

**INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS
PERIOD: 01 JANUARY 2014 TO 31 OCTOBER 2014**

<u>Summary</u>	Total	R	A
1. Completed Audits	20	0	20
2. Follow Up Audits Completed	7	0	7

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 JANUARY 2014 TO 31 OCTOBER 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
Capital Investment Programme 09/06/2014	Transformation & Resources (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	The minor procedural issues identified are being addressed by senior management.	A
The Learning Lighthouse 30/06/2014	Families & Wellbeing (F&W) [CYPD]	Limited	Minimum	Minor	1) 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 to improve systems and address identified weaknesses have been agreed with senior manager and a very strong commitment has been demonstrated by them to address these issues within the agreed timescale. It is noted that a number of the required actions have been implemented ahead of the agreed schedule which is very encouraging.	A
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

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
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 number of recommendations have been implemented to date . A target date of 31 October 2014 has been set for the implementation of the remaining recommendations.	A
Corporate Complaints Procedure (DASS, Environment & Regulation, Business Processes) 08/08/2014	T&R [Business Processes]	Substantial	Substantial	Moderate	The audit resulted in 4 x Medium recommendations and 2 x Low recommendations.	6 (0)	December 2014 Strategic Director Transformation and Resources	Dec 14	Discussion currently ongoing with management regarding actions required in a changing work environment.	A
Procurement of Commissioned Care (Domiciliary Care and Reablement Services) 29/08/2014	F&W [DASS]	Substantial	Limited	Moderate	The audit resulted in 2 High, 3 Medium and 2 Low recommendations Arrangements must be put in place by the department to ensure that for all future procurement exercises it conducts, it is satisfied that the 'signing' element of the procurement process will be in accordance with Contract Procedure Rules. A final list of Tier 3 providers must be compiled ensuring a contract is in place for each organisation (liaising with Legal in the process). This list should then be disseminated and utilised by the Contracts Team and the Care Arranging Team. Procurement and Legal should be notified to ensure the Contracts Register is updated accordingly. The contract arrangements for those organisations who are not a Tier 1, 2 or 3 provider, but who are providing a service to Adult Social Services funded clients, must be clarified and resolved with Legal and Member Services.	7 (2)	October 2014 Strategic Director Families and Wellbeing	Dec 14	All recommendations agreed. The client acknowledged and supported the recommendations. Action will be taken, where applicable, to ensure implementation of the recommendations against the current contract. Where it is not possible to action against the current contract, implementation of the recommendation will be evidenced in future procurement exercises.	A
Cashiers Central System 28/08/2014	T&R [Business Processes]	Substantial	Substantial	Minor	The audit resulted in 1 x medium priority recommendation and 3 x low priority recommendations.	4 (0)	December 2014 Strategic Director Transformation and Resources	Dec 14	All recommendations agreed	A
Day to Day Responsive Repairs & Maintenance and Planned Preventative Maintenance. 10/09/2014	Universal & Infrastructure Services [Design Consultancy]	Maximum	Substantial	Minor	The audit resulted in 1 medium priority recommendation.	1 (0)	December 2014 Deputy Director CYPD and Assistant Chief Executive	Dec 14	Recommendation agreed,	A
Annual Governance Statement Review 19/09/14	T&R [Human Resources & OD]	N/A	N/A	N/A	The importance of performance appraisal (formerly KIE) should be emphasised to all managers and monitored through the corporate performance monitoring processes. Completion rates should be enhanced so as to encourage a culture of effective staff engagement, prioritisation and good practice.	1 (1)	October 2014 Strategic Director Transformation and Resources	Jan 15	Recommendation 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
Annual Governance Statement Review 19/09/14	T&R [Legal and Member Services]	N/A	N/A	N/A	i) The Code of Corporate Governance should be disseminated and made readily available to all staff. ii) Training and awareness sessions on the Code of Corporate Governance should be undertaken for officers and members. iii) Changes and updates to the documents and policies underpinning the Code of Corporate Governance should be captured in appropriately timed reviews, so that the Code remains relevant and up-to-date. Guidance should be produced or training provided so as to advise Members explicitly of their legal duties and responsibilities when undertaking additional duties, such as directorships or serving as trustees.	2 (2)	October 2014 Strategic Director Transformation and Resources	Jan 15	Recommendations agreed	A
Business Travel Arrangements - Redfern Travel 02/10/2014	T&R [Resources]	Limited	Maximum	Moderate	Responsibility for the management of the Redfern Travel contract should be established and assigned to nominated officers to lead on strategic issues, particularly the re-tendering of the contract which is due for renewal within the next 12 months.	1 (1)	Feb 2015 Joint Chair of the Commissioning & Procurement Board	Feb 15		A
Regional Growth Fund - Project Delivery 07/10/2014	Regeneration & Environment [Investment and Business]	Substantial	Substantial	Minor	3 low priority recommendations.	3 (0)	Jan 2015 Strategic Director Regeneration and Environment	Jan 15	Recommendations agreed.	A
Payroll Central System 08/10/2014	T&R [Human Resources and OD]	Maximum	Maximum	Minor	The audit resulted in 1 low priority recommendation.	1 (0)	Immediate Strategic Director Transformation and Resources	Nov 15	Recommendation agreed.	A
Self Serve Administration 21/10/2014	T&R [Human Resources and OD]	N/A	N/A	Moderate	The appropriateness of allowing officers to authorise their own timesheets, especially the eight officers in Appendix B, should be determined, and amendments made as necessary. If there is no technical solution to the situation, the Information Asset Owner should a) update the Information Asset Risk Register and advise the Council's Senior Information Risk Owner, and determine a non-technical solution. b) ensure the production of exception reports, to be produced each pay cycle. Confirmation of the accuracy and appropriateness of the Council's hierarchy, ensuring appropriate segregation of duties, should be provided to the Information Asset Owner.	3 (3)	Nov 2014 Strategic Director Transformation and Resources	Nov-14	All recommendations agreed.	A
Resource Link – Access Controls 22/10/2014	T&R [Human Resources and OD]	Limited	Limited	Moderate	The Information Asset Owner for Resource Link should ensure that an ACP is documented, reflecting best practice guidance, and be disseminated to all users of the Resource Link system. A review of the continued appropriateness of user roles and profiles (i.e. user rights and permissions) should be carried out before the end of the financial year. User roles and profiles (i.e. user rights and permissions) should be reviewed in line with the regularity stated in the ACP, and evidence of the check retained. Part of this check should be obtaining clarification from line management of the accuracy of their establishment of users. The IAO should determine the necessary number of users with the Supervisor profile, and all inappropriate accounts should be provided with a new profile. The audit trail for system administration activity should be switched on. Complex password rules should be applied to all accounts in line with the Corporate standard. A maximum and minimum password duration should be determined and applied to all users.	14 (7)	TBC Strategic Director Transformation and Resources		Final report issued, awaiting client comments.	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
Revenue Budget Cycle 2014-15 20/10/2014	T&R [Finance]	Substantial	Substantial	Moderate	4 x Medium Priority Recommendations	4 (0)	April 2015 Strategic Director Transformation and Resources	Jul 15	A follow up review is scheduled for 2015/16	A
Performance Planning and Management 31/10/2014	Chief Executive [Policy, Performance and Public Health]	N/A	N/A	Moderate	3 Medium Priority Recommendations and 2 Low Priority Recommendations	5 (0)	February 2015 Director of Policy, Performance and Public Health	Apr 15	A follow up review is scheduled for 2015/16 (following the updates to the Corporate and Directorate Plans). Audit used to pilot revised Audit Report template - hence Control and Compliance opinions were not provided, but were replaced with an Organisational Risk Opinion. The details of the revised template will be shared with ARMC members and CESG once the pilot has been completed and the template finalised.	A
Protective Marking 30/10/2014	Authority wide	N/A	N/A	N/A	Briefing paper for Information Governance Board highlighting the need for classification and labelling of information assets.	0 (0)	To be presented to Nov 14 IGB	N/A		A

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PERIOD: 01 JANUARY 2014 TO 31 OCTOBER 2014

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
Youth Offending Team 21/01/2014 Aug 2013	Families & Wellbeing (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	Nov 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

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
Council Tax Single Person Discount 29/07/2014 Oct 2013	T&R [Business Processes]	Minimum	N/A	Moderate	Original audit resulted in 1 high priority recommendation which was: The 1,309 matches remaining from the NFI exercise should be investigated.	1 (1)	December 2014 Strategic Director Transformation and Resources	Jan 15	The Council Tax Manager has appointed a firm to undertake the Single Person Discount review. The review is anticipated to be complete before the end of 2014	A
Governance Assurance Statement 2013/14 02/10/2014 Jan 2014	All Directorates	N/A	N/A	N/A	Original audit resulted in 1 high priority recommendation: The Directorate should ensure that governance systems and controls, particularly those key controls referred to in the Governance Assurance Statement, are embedded and working effectively on an ongoing basis, so that evidence of this is readily available. The Directorate should also consider how its approach to the Governance Assurance Statement process could be re-designed so that future Governance Assurance Statement reviews are completed and returned in accordance within specified timescales. This may involve having regular discussions of governance issues at Directorate Management Team meetings. Suggestions would be welcomed pertaining to how Internal Audit could improve the Governance Assurance Statement process so as to facilitate a timely response from Directorates. Follow-up work was undertaken in the areas of: Transformation and Resources; and Sport and Recreation within Families and Wellbeing.	1 (1)	March 2015 All Directorates	Apr 15	Follow-up work was undertaken in the areas of: Transformation and Resources; and Sport and Recreation within Families and Wellbeing. Transformation and Resources: Evidence was available to substantiate the effectiveness of the controls referred to in the Statement. Sport and Recreation: Further work is required to be undertaken to ensure evidence is available to support the controls referred to in the Statement. This will be assessed as part of the 2014/15 review.	A
Data Loss Prevention 30/10/2014 Feb 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)	March 2015 Information Governance Board	Mar 15	The recommendations have been included in the briefing note to be taken to the Information Governance Board in November 2014, and the specific recommendations will be followed up in March 2015.	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 medium priority recommendation.	
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.	