

Eastern Internal Audit Services



South Holland District Council

Progress Report on Internal Audit Activity

Period Covered: 2 March 2020 to 24 July 2020

Responsible Officer: Faye Haywood, Internal Audit Manager South Holland District Council

CONTENTS

1. INTRODUCTION.....	2
2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN	2
3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK	2
4. THE OUTCOMES ARISING FROM OUR WORK	3
5. PERFORMANCE MEASURES	5
APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK.....	7
APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES	9
APPENDIX 3 - AUDIT REPORT EXECUTIVE SUMMARIES.....	22

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 Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 14 March 2019, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since our report to the Committee in November 2019, there has been no further significant changes to that plan.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 **Appendix 1** covers progress made against the 2019/20 agreed internal audit plan. A total of 170 days of work has been allocated to Eastern Internal Audit Services (EIAS) to be delivered by TIAA Ltd. A total of 65 days was also allocated to Audit Lincolnshire (formally East Lindsay District Council).

Audit Lincolnshire's coverage includes the testing of key financial systems managed by Public Sector Partnership Services (previously Compass Point Business Services) on behalf of South Holland District Council. The Head of Internal Audit places reliance on the work carried out by Audit Lincolnshire when concluding on the overall Internal Audit Opinion. Progress in relation to delivering the Audit Lincolnshire's allocated days is provided in **Appendix 1**.

- 3.2 **In summary:**

142 days of programmed work has been completed by EIAS, equating to 93% of the (revised) Audit Plan for 2019/20 and 65 days have now been completed by Audit Lincolnshire. In total 207 days have been delivered for the 2019/20 Internal Audit Plan.

Due to the impact of the Coronavirus pandemic we were not able to complete the following audits:

- Asset Management – a total of five days were delivered before the Coronavirus pandemic had a significant impact on our ability to complete the audit.
- Remote Access – a total of five days were delivered before the Coronavirus pandemic had a significant impact on our ability to complete the audit.

We have been unable to finalise the following reports due to the impact of the Coronavirus pandemic in time for the Committee meeting. The following reports have been completed but remain in draft. Executive Summaries of these reports have been provided and gradings indicated whilst we await management responses:

- Procurement and Contract Management
- Disaster Recovery

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 this report TIAA has issued three final reports: A total of two reports have been issued in draft and are awaiting management responses:

Audit	Assurance	P1	P2	P3
Corporate Governance	Reasonable	0	2	0
Procurement and Contract Management DRAFT	Reasonable	0	3	5
Housing Repairs and Maintenance	Reasonable	0	1	0

Car Parks	Limited	0	4	1
Disaster Recovery DRAFT	Reasonable	0	3	1

The Executive Summary of these reports are attached at **Appendix 2 and Appendix 3**, a full copy of these reports can be requested by Members.

- 4.5 As can be seen in the table above as a result of this audit 20 recommendations have been raised with management.
- 4.6 In addition, four Operational Effectiveness Matters have been proposed to management for consideration.
- 4.7 It is encouraging to note that a four of the reports have achieved positive assurance gradings in this period demonstrating that the control framework is effective in those areas audited with no issues that need to be raised in the Council's Annual Governance Statement.
- 4.8 For one report in the area of Car Parks, a limited assurance grading was raised overall with four important and one needs attention recommendations raised. We are pleased to confirm that management have resolved three of the important recommendations raised. The remaining important recommendation highlighted below has been given a deadline of 31 January 2020. The executive summary to this report is included at **Appendix 3**.
- To undertake a review the Council's cash collection service to reduce the risk of non-compliances with procurement rules.
- 4.9 The Audit Lincolnshire Audit reviews for 2019/20 have been completed and reviewed by the Head of Internal Audit for South Holland and reliance placed on the work an overall grading for each report is indicated below:

Audit	Report Grading
Revenues	Substantial
Benefits	Substantial
Housing Rents	Reasonable
Financial Services	Reasonable
Accountancy Services	Reasonable
HR & Payroll	Reasonable

Revenues

The Revenues report resulted in a total of 1 important recommendation raised in relation to documenting the approval of discretionary NDR relief forms. This control has been built into the functionality of the Northgate system and will be tested again during the 2020/21 Internal Audit review.

Benefits

The Benefits report resulted in a total of 1 important recommendation raised in relation to the sign off and retention of evidence for control account reconciliations. This recommendation was immediately actioned.

Accountancy Services

A reasonable assurance grading has been given for this review. A total of four important recommendations were raised relating to: Ensuring that control account reconciliations are regularly reviewed and approved, updating the Treasury Management mandate, reviewing

Treasury Management procedures and ensuring that Journals are only be made by authorised staff members.

Housing Rents

One urgent and four important recommendations were raised during this review and are awaiting management responses. A reasonable assurance grading has been indicated. The urgent recommendation relates to ensuring that tenant account write offs are considered in a timely manner. The four important recommendations relate to: resolving issues with the Northgate system to allow for better arrears management, automating the collection of KPI data for reporting, enhancing rent parameter checks, and regularly performing tenant rent account reconciliations.

Financial Services

A reasonable assurance grading has been given for this review. One urgent recommendation has been raised and is awaiting a management response. This relates to ensuring that the authorisation matrix is consistently adhered to in respect of purchase requisitions and creditor invoices. This will be tested during the 2020/21 audit when the new financial system should automate this control as part of its functionality. An important recommendation has been raised in relation to ensuring that supplier verification notes are added to the system. This recommendation is due September 2020.

HR and Payroll

A reasonable assurance grading has been indicated for this review. A total of three important recommendations have been agreed. These relate to; ensuring that leavers adjustments are adequately supported, improving the detail in expense claims and ensuring that new starter documentation is returned to HR and retained.

5. PERFORMANCE MEASURES – Eastern Internal Audit Services

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which the new contractor will be reviewed on a quarterly basis.
- 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 Consortium Manager to ensure that appropriate action is taken.

- 5.3 Quarter four has now concluded and a report on the performance measures provided to the Head of Internal Audit, performance is currently at green status with targets having been met.
- 5.4 However, as explained earlier in this report, due to the impact of the Coronavirus Pandemic it was not possible to complete audit work in two areas these being, Asset Management and Remote Access. Two reports remain in draft awaiting management responses. We continue to request responses from management and will endeavour to have these reports finalised in time for the next Committee meeting.

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
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Strategic Enforcement - Joint BRK	SH2001	10	10	10	Final position statement issued 5 November 2019						Nov-19
Private Sector Housing	SH2002	12	17	17	Final report issued 17 October 2019	No Assurance	16	6	6	3	Nov-19
TOTAL		22	27	27							
Quarter 2											
Strategic Housing	SH2003	10	10	10	Final report issued 24 October 2019	Reasonable	0	1	1	1	Nov-19
Environmental Protection Joint	SH2004	8	8	8	Final report issued 28 October 2019	Reasonable	0	0	2	0	Nov-19
Section 106 Agreements	SH2005	8	8	8	Final report issued 17 October 2019	Reasonable	0	0	4	1	Nov-19
Leisure	SH2006	10	10	10	Final report issued 29 October 2019	Reasonable	0	1	1	0	Nov-19
TOTAL		36	36	36							
Quarter 3											
Corporate Plan, Performance Measures - Joint BRK	SH2007	8	8	8	Final report issued 28 October 2019	Reasonable	0	4	0	1	Jan-20
Markets	SH2008	12	12	12	Final report issued 24 February 2020	Limited	0	4	1	0	Mar-20
Accounts Receivable PSPS	SH2017	12	0		Deferred to 2020/21						
Income - PSPS	SH2018	8	0		Deferred to 2020/21						
TOTAL		40	20	20							
Quarter 4											
Corporate Governance - Joint BRK	SH2009	4	4	4	Final report issued 9 March 2020	Reasonable	0	2	0	1	Jul-20
Procurement & Contract Management - Joint BRK	SH2010	6	6	6	Draft report issued 9 March 2020	Reasonable	0	3	5	1	Jul-20
Asset Management	SH2011	10	10	5	Audit unfinished due to Covid 19						
Housing Repairs and Maintenance	SH2012	18	18	18	Final draft issued 2 June 2020	Reasonable	0	1	0	0	Jul-20
Car Parks	SH2020		3	3	Final issued 24 July 2020	Limited	0	4	1	0	Jul-20
TOTAL		38	41	36							
IT Audits											
CRM replaced with IT Strategy reduced 1 day	SH2013	6	5	5	Final position statement issued 3 October 2019						Nov-19
Office 365	SH2014	5			Deferred to 2020/21						
Disaster Recovery - Joint BRK	SH2015	5.5	5.5	5.5	Draft report issued 2 March 2020	Reasonable	0	4	3	3	Jul-20
Remote Access - Joint BRK	SH2016	7.5	7.5	2.5	Audit unfinished due to Covid 19						
TOTAL		24	18	13							
Follow Up											
Follow Up	NA	10	10	10							
TOTAL		10	10	10							
TOTAL		170	152	142			16	30	24	11	
Percentage of TIAA plan completed				93%							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Audit delivered by Audit Lincolnshire											
Key Controls & Assurance	tbc	40	40	40							
Revenues					Final report issued 31 January 2020	Substantial	0	1	0	0	Jan-20
Benefits					Final report issued 6 Decemer 2020	Substantial	0	1	0	0	Jan-20
Housing Rents					Final report issued 29 May 2020	Reasonable	1	4	0	0	Jul-20
Financial Services: Accounts Receivable Accounts Payable Budget Management Income Asset Management					Final report issued 9 July 2020	Reasonable	1	1	0	0	Jul-20
Accountancy Services (general ledger, control accounts, treasury management & bank reconciliation)					Final report issued 13 May 2020	Reasonable	0	4	0	0	Jul-20
HR & Payroll					Final report issued 19 June 2020	Reasonable	0	3	0	0	Jul-20
Housing Benefit Subsidy	tbc	25	25	25	Complete						
TOTAL		65	65	65			2	14	0	0	
OVERALL TOTAL		235	217	207			18	44	24	11	
				95%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of SH/20/09 Corporate Governance Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Privacy Impact Assessments	0	0	0	0
Data Subject Rights	0	1	0	0
Data Classification and Asset management	0	1	0	0
Data Security & Breach Management	0	0	0	0
Governance & Consent Data Controllers & Processors	0	0	0	0
Data Controllers & Processors Training	0	0	0	1
Total	0	2	0	1

SCOPE

A review of the General Data Protection Regulations (GDPR) has been completed to provide assurance that controls in this area are fully embedded, including revisiting previous controls / recommendations and that GDPR is well understood by staff and Members at both Councils.

RATIONALE

- 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 two 'important' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets 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.
- The previous review of GDPR was issued in January 2019, concluding with a 'Reasonable' assurance having raised three 'Important' and two 'Needs attention' recommendations. Whilst the overall assurance remains unchanged, evidence exists of improvements since the previous review.

POSITIVE FINDINGS

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

- Since the previous audit review in January 2019, the Information Governance Officer (IGO) has been appointed full time. This officer is supported by Data Protection Champions from each service area (across both Councils) thereby providing focal points to help embed and maintain compliance with GDPR.
- A Statutory Information Group (SIG), which meets quarterly, was set up three years ago, reporting the joint Executive Management Team (EMT). It is led by the Executive Manager - Governance. Its purpose includes oversight of Data Protection issues and more recently, a watching brief on progress with the GDPR Project Plan. This provides senior management and Members with assurances that GDPR is being effectively managed across both Councils.
- The Council continues to further develop its GDPR Project Plan which covers both Councils. This is essentially an internal plan used by the IGO and the Executive Manager – Governance to manage / monitor oversight of GDPR across both Councils and which is continually updated. This helps to manage compliance with GDPR by identifying areas where work is required and monitoring progress with their completion.
- Privacy policies have been updated on both Council websites, thereby complying the GDPR requirements.
- GDPR requirements are included in the procurement of all new contract documentation with notification sent to existing contractors advising them of the need to comply with GDPR. This mitigates the Council(s) against noncompliance with GDPR for contractors engaged by the Councils.

ISSUES TO BE ADDRESSED

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

Data Subject Rights

- Both Councils to ensure that all Information Asset Registers are accurate and complete by return to the IGO, in order to reduce the risk of data breaches.

Data Classification and Asset Management

- There is a need for improved control over the receipt and processing of SARs in order to reduce the risk of non-compliances with the Information Commissioner's Office (ICO's) requirements.

Operational Effectiveness Matters

Data Controllers and Processors Training

- The operational effectiveness matter for management to consider is for all staff to provide confirmation to the IGO that they have undertaken formal GDPR training, thereby ensuring any absences in the training provided are not overlooked.

Previous audit recommendations

The previous report on GDPR (BRK/19/07 SH/19/08) was issued in January 2019 with a 'Reasonable' assurance having raised three 'Important' and two 'Needs attention' recommendations. The three 'Important' recommendations related to issues with data classification and asset management at both Councils and third party providers (PSPS at South Holland – formally CPBS and ARP at Breckland). The two 'Needs attention' recommendations, relating to both Councils, were in respect of documentation controls with policies and related risk scores on Pentana. All five recommendations were confirmed as implemented through cyclical follow up checks and reconfirmed through testing as part of this review.

Other points to note

The Executive Manager – Governance, has, in accordance with his delegated powers, delegated the role of Statutory Information Risk Officer (SIRO) for both Councils to the Executive Manager - Information, with effect from 1st April 2019. This change has been updated in the South Holland Constitution (Part 3 Delegations - paragraph 6.3) although not as yet in the Breckland Constitution, for completeness. The Executive Manager - Governance stated that the Breckland Constitution will be updated to reflect this change at the same time as other changes which are currently being considered.

It was agreed during the review for Information Asset Registers (IARs) to include the facility to record outcomes of Data Impact Assessments (DIA) in order to ensure details are actually recorded, as required by the ICO. This requirement will be delegated to the respective Data Protection Champions and compliance therewith, be monitored by the IGO.

Assurance Review of Procurement and Contract Management

DRAFT Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Off contract spend	0	2	0	0
Procurement of works, services and supplies	0	1	5	1
Total	0	3	5	1

No recommendations were raised for exemptions.

SCOPE

The previous audit of joint review of Procurement (BRK1901 SH1901) was completed in January 2019 as part of the 2018/19 audit plan and resulted in a 'Limited assurance' opinion. This audit covered the review the systems and controls in place within Procurement to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- 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 five 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets 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.
- The previous audit report on Procurement and Contract Management (BRK/19/01 SH/19/01), issued in January 2019, and concluded in a 'Limited' assurance opinion, having raised 14 recommendations. Therefore, there has been an improvement in control since the previous review.

POSITIVE FINDINGS

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

- A dedicated Contracts and Procurement Team exists providing both Councils with the requisite advice, guidance and skills in procuring goods, works and services.
- The Council uses the online procurement portal 'In-Tend', which fulfils the requirements of the Public Contract Regulations 2015.
- Contract registers are maintained for both Councils and reviewed by the Contracts and Procurement Team thus ensuring that provision is made for those contracts included therein, nearing expiration.
- Sample testing of exemptions and waivers confirmed that correct procedure had been followed, thus ensuring they were justified and properly authorised.

ISSUES TO BE ADDRESSED

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

Off contract spend

- To update Financial Procedure Rules for aggregated spend to stipulate that where spend in year is likely to and or exceeds the tender threshold (£75k) for formal contracts, a formal tender exercise must be undertaken. This is to prevent the risk that correct processes are bypassed, either deliberately or unknowingly and that value for money is not achieved. (Both Councils)

- In addition to reviewing the aggregated spend report, formal monitoring of in year aggregated spend be undertaken in order to ensure adherence to Financial Procedure Rules, where formal tendering is required. This involves comparing data from the Council's finance systems and data in the Contracts Register on annual spend. This will reduce the risk of the Councils incurring expenditure over and above the agreed budget / original contract sum and non-compliance with formal tender requirements. (Both Councils)

Procurement of works, services and supplies

- For the Council to review the contractual arrangement with Ocella in order to confirm that Financial Procedure Rules are adhered too. Once complete, the terms of the contract be included in the Contracts Register and be subject to formal monitoring of contract terms (contract period and costs). There is currently a risk that original contract terms have expired and that the Council is unable to demonstrate it is receiving favourable terms. This is in addition to the risk of non-compliance with Financial Procedure Rules. (South Holland)

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

Procurement of works, services and supplies

- For all contracts to be procured via the Contract and Procurement Team as required in Financial Procedure Rules so as to reduce the risk of noncompliance with the Financial Procedures Rules and failure to demonstrate / achieve value for money and the omission from the Contracts Register which is a public facing document. (South Holland)
- The Procurement and Commissioning Intentions be reviewed and updated, where necessary, in order reduce the risk of poor planning and implementation of the procurement process, which may result in poor value with the use of Councils funds. (Both Councils)
- For robust control over password access to the procurement system (In-Tend), to reduce the risk of unauthorised access to key data and breach of data protection requirements. (Both Councils)
- For Contract Registers on the website of both Councils to be updated on a monthly basis to include only current and ongoing contracts. This reduces the risk of reputational damage to the Council's for non-compliance with the FOI Act and for not being openly transparent with its contract arrangements. (Both Councils)
- To formally document the details of the staff members present during tender evaluation, since there is a risk not being able to demonstrate compliance with correct procedure where the requisite staff were not involved in the review process (Both Councils)

Operational Effectiveness Matters

The operational effectiveness matter for management to consider is for financial policies and procedures to include version control, including review dates, so as to help ensure they are confirmed as being reflective of correct practices.

Previous audit recommendations 14 recommendations were raised in the previous audit of Procurement (BRK1901 SH1901) 2018/19 – Eleven 'important' and three 'needs attention'. 12 of these have been completed, with two 'needs attention' recommendation relating to policies and procedures remaining outstanding and were confirmed to have been actioned during the review.

Assurance Review of the SH2012 Housing Repairs and Maintenance Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Responsive Repairs – Performance	0	1	0	0
Total	0	1	0	0

*There are three outstanding recommendations raised in the previous position statement, as noted in 'other issues to note', which remain outstanding and impact on the overall assurance rating.

SCOPE

This audit formed part of the 2019/20 audit plan. A full service review was scheduled to be undertaken of this area, in particular, of Housing Repairs and Maintenance. However, in agreement with the Shared Executive Director – Place and the Place Manager, it was subsequently agreed that the audit would revisit all the 33 key actions included in the Action Plan from the original review of the then Construction Housing (CSU) Unit (SH1601), completed in February 2016. The purpose of this approach is to provide senior management with a clear direction of travel since the original review.

RATIONALE

- 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 one important recommendation being raised upon the conclusion of our work.
- The assurance opinion is also impacted due to three of the original 33 recommendations still to be fully implemented; details of which are referred to below in the section 'Other points noted'. These do not detract from the significant improvement in the direction of travel since the original and subsequent follow up reviews and reflect that for the most part, full implementation of the outstanding recommendations are dependent of the implementation of the Northgate Repairs Module which had, until the outbreak of COVID-19, been scheduled for September / October 2020.
- Due to the ceasing of audit activity during the Coronavirus pandemic, it was not possible for audit to hold a formal debrief with the Housing Repairs Manager prior to issue of this draft report, as is normal practice.
-

POSITIVE FINDINGS

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

- The 2017 Place review (and subsequent restructure) brought the service "in house" and in line with Council policies, procedures and practices with the service now operating the same as other sections in Housing. The former CSU Manager left the Council in September 2018 although had been absent since April 2018. The current Housing Repairs Manager taking over officially from October 2018 having previously been seconded prior to the CSU Manager going absent and then officially leaving. The service has also relocated to the West Marsh Road depot from Victoria Street, thereby integrated with other Council services. A further 2018/19 structure and management change and a rebranding as Housing Repairs further embedded the team (referred to as Housing Repairs Team) (HRT) as a function/section of the Housing Landlord Service rather than an arm's length unit.
- All issues with contractual arrangements raised in the original report have been addressed with evidence obtained of resolution and compliance with correct procedure. The only matter still to be completely resolved is for Void Cleaning (currently with Dynamics). This arrangement had continued as a decision as to whether to bring the service in-house or continue to contract it out, has still to be made and had been deferred due to addressing other higher priority areas. However, during the course of the audit fieldwork, it was established that the most likely outcome was to bring the service 'in-house' with discussions having taken place between the Housing Services Manager, the Strategic Finance & Compliance Manager and the HRA Accountant and Business Partner (PSPS). This will include producing a business case as the first step, including a financial evaluation, and a full commentary, explaining the need, benefits, risk for

consideration by the Executive Director - Commercialisation and likely end up requiring Cabinet/Full Council approval as in is an increase in the manpower establishment.

- All contractor work is now inspected and reported back to the Housing Repairs Manager by the response supervisor. This will be extended to 10% of all jobs carried out by South Holland's own operatives although has been put on hold due to COVID-19. Photos are taken of all voids both at the pre-inspection and the post inspection which enables the Housing Repairs Team to evidence for recharges as well as evidence the condition of the property as handed over. This helps avoid disputes with tenants where they are recharged for the repair work.
- A new Housing Income Management Policy was approved by Cabinet at its meeting in December 2019 and recharges introduced with effect from 1st January 2020. These are payable through a debtors invoice (including a reoccurring invoice for instalments or by card payment via the Council's website). This new arrangement has yielded circa £7k in recharges for January 2020.
- Control over van stock has improved with clear audit trail over the purchasing of materials (from a new provider procured by the Council's Contracts and Procurement Team) which can be traced to the operative, the job and the supplier's invoice.
- All planned work is now managed via Property Services and not the HRT this improving control over planned works and their budgets.
- The voids process has vastly improved with a Voids Supervisor based within the HRT and the use of the Void Path on Northgate that has negated the need for the voids spreadsheet. The current void target is 28 days. This target has continually been met within the previous 12 months (the period tested by this audit) ranging from 10 days in March 2019 to 28 days in June 2019. The average number of days during this period was 19 days. This compared to 41 days in January, 50 days in February and 43 days in March 2016 against the same target when the original recommendations were raised as part of the SH/16/01 Construction Housing (CSU) Unit audit review. This demonstrates that the measures taken since the original review have improved performance significantly.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following area where one important' recommendation has been made.

Responsive Repairs and Performance

- To introduce performance measures for monitoring against the new repair categories / timescales and to ensure any changes to response times are updated in written procedures, including the Council's website. This is to reduce the risk of non-compliances / poor performance not being identified and addressed resulting in prolonged hardship for the tenant and reputational damage to the Council.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Other points notes (includes previous recommendations)

- Housing Repairs now has draft procedure notes for some of its processes including the voids process. These are written around the current processes will change with the introduction of the Northgate Repairs Module. As such, the original important recommendation is still in progress.
- Scripts have been partially reviewed although are placed on hold pending GOSS/Northgate Repairs module implementation. The task of reviewing scripts is part of the overall implementation plan scheduled for June 2020 - although with COVID-19, this could slip.
- Responsive jobs have been reclassified as either Emergency or Routine (previously Emergency, Urgent and Routine). Changes were not made to Service Manager due to the costs involved and the pending introduction of the Northgate Repair Module which will replace Service Manager. As such, the original recommendation is still in progress.

Assurance Review of Disaster Recovery (DR) Arrangements

DRAFT Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Adequacy of DR Provision	0	0	1	1
Alignment with Business Continuity Plans	0	0	1	0
DR Testing	0	1	1	0
DR Facility Physical Access Controls	0	3	0	2
Area	0	0	0	0
Total	0	4	3	3

SCOPE

The joint network infrastructure for Breckland and South Holland District Councils is nearing completion; hence, an audit of Disaster Recovery has been placed in the 2019/20 audit plan to provide ongoing assurance over the work. South Holland Council's Disaster Recovery processes have not previously been audited by TIAA.

RATIONALE

- 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 four 'Important' and three 'Needs Attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised three 'Operational Effectiveness Matters', which sets 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.

POSITIVE FINDINGS

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

- The Public Sector Partnership Services Ltd (PSPSL) DR plan undergoes regular reviews, which are documented within the version history section of the plan.
- Hard copies of the PSPSL DR plan discussed elsewhere in this report were observed to be held by key staff within the IT service. The PSPSL DR plan covers all of their clients, including South Holland.
- The audit noted regular servicing had been carried out on the available Air conditioning, UPS and Generator services.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where four 'Important' recommendations have been made.

Disaster Recovery Testing

- There is a need to ensure that appropriate access to the Breckland infrastructure is provisioned to allow for periodic DR testing. This is to reduce the risk of the existing DR processes not being fit for purpose.

Disaster Recovery Facility Physical Access Controls

- There is a need to ensure that the magnetic lock that has been fitted to the server room door is activated as soon as possible to reduce the risk of unauthorised access to the server room.
- There is a communications cabinet located on the top floor of the Council's Priory Road site that requires relocation as it is not being cooled adequately. There is also a water supply in the room that is also being used as a cleaner's store room. Relocation of the communications cabinet to a more appropriate location will reduce the risk of heat or water damage, which could result in service delivery issues.
- There is a need to ensure that the built-in fire suppressant system that protects the Council's server room in Priory Road is being serviced on a regular basis. Regular servicing reduces the risk of the system not operating as required, following an incident.

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

Adequacy of Disaster Recovery Provision

- A separate DR folder containing the most relevant technical data that would be required to support a DR invocation needs to be created to reduce the risk of not being able to recovery relevant systems as required by the business.

Alignment with Business Continuity Plans

- There is a need to work with the Council's Business Continuity Management team to ensure that the business priorities are explicitly defined and documented along with the required Recovery Time Objectives (RTO) for each system.

Disaster Recovery Testing

- There is a need to record the use of the "Veeam SureBackup" technology in the Test Restores spreadsheet to reduce the risk of not being able to show that the backup processes operate as expected. This technology is a way to test the integrity of the backup files by recovering them into a special environment that is separate to the Council's network.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- Consideration to be given to the creation of an offline copy of the DR technical data. This could be in the form of USB memory sticks that are held in multiple locations.
- Consideration to be given to implementing a process whereby the code on the server room door lock is changed on a periodic basis and when an officer with knowledge of the code leaves their role.
- Consideration to be given to the installation of CCTV, or webcam, technology within the server room at the Priory Road site.