

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

<u>Summary</u>	Total	R	A
1. Completed Audits	25	0	25
2. Follow Up Audits Completed	5	0	5

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 JANUARY 2014 TO 31 DECEMBER 2014

1. Completed Audits - RED or AMBER flag

Audit / Date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Areas for Development / Improvement and comments	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
The Learning Lighthouse 30/06/2014	Families & Wellbeing (F&W) [CYPD]	Limited	Minimum	Minor	<p>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.</p> <p>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.</p> <p>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.</p>	9 (3)	August 2014 Strategic Director of Families & Wellbeing	Jan 15	<p>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.</p> <p>It is noted that a number of the required actions have been implemented ahead of the agreed schedule which is very encouraging.</p> <p>The follow up work is currently underway.</p>	A
Creditors - NFI 31/07/2014	Transformation & Resources (T&R) [Resources]	Review of the action taken by the Payments Team to investigate creditor matches identified as part of the National Fraud Initiative exercise. No opinions provided.			<p>The Payments Manager should undertake the following:</p> <p>(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.</p> <p>(ii) For future NFI exercises ensure that matches are investigated thoroughly prior to completing the outcome on the NFI site.</p> <p>(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.</p> <p>(iv) Establish the reasons why duplicate payments identified have been processed through the Accounts Payable system and take appropriate action to prevent a reoccurrence.</p>	6 (1)	December 2014 Strategic Director Transformation and Resources	Jan 15	Key recommendations agreed with management to address issues identified and improve systems of control during the NFI exercise have now been implemented, including appropriate action to recovery a small number of duplicate creditor payments. The remaining recommendations are in the process of being implemented and will be the subject of a follow up review, scheduled for the end of this month.	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	Jan 15	Follow up audit is soon to be finalised to evidence implementation of the recommendations.	A

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Procurement of Commissioned Care (Domiciliary Care and Reablement Services) 29/08/2014	Families & Wellbeing (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	Feb 15	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	Jan 15	All recommendations agreed. The Cashiers function is subject to review under the Future Council work.	A
Annual Governance Statement Review 19/09/14	Authority-wide	Compliant with CIPFA/SOLACE document "Delivering Good Governance in Local Government".			The recommendations related to the emphasis required to be placed on the completion of the Performance Appraisal process, and the work now required (e.g. dissemination, awareness and future updates) to be undertaken to support the Code of Corporate Governance.	3 (3)	October 2014 Strategic Director Transformation and Resources	Jan 15	Recommendation agreed and monitoring is also being undertaken via the Corporate Governance Group.	A
Business Travel Arrangements - Redfern Travel 02/10/2014	T&R [Resources]	Limited	Maximum	Moderate	The responsibility for the management of the Redfern Travel contract has not been established, nor assigned to nominated officers to lead on strategic issues, especially where the re-tendering of the contract is due for renewal within the next 12 months.	1 (1)	February 2015 Joint Chair of the Commissioning & Procurement Board	Feb 15	Final report issued to Joe Blott & Clare Fish Joint Chairs of the Commissioning and Procurement Board 20/11/2014	A
Regional Growth Fund - Project Delivery 07/10/2014	Regeneration & Environment (R&E) [Investment and Business]	Substantial	Substantial	Minor	Three recommendations were made which do not present a significant risk to the organisation.	3 (0)	January 2015 Strategic Director Regeneration and Environment	Apr 15	Final report issued.	A
Resource Link – Access Controls 22/10/2014	T&R [Human Resources and OD]	Limited	Limited	Moderate	The Information Asset Owner can improve controls to prevent inappropriate access to information through the production of an Access Control Policy, to be assured that user access to information is in line with business need, and by ensuring that the measures stated in the ACP are applied to the system and user settings, e.g. by enforcing password rules, switching on the audit trail for System Administration activity, and regularly reviewing user access.	14 (7)	TBC Strategic Director Transformation and Resources	Apr 15	Final report issued, awaiting client comments.	A
Self Serve Administration 21/10/2014	T&R [Human Resources and OD]	Operational control weakness identified during system review of Resource Link - Access Controls (above)		Moderate	Testing of the segregation of duties controls in SelfServe for requests and authorisations for temporary pay elements identified that a small number of officers appear able to input and authorise their own claims.	3 (3)	November 2014 Strategic Director Transformation and Resources	Jan 15	HR management agreed, by the end of November 2014, to: 1. Investigate again the possibility that employees can approve their own timesheets. 2. Run a report to identify if any employee has approved their own expenses	A

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Revenue Budget Cycle 2014-15 20/10/2014	T&R [Finance]	Substantial	Substantial	Moderate	Four recommendations were made which do not present a significant risk to the organisation.	4 (0)	April 2015 Strategic Director Transformation and Resources	Jul 15	Management has accepted the recommendations with the intention of implementing for the next financial year.	A
Performance Planning and Management 31/10/2014	Chief Executive [Policy, Performance and Public Health]	Moderate			Five recommendations were made which do not present a significant risk to the organisation.	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 CESC once the pilot has been completed and the template finalised.	A
Protective Marking 30/10/2014	Authority-wide	Briefing paper for Information Governance Board (IGB) - no recommendations made or opinion provided			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	The Briefing paper was presented to the IGB on 6th November and actions agreed to update existing policies and determine information classification schemes currently in use.	A
Mobile Phone Security 18/11/2014	Transformation & Resources (T&R) [Resources]	Limited	Limited	Moderate	Ensure that technological controls are consistently applied on mobile devices to ensure the security of information received, stored and sent according to its information classification, by implementing a Mobile Device Management solution which satisfies the requirements of the Public Services Network code of connection.	9 (8)	June 2015 Strategic Director Transformation and Resources	Jun 15	Recommendations agreed with Chief Information Officer.	A
Ss Peter & Paul RC Primary School 06/11/2014	Families & Wellbeing (F&W) [CYPD]	Maximum	Maximum	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	March 2015 Headteacher	Feb 15	Recommendations agreed with the Headteacher.	A
Central Libraries - Cash Systems 10/11/2014	T&R [Business Processes]	Substantial	Limited	Moderate	All the outstanding recommendations for Wallasey Central Library as reported in October 2013 should be progressed to full implementation. The following should be applied consistently at all Central Libraries: i) An effective separation of duties should be in place for all stages of the income reconciliation and banking preparation. ii) All income and banking records should be signed by two senior members of staff to evidence an effective separation of duties. iii) A Z-reading should be produced each day for the daily income and reconciled to the income collected. iv) All income data should transferred accurately to the relevant income and banking records. v) All income should be banked on a weekly basis regardless of its value.	4 (2)	March 2015 Strategic Director Transformation and Resources	Apr 15	Recommendations agreed with Principal Librarian	A
Greasby Junior School 19/11/2014	F&W [CYPD]	Substantial	Maximum	Minor	Two recommendation were made which do not present a significant risk to the organisation.	2 (0)	March 2015 Headteacher	Mar 15	Recommendations agreed with the Headteacher.	A
Grove Street Primary School 20/11/2014	F&W [CYPD]	Substantial	Substantial	Minor	Three recommendations were made which do not present a significant risk to the organisation.	3 (0)	March 2015 Headteacher	Mar 15	Recommendations agreed with the Headteacher.	A
Fender Primary School 28/11/2014	F&W [CYPD]	Maximum	Substantial	Minor	Four recommendations were made which do not present a significant risk to the organisation.	4 (0)	March 2015 Headteacher	Mar 15	Recommendations agreed with the Headteacher.	A
Payments To V4 Services 25/11/2014	Authority-wide	Special review			Review of procurement , payments and monitoring processes regarding this specific consultant must be applied to any future consultancy work.	11 (8)	January 2015 Strategic Directors	Jan 15	Recommendations agreed with Strategic Directors, immediate implementation of recommendations where practical.	A

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Heygarth Primary School 05/12/2014	Families & Wellbeing (F&W) [CYPD]	Substantial	Substantial	Minor	Four recommendations were made which do not present a significant risk to the organisation.	4 (0)	March 2015 Headteacher	Mar 15	Recommendations agreed with the Headteacher.	A
Millfields Primary School 05/12/2014	F&W [CYPD]	Substantial	Substantial	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	March 2015 Head Teacher	Mar 15	Recommendations agreed with the Head Teacher	A
ICT Business Continuity 09/12/2014	Universal and Infrastructure Services / Authority Wide	Limited	Limited	Moderate	Ensure that all Directorates include ICT business continuity requirements in their risk registers and CESG to approve the critical services list so that business continuity plans can be put in place using the new template.	4 (4)	January 2015 Strategic Directors	Jan 15	Recommendations agreed with the Senior Manager Health, Safety and Resilience and the Risk and Insurance officer, with action required by CESG. Jan 15 update: CESG have agreed a list of critical activities and associated work programmes to ensure that these critical services have suitable plans and arrangements in place to deal with a disruption or catastrophic failure - including ICT loss.	A
Affordable Housing Programme 10/12/2014	Regeneration & Environment [Investment and Business]	Reasonable assurances provided on the current progress of the programme framework.			Current developments: planning applications being evaluated; legal agreements, incorporating the evaluation framework, are being drafted; and a pipeline of future options is being developed.	0 (0)	May 2015 Strategic Director	May 15	Further work c/f to 2015/16 (Q1-2)	A
St Bridget's CE Primary School 15/12/2014	F&W [CYPD]	Substantial	Substantial	Minor	Three recommendations were made which do not present a significant risk to the organisation.	3 (0)	March 2015 Head Teacher	Apr 15	Recommendations agreed with the Headteacher.	A

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PERIOD: 01 JANUARY 2014 TO 31 DECEMBER 2014

2. Follow Up Audits Completed - RED or AMBER flag

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Areas for Development / Improvement and comments	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
ICT Hardware Asset Register 04/02/2014 Mar 2013	Transformation & Resources (T&R) [Resources]	Limited			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	Apr 15	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	Families & Wellbeing [DASS] and T&R [Business]		Follow up of external review		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 review of the Personal Finance Unit is underway which will include an update on the outstanding recommendations.	A
Payment Card Industry - Data Security Standard 04/07/2014 Dec 2012	Authority-Wide	Minimum			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	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
Data Loss Prevention 30/10/2014 Feb 2014	Authority-Wide	Minimum	No compliance testing undertaken.	Major	A DLP policy for the management of information assets should be produced, agreed by the Information Governance Board, and made available to all staff. This will ensure the correct management of information via the delivery of a technical solution by IT Services and the development and enforcement of appropriate working practices by Information Asset Owners.	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
Capital Investment Programme 16/12/2014 June 2014	T&R [Financial Services]	Substantial	Substantial	Moderate	Three recommendations were made which do not present a significant risk to the organisation.	3 (0)	September 2014 Strategic Director Transformation and Resources	Apr 15	The recommendations have been fully / partially implemented where possible. Assurances have been provided that the outstanding recommendations will be fully implemented following the Cabinet approval in February 2015 of the Capital Investment Programme for 2015-18	A

KEY: MONTH: DECEMBER 2014

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.	