> March 2019 for a period of five years with the option to extend by a further two years. This arrangement will generate a new revenue stream for the Council as well as enhancing leisure provision to the area.
- A thorough procurement process was undertaken prior to the awarding of the contract to Parkwood Leisure thereby ensuring full compliance with the Council's Constitution (Financial Procedure Rules) and EU requirements and with the Council having taken specialist advice in the process.
- A formal mobilisation plan exists to oversee the smooth transition from the current contract arrangements to the new contract. This is continually updated and includes for example, project meeting dates, communication plans, employees/TUPE details, financials, facility and equipment condition/handover, quality procedures and client monitoring, health and safety, ICT, pricing and programming and capital development programme. It also includes handover details and due diligence that Parkwood has completed with 1 Life.

- There was clear evidence to support continued monitoring of the current leisure provider at both the Castle Sports Complex and the Peele Leisure Centre with action taken in light of issues found and reporting through weekly and monthly client meetings and in addition to other ad hoc communications as and when necessary. There was also evidence of six-monthly reporting to the Performance Monitoring Panel (PMP) Task and Finish Group.
- Formal contract monitoring arrangements are still being developed, although with the emphasis on the Council placing more reliance of the new provider's own monitoring arrangements. The Council though is still intending to undertake independent monitoring, which, for example, if not weekly like the current arrangements, will be monthly, which is the industry standard. A review of Leisure services has been included in the 2019/20 internal audit plan, whereby it will be possible to assess the new contract monitoring arrangements in more detail.

## **ISSUES TO BE ADDRESSED**

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No recommendations have been raised

### Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.