INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS
PERIOD: 01 JANUARY 2014 TO 31 JULY 2014

Summary	Total	R	A
1. Completed Audits	13	0	13
2. Follow Up Audits Completed	5	0	5

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 JANUARY 2014 TO 31 JULY 2014

1. Completed Audits - RED or AMBER flag

Audit / Date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Actual High Priority Recommendations	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
Data Loss Prevention 11/02/2014	Authority-wide	Minimum	n/a	Major	A DLP policy for the management of information assets, which have been appropriately classified, should be produced, agreed by the Information Governance Board, and made available to all staff. The DLP policy should inform a business case and project plan for the delivery of technical solution(s) by IT Services. Information Asset Owners should be responsible for ensuring appropriate working practices (which satisfy the physical management of information assets requirements of the DLP policy) are developed, documented and issued to staff, and that the procedures are complied with.	3 (3)	August 2014 Strategic Director Transformation and Resources	Aug 14	Draft report issued to s151 Officer and Monitoring Officer, and the issues will be actioned by the Information Governance Board	A
Civica DIP - access controls 18/02/2014	Transformation & Resources [Business Processes]	Substantial	Substantial	Minor	2 medium and 7 low priority recommendations.	9 (0)	April 2014 Strategic Director Transformation and Resources	Sep 14	All recommendations agreed.	A
Investments 11/02/2014	T&R [MPF]	Maximum	Limited	Moderate	One high priority recommendation was made which resulted in the limited compliance opinion: The arrangements for the external provision of fund manager analysis services, currently contracted to Inalytics Ltd., should be reviewed to ensure compliance with the corporate contract procedure rules.	2 (1)	December 2014 Strategic Director Transformation and Resources	Dec 14	Reply from Senior Investment Manager at MPF:- The reason for the December 2014 completion date for recommendation 2 is MPF is currently using Inalytics for the tender of the European Manager Mandates; this process is expected to be completed in June 2014. The proposal is that at this stage June 2014 the tender process can commence. MPF is also evaluating whether to include this work within the contract for responsible investment, the responsible investment tender is also up for retender this year	A
Governance Assurance Statement 2013/14 24/042014	All Directorates	N/A	N/A	N/A	The audit identified some procedural and reporting areas for development.	0 (0)	August 2014 All Directorates	Underway	Follow up in progress in Transformation & Resources and Families & Wellbeing	A
Performance Indicators 07/05/2014	Authority-wide	Substantial	Substantial	Minor	1 Medium and 1 Low Priority recommendations	2 (0)	June 2014 Head of Policy, Performance and Public Health / Strategic Director Transformation and Resources / Strategic Director Families and Wellbeing	Sep 14	Recommendations agreed	A

Audit / Date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Actual High Priority Recommendations	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
ERDF Merseyside Business Support Programme 30/05/2014	Regeneration & Environment [Invest Wirral]	Maximum	Maximum	Minor	1 Low priority recommendation.	1 (0)	September 2014 Strategic Director Regeneration & Environment	Sep 14	Recommendation agreed	A
Capital Investment Programme 09/06/2014	T&R [Financial Services]	Substantial	Substantial	Moderate	3 Medium priority Recommendations	3 (0)	September 2014 Strategic Director Transformation and Resources	Oct 14	All recommendations agreed.	A
Gifts, Hospitality and Conflicts of Interest 27/06/2014	Authority wide	N/A	N/A	N/A	The audit identified some procedural and reporting areas for development.	0 (0)	August 2014 All Directorates	Nov 14	Draft report issued to Graham Burgess on 27/6/14	A
The Learning Lighthouse 30/06/2014	Families & Wellbeing (F&W) [CYPD]	Limited	Minimum	Minor	1)Consider compiling a list of the schools who accessed the Project Room (using the signing in record) prior to the discovery of the missing Mac Book Air and contact the relevant Head teachers to request that they ask those teachers who have accessed the Project Room at TLL, if they are in possession of or may know of the whereabouts of the Mac Book Air. (ii) Report the missing Mac Book Air to the Police if the attempt to locate it is not successful. (iii) Conduct an immediate review of the access and security arrangements for the Project Room to establish the following: a) If access levels are appropriate and controlled effectively, considering the amount of portable equipment stored in the room; b) If portable items can be moved to a more secure environment permanently or when the Project Room is in use. 2) (i) One individual should be responsible for updating the inventory which should be password protected. If other members of staff require access to view the inventory a read only password should be set up to prevent any unauthorised or unintentional changes being made to the inventory. (ii) A record should be made, detailing who completed the recent inventory check prior to this audit, the date of the check, and if any discrepancies were identified what action has been taken to investigate the discrepancies. (iii) A verification of the inventory should be undertaken periodically by an independent employee to ensure that the physical items agree to the items listed on the inventory. The inventory should be signed and dated to confirm the check and any discrepancies should be reported immediately to the Manager(s). (iv) All desirable equipment belonging to TLL should be security marked, where practicable. 3)In light of the findings identified above, Internal Audit suggests that CYPD undertake a review of the Council's two other City Learning Centres to ensure the weaknesses that were identified at TLL are not present at the two other learning centres and procedures are applied consistently at the three sites.	9 (3)	August 2014 Strategic Director of Families & Wellbeing	Nov 14	All recommendations agreed.	A

Audit / Date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Actual High Priority Recommendations	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
EMAPS Full Audit 05/06/2014	F&W [CYPD]	Substantial	Substantial	Minor	The audit resulted in 6 Medium and 1 Low Priority recommendations	7 (0)	November 2014 Headteacher	Nov 14	All recommendations agreed.	A
CYPD: Petty Cash System 31/07/2014	F&W [CYPD]	Substantial	Substantial	Minor	The audit resulted in 3 Medium Priority recommendations.	3 (0)	November 2014 Strategic Director of Families & Wellbeing	Nov 14	All recommendations agreed.	A
MPF - Pensions Payroll 12/08/2014	T&R [Merseyside Pension Fund]	Maximum	Maximum	Minor	The audit resulted in one audit recommendation (low priority) & observation for follow-up.	1 (0)	October 2014 Strategic Director Transformation and Resources	N/A	All recommendations agreed.	A
Creditors - NFI 31/07/2014	T&R [Resources]	N/A	N/A	N/A	The Payments Manager should undertake the following: (i) For the 3 duplicate payments identified, notify the relevant departments of the duplicate payments so that they can recover the monies owed to the council. (ii) For future NFI exercises ensure that matches are investigated thoroughly prior to completing the outcome on the NFI site. (iii) Request that those officers who have the responsibility of preparing internal invoices for payment through the Accounts Payable system and generate their own invoice numbers, be advised to ensure that invoice numbers are unique for each individual payment. For example on Business Rate refunds consideration should be given to include the Business Rate account number within the invoice number reference. (iv) Establish the reasons why duplicate payments identified have been processed through the Accounts Payable system and take appropriate action to prevent a reoccurrence.	6 (1)	December 2014 Strategic Director Transformation and Resources	Jan 15	All recommendations agreed.	A

2. Follow Up Audits Completed - RED or AMBER flag

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Original Recommendations (H)	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
Shared Lives Scheme 31/01/2014 Sep 2013	Families & Wellbeing (F&W) [DASS]	Minimum	Minimum	Moderate	Original review resulted in 9 high recommendations and 2 medium recommendations. High priority recommendations where: 1) i) The Contract should be reviewed in consultation with the Service Provider to ensure that the Contract is suitable for the Shared Lives Scheme. Any legislative change or guidance issued by statutory bodies that have a material impact on the provision or cost of the service should be taken into account. ii) Performance measures should be developed that will ensure all contracts are reviewed annually. iii) A representative from DASS should conduct random inspections of the Service Provider records and the delivery of services to ensure all terms of the contract are being fulfilled. iv) There should be regular monitoring meetings with the Service provider, to discuss any issues. 2) i) The system for authorising care provision for Service Users should be reviewed and the following should be considered: • The form of care initiation/order that will be used for future care provision of this type; • If the care initiation/order will be accompanied by a letter to the Service Provider and Home Owner (Carer), and if this is to accompany the care initiation/order form, will the letter still require the Service provider and Home Owners (Carers) signature; • The type of documentation that will be required for any temporary changes to care provision, emergency care and additional expenditure items. ii) The care initiation document should be signed by all parties prior to commencement of the care provision and a copy should be retained by DASS and the Service Provider for the required retention period. iii) The contract should be amended to reflect changes made following the review. 3) i) The banding structure should be reviewed in consultation with the Service provider to ensure that it is suitable for the service that is currently being provided. The Contract should be amended following the review. ii) A full review should be undertaken of the current cost of care provision provided to all Service Users placed with PSS, to ensure they are receiving the required level of care, and the Council are paying the correct amount towards the cost of care. iii) The banding structure should be reviewed annually taking into account increase/decreases in inflation. iv) The agreed banding structure should be used to calculate the Council's contribution towards the cost of care for all Service Users.	11 (9)	May 2014 Strategic Director Families and Wellbeing	Underway	Follow up audit is in progress	A

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Original Recommendations (H)	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
		Minimum	Minimum	Moderate	4) The care provision for the Service User should be reviewed by DASS and the following should be taken into consideration: • Whether or not the Council should be paying a management fee to PSS for the Service User; • If the Council should recover the payments that have been made to PSS of £61.40 per week. 5) The care provision for the Service User should be reviewed by DASS and the following should be taken into consideration: • Whether or not the Council should be paying additional expenses for the Service User; • If the Council should recover the £1528.79 surplus which has accumulated from the previous year for additional expenses. 6) i) The Management Fee should be reviewed in consultation with the Service Provider. The following should be considered when undertaking the review: • Management Fee per Carer or Service User; • Amount of fee charged compared to other local authorities; • If variations to the Management Fee are accepted, what evidence is required from PSS to justify the variance. ii) The Contract should be amended following the review. iii) Regular checks should be undertaken by DASS to ensure that the agreed management fees are applied in all cases. 7) i) The Service Provider (not the Home Owner (Carer)) should be required to submit a 4 weekly movement return, showing Service User movements, temporary absences such as for respite care, hospitalisation etc. If there are no movements 'NIL RETURN' should be written across the movement return. Payments should only be made to the Service Provider upon receipt of the four weekly movement returns. ii) The movement return should include the following details as a minimum requirement: Service User name and SWIFT reference; Payment period and date; Date of care commencement and departure; Temporary absences; Any additional expenses; Increase/decreases in Housing Benefit payments. iii) A process should be developed for checking movement returns, to ensure reasonableness, e.g. the schedule is for the correct period and the admissions and/or departures agree to what is detailed on the SWIFT system. iv) A guidance note should be compiled detailing the above procedure and a checklist should be used to evidence the verification. v) The Contract should be amended to take into account implementation of the above recommendations. 8) i) The current limits of indemnity, as detailed in the Contract should be reviewed to ensure they are still adequate for this type of service provision. If the limits are suitable, the Service Provider should be informed of the requirement to increase treatment liability insurance to £10 million. If changes are to be made to the limits the Service Provider should be informed immediately and the Contract should be amended accordingly. ii) Regular reviews should be undertaken to ensure that all insurances as detailed in the Contract (for example, motor insurance, buildings and contents) and indemnity limits are adequate and that the Service Provider maintains adequate up-to-date insurance. 9) Consideration should be given to review all Contracts that the Council has with other adult placement providers, to ensure conditions and obligations are met and procedures are consistently applied.					A

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Original Recommendations (H)	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
Youth Offending Team 21/01/2014 Aug 2013	F&W [CYPD]	Substantial	Limited	Substantial	Original review resulted in 1 high, 1 medium and 1 low priority recommendations The following actions should be taken to address issues raised by the internal audit: i) To resolve the confusion over what the agreed petty cash imprest level should be and to seek assurances that all monies can be accounted for through appropriate review of documentation and transactions. ii) To review and set an appropriate petty cash imprest amount for the Youth Offending Team. This should then be declared to Accountancy to ensure that the Balance Sheet entry in the accounts is correct. iii) To note that the current safe limit is £1000, as per the Council's insurance limitations and that Risk and Insurance should be contacted if the agreed imprest level will result in cash over £1000 being held in the safe. iv) To ensure that bank statements are received and reconciled on a monthly basis by an officer not involved in the imprest system. v) To ensure that a full reconciliation back to the petty cash imprest level is carried out on a least a weekly basis.	3 (1)	March 2014 Strategic Director Families and Wellbeing	Sep 14	2 recommendations have been implemented (1 medium,1 low) The outstanding high priority recommendation has been partially implemented, part (i) of the recommendation remains outstanding. The department is to action this, and advise Internal Audit of progress.	A
ICT Hardware Asset Register 04/02/2014 Mar 2013	Transformation & Resources (T&R) [Resources]	Limited	n/a	n/a	Original audit resulted in 6 high and 1 medium priority recommendations. 1) VQSM should be used at the primary source for the Authority's Hardware Asset Register (HAR). 2) The Authority's HAR should be updated to include all hardware assets, and maintained in line with agreed procedures. 3) The project to develop "Here's My Asset", subject to demonstrating proof of concept, will assist the accuracy of the HAR, and its successful deployment should be prioritised by IT management. 4) All hardware assets connecting to the network should be visible to the Altiris Software. 5) Procedural guidance should require the immediate update of the HAR when an asset is to be added or deleted, where a segregation of duties should be achieved. 6) The accuracy of the HAR should be verified on a regular basis, and the results reported to IT Management.	7 (6)	April 2014 Strategic Director Transformation and Resources	Sep 14	All recommendations are not being implemented pending the outcome of the Windows7 project. This may render the specific recommendations obsolete, although the control weakness principles identified will need to have been considered.	A
Debt Management (Independent Review of Sundry Debt) 17/03/2014 Oct 2013	F&W [DASS] and T&R [Business Processes]	n/a	n/a	n/a	Independent Review of Sundry Debt resulted in thirty four actions.	34 (34)	2014/15 Strategic Director Transformation and Resources	2014/15	Twenty five recommendations have been implemented . Three recommendations are no longer appropriate. Six recommendations are partially implemented, and have been discussed with the Director of Resources.	A
Payment Card Industry - Data Security Standard 04/07/2014 Dec 2012	Authority-Wide	Minimum	n/a	n/a	Original review highlighted that the Council is currently not compliant with the standard, but appropriate measures, decisions and actions have or will be taken to ensure compliance in due course. 1 High priority recommendation. is outstanding: 1) Determine and implement the most appropriate installation in the Customer Services Centre, ie running Paye.net in a virtualised environment, running two machines on each desk with a KVM (keyboard, video and mouse) switch, running machines in separate secure environment via RDP (remote desktop protocol).	3 (1)	March 2015 Strategic Director Transformation and Resources	Mar 15	The risks of non-compliance with the PCI DSS have been assessed as minor and, due to current higher priority resource demands, will be addressed as part of the longer term programme to upgrade the Wide Area Network infrastructure	A

KEY:

	Control Environment
MAXIMUM	There is a sound system of control designed to achieve the system objectives and these are being consistently applied. No High recommendations made or low priority recommendations have been made that cumulatively do not warrant 'substantial status'.
SUBSTANTIAL	There is a basically sound system of control, but there are weaknesses in design and/or operation of controls which put some of the control objectives at risk. A medium priority recommendation has been made, or a large number of low priority recommendations made that cumulatively could meet the criteria for a
LIMITED	There are some weaknesses in the design and/or operation of the system of control which could have a significant impact on the achievement of the control objectives. Improvements could be made to a number of areas within the control environment so that the relevant risks are managed more effectively, a high priority recommendation has been made, or several medium priority recommendations that cumulatively meet the criteria for a high priority action.
MINIMUM	There are weaknesses in the design and/or operation of the system of control which have had a significant impact on the achievement of the control objectives, and may put at risk the achievement of the organisation's objectives. More than one high priority recommendation identified.

	Compliance
MAXIMUM	The control environment is operating as intended. No recommendations have been made or low priority recommendations have been made that cumulatively do not warrant 'substantial status'.
SUBSTANTIAL	The control environment is substantially operating as intended. A medium priority recommendation has been made, or a large number of low priority recommendations made that cumulatively could meet the criteria for a medium priority recommendation.
LIMITED	The control environment has not operated as intended and errors have been detected. Improvements could be made to a number of areas so that the relevant risks are managed more effectively, a high priority recommendation has been made, or several medium priority recommendations that cumulatively meet the criteria for a high priority action.
MINIMUM	The control environment has fundamentally broken down and is open to serious error or abuse. Significant errors have been detected. More than one high priority recommendation has been identified.

	Organisational Impact
MAJOR	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
MODERATE	The weaknesses identified during the review have left the Council open to moderate risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
MINOR	The weaknesses identified during the review have left the Council open to a low level of risk. If the risk materialises it would have a minor impact on the organisation as a whole.

	RAG status	
G	**Audits**	Actions agreed and implemented.
	Follow Ups	Actions implemented.
A	**Audits**	Actions agreed and officers committed to implement within agreed timescale.
	Follow Ups	Actions in process of being implemented within agreed timescale with some implemented.
R	**Audits**	Actions agreed
	Follow Ups	Little or no progress made to implement actions within agreed timescale.

	Recommendation Priority Rating
HIGH	A matter that is fundamental to the control environment for the specific area under review. The matter may cause a system objective not to be met. This needs to be addressed as a matter of urgency (suggested timescale: within one month).
MEDIUM	A matter that is significant to the control environment for the specific area under review. The matter may threaten the achievement of a system objective.
LOW	A matter that requires attention and would improve the control environment for the specific area under review. The matter may impact on the achievement of a system objective.