2015/16 Completed Audits

Reported at the 21st April 2016 Audit Committee Meeting

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
ICT Backup Infrastructure	A backup is a snapshot or picture of the state of data at a specific point in time. In the backup process, a copy of data at a specific point in time is created in case something should happen to the original. Therefore, in the case of a failure, the data can be reconstructed from the backup.[1] Organisations with a reliance on information assets, in the form of large quantities of data and critical systems, require a thoroughly planned solution for backup.	January 2016	17	The Auditor met with the IT Department to test the restore of a deleted virtual machine from a backup. The Auditor viewed the virtual machine being shut down and deleted before being restored via Symantec NetBackup. This process functioned successfully. Furthermore a sample of service desk tickets that related to the recovery of backups was reviewed. All tickets were closed successfully; thus suggesting that the backup process for restoring files meets the day-to-day business requirements of the Council. One issue was identified in that there is currently only one key for accessing the fireproof safe used to store tapes.	Substantial	March 2016

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[1] Tandberg Data, 'A Tandberg Data White Paper on Backup and Archival Storage Best Practices'

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BACS for Payroll	The responsibility for submitting the BACS in relation to Payroll payments changed during July 2015. A short review was undertaken after the process became operational to ensure that controls are operating as expected. The Council utilise 'Experian Payments Gateway' to provide a secure managed route into the UK BACS and Faster Payments systems. Access is controlled through multiple levels of authentication which includes the use of smartcards.	January 2016	6	A number of strengths were identified: • Two officers from the Trent team have been trained to submit the BACS which will prevent over reliance on individual officers within HR. • A BACS processing guidance and check list has been developed to assist officers in submitting the BACS. • Independent supervisor checks are taking place at several stages throughout the BACS process and supporting evidence retained thereby demonstrating an effective segregation of duties. No significant recommendations were made during the review.	Reasonable	N/A
Housing Benefits	The Housing Benefit & Financial Assessment team is based in the Resources Directorate and processes approximately £50 million in Housing Benefit and Council Tax Reduction. The Housing Benefit team has been implementing changes as part of the UK	January 2016	10	It was confirmed that permissions and access controls in the RB Live system are effective at minimising the risk of unauthorised access. The following key issues were identified during the Audit which	Reasonable	September 2016

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	Government Welfare Reform Act. The objective of the audit was to provide assurance that there are effective controls in place surrounding data security and quality assurance to minimise any associated risks.			need to be addressed: ▪ Staff who have registered a declaration of interest in RB Live still have access to accounts in Information @ work. ▪ Staff based in the Digital Office have access to all confidential and secure documents in the Housing Benefit folder.		
E-Approval Process	An audit review of the E-Approval report process within the Modern.Gov system was undertaken. To inform the review, in conjunction with Democratic Services a questionnaire was developed and issued to the 35 Officers that had participated in the training provided by the Head of Democratic Services as a part of the pilot.	January 2016	15	Completed questionnaires were received from 22 out of 35 (63%) Officers. It was noted that 27% of Officers found the system 'very easy' to use. No significant issues were identified and the majority of concerns appear either to be teething problems with the system or, issues that could be resolved with further training. There were common apprehensions such as the reminder emails being too frequent and therefore ineffective and that the current process does allow users to by- pass stages. It was identified that currently sole reliance is placed on the Head of Democratic Services to manage the E-Approval process within	Substantial	N/A

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				Modern.Gov system and deal with issues as and when they arise. From a business continuity perspective it is essential that the Democratic Services team are also fully trained to manage the system.		
Learning Pathway Grant	An audit review of the 14 -19 Learning Pathways Grant for 2014/15 was undertaken in order to satisfy the terms and conditions of the grant specified by Welsh Government (WG). In previous years the terms and conditions of the grant stipulated a requirement for an external audit of expenditure. WG relaxed this requirement for 2014/15. A total claim of £2,876,501.34 was made for the period 1st April 2014 to 31st March 2015. This was split amongst the cluster authorities of BCBC, Vale of Glamorgan, Rhondda Cynon Taf, Cardiff and Merthyr. BBCC are the lead authority.	February 2016	10	BCBC, as lead authority for Central South Wales are responsible for obtaining and collating year end statements of revenue expenditure from each partner authority and ensuring timely submission to WG. The responsibility for monitoring expenditure lies with each individual authority. From a review of the grant cost centres on the COA financial ledger, the Auditor was able to verify the total income received from WG and agree the transfer of funds to the partners. In order to certify the claim; the auditor reviewed the details relating to each partner authority. The Auditor made contact with the Chief Internal Auditor in each partner Authority to identify whether they had undertaken any	Reasonable	N/A

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				work in this area and whether in their capacity of Chief Internal Auditor, they were satisfied that there was a robust control environment in place. Specific testing was carried out in relation to BCBC and Vale of Glamorgan expenditure and due to the shared service arrangement for audit. No issues were identified.		
Planning	Development Management is primarily responsible for the processing of Planning Applications. These can be submitted in a variety of ways including use of the Planning Portal and in person at the Civic Offices. Most decisions are determined by the Planning Officers under the delegated powers arrangement. Members on the Development Control Committee normally decide the most contentious or major proposals. The section also deals with planning appeals, enforcement matters relating to breaches of planning control and tree preservation orders.	February 2016	18	During the Audit a number of strengths and areas of good practice were identified including applications, appeals and enforcements were processed within a timely manner. A small number of issues were identified: The Customer Service centre need to fully complete receipts to ensure each department can reconcile/ process payments made. Enforced segregation should be put in place within Information@Work and any current/future planning application management system.	Substantial	June 2016

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Transformation Programme	Against the backdrop of significant financial cuts in the forthcoming years, BCBC faces a significant challenge that will require difficult decisions on what services can and cannot be maintained. In January 2015, the Corporate Project Management Team transferred from the Resources Directorate to the Children's Directorate and with the review of the Bridgend Change Programme, changes were made to the structure of the new Corporate Transformation Team to take the lead on the development of BCBC's change strategy and shaping and delivering a wide range of transformation programmes	February 2016	10	The audit established: • The new Corporate Transformation Team structure is now in place (but awaiting the appointment of the Senior Project Manager); • The Programme/Project Management portfolio has been documented but is in need of updating with responsible officers and identified savings/benefits; • Governance arrangements are in place and active, monthly monitoring of the projects could be evidenced however this is in need of review and update to ensure that the Project Management Board are monitoring programmes strategically, in line with the new corporate priorities and Medium Term Financial Strategy. No significant recommendations were made during the review.	Reasonable	N/A

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Treasury Management	The Treasury Management function exists to ensure that the Authority maintains a stable cash management system. This is achieved by forecasting and monitoring cash flow and optimising market rates. The annual Treasury Management Strategy provides the framework for Treasury Management activities. These are regulated by the Local Government Act 2003 which provides details of the powers to borrow and invest and also provides controls and limits for this activity. The Local Authorities (Capital Finance and Accounting – Wales) Regulations 2003 as amended develops the controls and powers within the Act.	March 2016	5	A Control Risk Self-Assessment (CRSA) was issued to and completed by the relevant Accountant. The main areas of coverage were: • Policies & Procedures • Risk Management • Cash Flows • Lending & Borrowing • Capital Investment • Payments • Records & Reconciliations • Reporting & Monitoring Relevant testing and supporting documentation was obtained by the auditor to evidence information provided by the Accountant. No issues were identified and as a result no recommendations were made.	Substantial	N/A
Section 117	The audit was a follow up review of the procedures and financial arrangements relating to Section 117 of the Mental Health Act, 1983. Previous audit reviews identified a number of significant areas for improvement, which were later followed up and it was established	March 2016	18	A number of strengths and areas of good practice were identified as follows: • The number of service users that have been allocated a Care Co-ordinator has increased to 95% which is a huge improvement.	Limited	September 2016

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	that progress had been made in addressing the recommendations, but they needed time to bed in. This review focused on undertaking detailed testing to ensure the new processes that had been introduced were working efficiently and effectively.			• Service user files were available, orderly and well set out. • Savings of £104,052 per annum (of which £32,916 can be attributed to BCBC) were identified by the Change Team for ten s117 service user packages. The following key issues were identified: • A firm decision regarding the future funding of s117 packages is yet to be agreed by the Council and Health (although it is appreciated that this is a wider/regional issue and the decision cannot be made over night). • A current register of delegated officers and their respective financial limits does not exist within Adult Social Care. • S117 finance processes need to be improved, clarified and documented. • Evidence of the decisions made by the Complex Case Panel was not available at the time of audit testing.		

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Asset Disposal	In 2009 the Asset Management Plan 2021 was produced identifying a GAP analysis of what property assets the Council had and where it needed to be in 2021. This was to be achieved through Retaining and Maintaining, Investing and Remodeling, Releasing and generating capital. The Property Services team realised £4,189,430 of asset sales in 2014/15 and £5,895,675 of sales up to and including 11/03/2016 for 2015/16 YTD.	March 2016	20	A number of strengths were identified as follows: • Disposals are being identified through a variety of methods. • All disposals sampled by the Auditor had been paid into the correct account. • The correct authorisation had been obtained for the disposals sampled. The only issue identified was the fact that the disposals program is currently facing a £2 million shortfall from its £21 million target but Property is aware of this.	Substantial	N/A
Northgate Revenue & Benefits system review	The Northgate revenue and benefits system is the primary application used by the Housing Benefit / Financial Assessments Team and the Taxation Team. It is also known throughout the Council as RB Live, iWorld and SX3 which are previous names for the application. The system is managed at the front end (the application itself) by the Revenue and Benefits (R&B) System Team and at the back-end	March 2016	17	Identified strengths include: • There are robust management controls in place to deal with authorisation for user access to the system along with controls for amending user permissions. • The system has good functionality to enable the security of specific accounts or records by either blocking specific users or denying access to all and then providing	Reasonable	June 2016

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	(servers and database) by database administrators in ICT. The application is listed as a critical business system and contains personal and sensitive information.			permissions to those who require it. ● Data is backed up nightly and there are transaction backups throughout the day which greatly reduces the risk of any data loss. ● Backups are loaded into the test/training system each day which demonstrates that the data backups work effectively. Recommendations were made in relation to: ● Audit logging within the application is not fully understood. The service is not sure exactly what is currently provided, what the expectations of the service are going forward and what functionality is included in the application. However, the R&B systems team do have this on their future work programme. ● Although the system has good business continuity in that a secondary server is available, the recovery time in the event of both servers being out of action		

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				is unknown. • There are 3 database accounts which have default passwords and should be reviewed and changed if possible.		
Built Environment Fees & Charges	Approximately 80% of the Built Environment budget is financed through 2 trading accounts; Architectural services and the DLO. The trading account income comes from charging directorates for the work which the above services deliver. A complete review of Built Environment was undertaken by the Group Manager in 2014 to determine the viability and value for money of the service. The process of challenge and review involved evaluating many aspects of the service including the existing rates and charges. This led to a number of changes to the service including a reduction in Architectural fee levels. An audit review of the processes followed was undertaken.	March 2016	22	During the Audit a number of strengths and areas of good practice were identified as follows: • The reduction in hourly rate has freed up capital funding that can be used to support other costs within the capital programme. • The fees and charges for the remaining professions within Built Environment are scheduled to be reviewed imminently to deliver further cost savings for the service. • Sample testing of invoices identified that recharges made to internal departments were accurate. The following key issues were identified during the Audit which need to be addressed: • A duplication of effort in	Reasonable	June 2016

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				recording and monitoring officer time by maintaining manual spreadsheets when OPENContractor has the facility to do this. • Ineffective budget monitoring due to the delay in income from OPENContractor hitting the financial ledger. • Fees are likely to need continuous review to ensure that sufficient trading income is generated.		
Main Accounting	The primary functions of the section include, inter alia, preparation of the Authority's Budget Book, preparation of the Statement of Accounts, control of the Authority's main financial systems and the provision of training and support to finance staff and budget holders throughout the Authority.	March 2016	3	The Control Risk Self-Assessment Questionnaire (CRSA) was issued to gain assurance. The completed CRSA Questionnaire was analysed by the Auditor where the results showed 100% positive responses which indicates that assurance can be gained as to the satisfactory operation of systems and the extent of controls which will adequately protect funds, assets and staff integrity. The comments did highlight the changes that have or will be taking	Substantial	N/A

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				place which will impact this area. The recent restructure has now been completed and some staff are now undertaking new roles. Although this will take time to bed in it is recognised that Senior Staff have provided stability during this period.		