



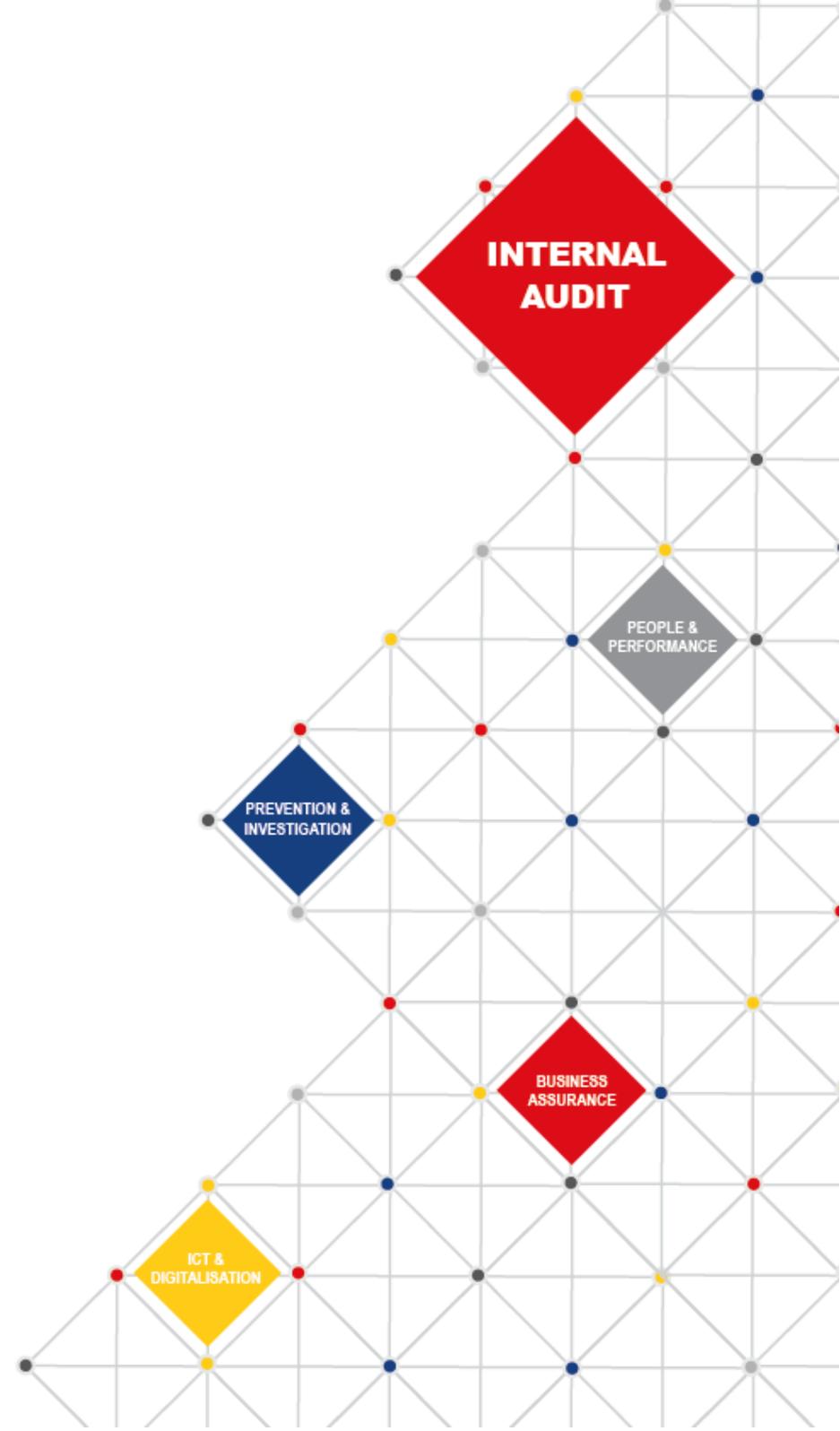
South Lakeland District Council

Follow Up Review

November 2018

FINAL

2018/19



Executive Summary

INTRODUCTION

- This follow up review by TIAA established the management action that has been taken in respect of recommendations arising from the internal audit reviews listed below at South Lakeland District Council. The review was carried out in November 2018.

Review	Year
Follow Up September 2018	2017/18
Budgetary Control	2018/19
Debtors	2018/19
Procurement	2018/19
Treasury Management	2018/19

KEY FINDINGS

- The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

Evaluation	Progress in implementing recommendation	Number of Recommendations
Outstanding	The recommendation has not yet been implemented but is still on target to meet its target date.	9
Outstanding	Implementation is in progress but the original target date has not been met.	7
Outstanding	There is no tangible evidence that the recommendation is being progressed.	-
Completed	The recommendation has been implemented and is now considered closed.	11

3. This review identifies that implementation remains by and large on track; although there has been some slippage, recommendations continue to be implemented.

SCOPE AND LIMITATIONS OF THE REVIEW

4. The review considers the progress made in implementing the recommendations made in the previous internal audit reports and to establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
5. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
6. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

RELEASE OF REPORT

7. The table below sets out the history of this report.

Date report issued:	20 th November 2018
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Detailed Report

FOLLOW UP

8. Management representations were obtained on the action taken to address the recommendations and limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations that have not been fully implemented:

THE FOLLOWING RECOMMENDATIONS REMAIN OUTSTANDING

No.	Audit Title	Recommendation	Priority	Management Response	Responsible Officers	Due Date	Revised Due Date	Status	Last Update	Latest Response
1.	Bereavement Services	Management should assure themselves that efficiencies relating to future service planning opportunities have been fully explored and actions identified and progressed as appropriate.	2	Fees and charges for this service area are reviewed annually. Emerging best practice and service enhancements are considered including alternative burial options in light of customer need and appropriate legislation at the time. These will additionally be considered in the drafting of the Parks and Open Spaces Strategy.	Community and Leisure Manager/ Principal Community Spaces Officer / Bereavement Services Officer Assistant Director – Neighbourhood Services	31/12/2016	31/05/2019	Outstanding	09/11/2018	The Principal Community Spaces Officer stated that the draft Strategy will go to the 20th December 2018 Corporate Management Team meeting and that the revised due date is still on target to be met.
2.	Bereavement Services	Management should ensure that adequate arrangements are in place to review and assess the Services future planning arrangements. This could include ensuring provision can be maintained, identifying ways of improving the service and possible cost reductions for the Council.	1	This will form part of the Parks and Open Spaces Strategy that is to be produced by a consultant.	Principal Community Spaces Officer Assistant Director – Neighbourhood Services	31/12/2016	31/05/2019	Outstanding	09/11/2018	The Principal Community Spaces Officer stated that the draft Strategy will go to the 20th December 2018 Corporate Management Team meeting and that the revised due date is still on target to be met.

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3.	Development Control	The Administration and Technical team be trained to input relevant details onto Exacom.	2	This is part of the CIL enforcement function and it is considered that the CIL Officer should have oversight. Alternatively, in the interim, as part of scanning and indexing process which the Technical Team complete, the Commencement Notice will be directed through the electronic workflow on Information@Work to the CIL Officer's in-tray. The long-term solution is for this to form part of the new digital system.	Development Management Group Manager	30/06/2018	30/11/2018	Outstanding	09/11/2018	This has not yet been implemented but is expected to be so by the due date.
4.	Insurance	A periodic reconciliation be performed between the system operated by Fleet and the claims system maintained by the Insurance Team to help ensure that all motor insurance work is properly claimed.	2	We will work with Fleet to carry out reconciliations and will monitor the effectiveness of these.	Financial Services Officer	30/01/2018	31/12/2018	Outstanding	09/11/2018	The Fleet Management System has only recently started being fully implemented. The Financial Services Manager stated that reconciliations are still anticipated to begin by the end of the calendar year.

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5.	Licensing Premises & Clubs	– The Statement of Licensing Policy be amended to reflect the current application routes.	2	The policy is set by statutory guidance from the home office, underpinning this there is an EU service provision directive requiring on line applications and payments. The current IT suppliers do not provide this capability and we have already recognised this as a significant weakness in the current system and is one of the main IT requirements in the new IT solution. This is a key finding of the gap analysis. Due to the work involved and the cost we propose action is deferred until the new IT product is delivered.	Public Protection Manager Principal Food, Licensing and Safety Officer	31/12/2018	31/12/2019	Outstanding	09/11/2018	The due date for implementation of this recommendation has not yet been reached. The new system is yet to be developed in line with the Customer Connect programme. The authority is in a process of change and is implementing a digital platform. Once this has been implemented the policy will be updated accordingly. This was reconfirmed with the Licensing Assistant.
6.	Compliance with the Local Code of Corporate Governance	The mapping of the Guidance behaviours and actions that demonstrate good governance in practice be mapped only to sub-principles in the Local Code that pertain to the same principle to which the behaviour and action relate.	2	The mapping and the LCoG will be reviewed and updated to ensure it meets the framework and guidance.	Financial Services Manager	Audit Committee 19/04/2018 Council 22/05/2018	31/12/2018	Outstanding	09/11/2018	The Financial Services Manager stated that implementation is still anticipated by the end of the calendar year.

No.	Audit Title	Recommendation	Priority	Management Response	Responsible Officers	Due Date	Revised Due Date	Status	Last Update	Latest Response
7.	Lake Services – Moorings and Encroachments	Proper procedures be developed that evidence ownership of key areas of the service provision.	2	An overall procedure that details responsibilities for the complete process of lake encroachment documentation and ownership is in development. Debt collection is via the Council's agreed procedures and policies. Debt rose sharply during 2011/12 when changes to the method of calculation were made and this led to an over capacity of work for the Legal and Finance teams. The current debt recovery position is very encouraging and the position more secure following a large amount of work by the Legal Team. Challenges are most commonly seen during works to develop sites and as a result of ownership changes. These relate to updated and revised plans and dimensions.	Anthea Lowe, Solicitor to the Council. Helen Smith, Financial Services Manager. Sion Thomas Asset and Property Jim Maguire Community and Leisure Manager	31/10/2018	31/12/2018	Outstanding	09/11/2018	The Solicitor to the Council stated that work is ongoing and it is expected to be implemented by the revised due date.

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8.	Lake Services – Moorings and Encroachments	Invoiced amounts for encroachments be properly determined using accurate encroachment dimensions. Agreements be updated accordingly and invoices raised at correct rates, be they residential or commercial. This proper determination of invoiced amounts be effected more economically via a phased approach, on a case by case basis, rather than a full lake survey.	2	The current Asset Database used by the Council and LSH is in the process of being updated. It is anticipated that this work will be completed by 31st December 2018. Budgets are in place to complete this work. Also note that updated plans and dimensions are established whenever works to sites are approved and on completion, when the legal ownership transfers between parties and during the resolution of any dispute process. This has been the case since the registration of the title occurred in 2006.	Sion Thomas Asset and Property Manager with Lambert Smith Hampton.	31/12/2018		Outstanding	09/11/2018	The due date for implementation of this recommendation has not yet been reached. The Asset and Property Manager indicated that progress is ongoing and has reconfirmed that it is expected to be implemented by the due date.
9.	Lake Services – Moorings and Encroachments	A sample of amounts to be invoiced, as received from Lambert Smith Hampton, be challenged on a timely basis, and a record of such challenges be retained, such that reasonable assurance can be provided that amounts invoiced are in agreement with the verifiable data.	2	Sample checks will be introduced – the majority of invoices are sent annually at the start of the financial year so it makes sense to introduce the sample checking then.	Helen Smith, Financial Services Manager	01/4/2019		Outstanding	09/11/2018	The due date for implementation of this recommendation has not yet been reached. It will be implemented by the due date.

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10.	Awarding of Grants	An overall review of the provision of financial aid be conducted that adequately addresses the risks relating to State Aid.	2	A review of Community Grants is currently being carried out by the Performance and Organisational Development Team. This review will include risks around State Aid. Other grants not covered by this review (excluding Disabled Facilities Grants) will be reviewed separately to ensure the risks are addressed consistently. This is to be completed in time to include all new grants relating to 2019/20 financial year onwards.	Assistant Director (Resources)	31/12/2018	31/03/2019	Outstanding	09/11/2018	The Solicitor to the Council indicated that discussions are ongoing, including with Members, but that the original due date will not be met.
11.	Awarding of Grants	An overarching policy on the provision of financial aid be approved which addresses any potential provision of State Aid.	2	Following completion of the review recommended at point 10 above, an overarching policy can be prepared which will set out the broad principles to be taken into account when entering into grant arrangements with an economic activity. This will be completed within 3 months of completion of recommendation 10.	Solicitor to the Council	31/03/2019	30/06/2019	Outstanding	09/11/2018	The due date for implementation of this recommendation has not yet been reached. The Solicitor to the Council stated that work on this will commence once the review of grant funding has been completed. Due to the slippage in the review, however, the original due date for this recommendation will also necessarily be delayed.

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12.	Awarding of Grants	Training be delivered to relevant Officers such that State Aid rules and related risks be sufficiently understood and that concerns be reported to a central Council Officer or team.	2	It is considered that training should be offered to Members as well as officers given the potential implications of providing unlawful State Aid. Given the complexities surrounding State Aid, steps have been taken to seek an external training provider.	Solicitor to the Council	31/12/2018	31/03/2019	Outstanding	09/11/2018	The due date for implementation of this recommendation has not yet been reached. The Solicitor to the Council stated that slippage in this recommendation is as a result of slippage in the other two Awarding of Grants recommendations.
13.	Debtors	Procedures be amended to highlight the importance of the existing mitigating controls that address the risk that a separation of duties does not exist between the person raising and the person authorising a sales invoice and the risk that authorisation levels for sales invoices are not defined.	2	There are an increasing proportion of invoices raised through interfaces from other systems, particularly for rents from the Technology Forge system which would complicate the approval process. The Customer Connect programme includes a full review of all processes. This recommendation will be considered as part of that review.	Chief Accountant	31/03/2019 as part of phase 1 of Customer Connect (support services)		Outstanding	09/11/2018	The Financial Services Manager stated that this is still on course to meet the target date.
14.	Procurement	Revisions to the Council's Sustainable Procurement and Commissioning Strategy be considered in line with The National Procurement Strategy for Local Government in England 2018.	3	The National Procurement Strategy will be one of a number of national and local issues which will be considered as part of the next refresh of the Sustainable Procurement and Commissioning Strategy.	Financial Services Manager	31/01/19		Outstanding	09/11/2018	The Financial Services Manager stated that this is still on course to meet the target date.

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15.	Treasury Management	The four clauses listed in Section 5 of the CIPFA Treasury Management in the Public Services: Code of Practice be formally and explicitly adopted by the Council, as recommended by the Code.	3	Agree to change as part of review of Treasury Management Practices and 2019/20 Treasury Management Framework.	Financial Services Officer – Treasury	28/02/19		Outstanding	09/11/2018	The Financial Services Manager stated that this is still on course to meet the target date.
16.	Treasury Management	The 12 Treasury Management Practices in place be updated to comply with the latest version of the CIPFA Treasury Management in the Public Services: Code of Practice.	3	Review of Treasury Management Practices (TMP) to be undertaken this autumn.	Financial Services Officer – Treasury	31/10/18	31/12/2018	Outstanding	09/11/2018	The Financial Services Manager stated that this will be updated implemented at the December Audit Committee meeting.

THE FOLLOWING RECOMMENDATIONS HAVE BEEN IMPLEMENTED

No.	Audit Title	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Last Update	Latest Response
17.	General Controls	IT All system users should be requested to complete a declaration to confirm their receipt, understanding of and compliance to the IT Acceptable Use Policy. These declarations should be retained. Consideration may also be given to the automation of this declaration through the network log on process.	2	IT Services Manager Assistant Director-Performance and Innovation	30/09/2016	31/12/2018	Completed	09/11/2018	The e-learning package was evidenced on the Learning Management System, which the Principal Performance & Intelligence Officer indicated is included within the GDPR module.
18.	Data Assurance	An information asset inventory detailing the types of confidential, personal and sensitive data held, both electronic and otherwise, be compiled and a central data sharing register be maintained recording the occasions when personal data is shared with third parties, including the reason and method of data transfer and nature of the data sharing agreement.	2	Principal Performance & Intelligence Officer Assistant Director-Performance and Innovation	30/09/2017	31/10/2018	Completed	09/11/2018	The Principal Performance & Intelligence Officer displayed the Information Asset Register that has been published on SharePoint for access by all staff.
19.	Data Assurance	A Secure Data Transmission Policy be formulated and implemented.	2	Principal Performance & Intelligence Officer Assistant Director-Performance and Innovation	31/05/2017	31/10/2018	Completed	09/11/2018	The Principal Performance & Intelligence Officer displayed the Secure Data Transmission Protocol that has been published on SharePoint for access by all staff.
20.	Disaster Recovery	Recovery time objectives be specified more precisely and consistently in the Strategic Business Continuity Plan, Departmental Business Continuity plans and in the ICT DR plan. The	2	Shared IT Manager Principal Performance & Intelligence	30/04/2018	16/08/2018	Completed	09/11/2018	Evidenced during the Business Continuity audit.

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		feasibility of achieving the required recovery timescales be demonstrated by ICT DR planned testing.		Officer.					
21.	Budgetary control	Financial Procedure Rules be complied with, in that Corporate Financial Monitoring reports for quarter one be submitted to the Management Team, Cabinet and Council and each quarterly report be amended to disclose projected income and projected expenditure separately, rather than netting these off to show only out-turn projection.	2	Financial Services Manager	31/12/2018		Completed	09/11/2018	The Financial Services Manager stated that Q1 reports will be presented in future. However, each quarterly report will not be amended to disclose projected income and projected expenditure separately, rather than netting these off to show only out-turn projection.
22.	Debtors	Documented procedures be enhanced to show the date and owner name when prepared, similarly for any subsequent review, together with the date of the next review.	2	Financial Services Officer (Systems)	30/09/2018		Completed	09/11/2018	Updated procedures evidenced on SharePoint
23.	Debtors	Procedures for the write-off of debts under £20,000 be aligned with the limits stated in the Financial Procedure Rules.	2	Financial Services Officer (Systems)	Already done		Completed	09/11/2018	Updated procedures evidenced on a revised flowchart
24.	Debtors	The Internal Memorandum template used to request sundry debt write-offs be amended to reflect the correct delegated authority limit of £20,000 and the correct paragraph number of 28.1 of the current version of the Constitution. This template be reviewed periodically.	2	Financial Services Officer (Systems)	Already amended: it should be noted that there have been no write-offs of sundry debts for more than £5,000 since this limit		Completed	09/11/2018	Revised template evidenced

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					was raised. This will be checked in future when updates to the constitution are published.				
25.	Procurement	Documented evidence be retained of the due diligence steps performed by the Council during a procurement, in particular relating to verifying the identity of the contracting party, checking the validity of any pertinent documentation received and that such documentation is current. All details relevant to a procurement project be held within that project's document pack.	2	Financial Services Manager	Implemented		Completed	09/11/2018	Discussed in detail with the Financial Services Manager
26.	Treasury Management	The Treasury Management Policy Statement and Framework and the Treasury Management Strategy Statement be updated on the Council's website to reflect current information. These then be reviewed and updated periodically.	3	Financial Services Officer – Treasury	Implemented		Completed	09/11/2018	Website Update evidenced
28	Treasury Management	Existing Report Writing Guidance available on SharePoint be followed, specifically relating to Guidance on Areas to Review, to help eliminate errors within reports to committee.	3	Financial Services Manager	Implemented		Completed	09/11/2018	Reviewed the new system (ModGov) with the Financial Services Manager, where guidance is available.
