

**INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS
PERIOD: 01 APRIL 2014 TO 31 AUGUST 2015**

<u>Summary</u>	Total	R	A
1. Completed Audits	21	0	21
2. Follow Up Audits Completed	9	0	9

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS
PERIOD: 01 APRIL 2014 TO 31 AUGUST 2015
1. Completed Audits - RED or AMBER flag

Audit / Date	Directorate [Service]	Organisational Risk	Areas for Development / Improvement and comments	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
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	Sep 15	Following reorganisation and corresponding changes in structure/responsibilities, this follow up has been incorporated into an full audit scheduled for September 2015.	A
Central Libraries - Cash Systems 10/11/2014	T&R [Business Processes]	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	Oct 15	Recommendations agreed with Principal Librarian and currently being followed up. Significant developments within the division have resulted in the follow up being deferred until this time.	A
Better Care Fund 15/01/2015	Families & Wellbeing (F&W) [DASS]	Moderate	This was a review of a developing system, therefore no formal recommendations were made. However, the report does highlight "Areas for Further Work", which will be reviewed in the post-April 2015 review.	0 (0)	N/A Strategic Director Families and Wellbeing	Sep 15	No formal recommendations made. "Areas for Further Work" were agreed and work is in progress to address these. Meeting undertaken on 01/09/15 with Head of Transformation to verify current position.	A
Community Patrol 27/01/2015	Regeneration and Environment (R&E) [Housing and Community Safety]	Minor	Five recommendations were made which do not present a significant risk to the organisation.	5 (0)	May 2015 Strategic Director Regeneration and Environment	Oct 15	Recommendations agreed with the Head of Regeneration. Follow up rescheduled to allow changed to embed.	A
Risk Management 28/01/2015	T&R [Resources]	Moderate	Ten recommendations were made which do not present a significant risk to the organisation.	10 (0)	April 2015 Strategic Director Transformation and Resources	Oct 15	A follow up review is scheduled for October 2015 (this should provide time for any changes to processes for 2015/16 to become embedded).	A
Creditors (IDEA) Testing 26/02/2015	T&R [Resources]	Minor	Four recommendations were made which do not present a significant risk to the organisation.	4 (0)	April 2015 Strategic Director Transformation and Resources	Sep 15	Follow up work due to commence week commencing 21st September.	A
MPF Retirement Benefit Payments 10/04/2015	T&R [Merseyside Pension Fund]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	August 2015 Strategic Director Transformation and Resources	Sep 15	Follow up work underway	A

Audit / Date	Directorate [Service]	Organisational Risk	Areas for Development / Improvement and comments	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
Attendance Management - Sickness 17/04/2015	T&R [Human Resources & OD]	Moderate	Improve the control, management and reporting systems in operation, by <ul style="list-style-type: none"> • updating the e-learning training modules to ensure that they are relevant to current processes in operation; • accurately maintaining attendance records be for all members of staff, which are checked on a regular basis; • recording all sickness notifications on SelfServe; • ensuring that information held on SelfServe for each manager is accurate. 	4 (2)	August 2015 Strategic Director Transformation and Resources	Sep 15	Management have agreed to implement the recommendations within an agreed timescale. Internal Audit will continue to monitor progress and report on this. Follow up is currently in progress with a meeting scheduled to discuss the progress on 15/09/2015	A
Grievances 28/04/2015	T&R [Human Resources & OD]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	August 2015 Strategic Director Transformation and Resources	Aug 15	Management have accepted the recommendation and are progressing with the implementation. Email sent to audit client to request update on implementation of the recommendations on 12/08/2015.	A
Safeguarding Children 22/05/2015	F&W [CYPD]	Moderate	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	September 2015 Strategic Director Families & Wellbeing	Sep 15	Management have accepted the recommendations and are progressing with the implementation.	A
Organisational Culture 09/06/2015	T&R [Human Resources & OD]	Major	- Ensure commitment and compliance to Performance Appraisal and Development. - Put in place a clear, effective and efficient mandatory training programme that is delivering the expected benefits to staff and to the organisation. - Report upon and address the staff Survey Action Plan, and consider a future staff Survey as part of an indicator of organisational culture.	4(3)	September 2015 Strategic Director Transformation and Resources	Sep 15	The recommendations have been accepted and implementation is being progressed. Measures to date have included the re-launch of the Performance Appraisal system that encompasses a newly developed and much improved approach as well as extensive management and staff briefings on related cultural topics.	A
Health, Safety & Resilience 16/06/2015	T&R [Health, Safety & Resilience]	Moderate	Three recommendations were made which do not present a significant risk to the organisation.	3 (0)	October 2015 Strategic Director Transformation and Resources	Oct 15	The recommendations have been accepted and implementation is being progressed.	A
Contract Tender Procedures - West Kirby Concourse 17/06/2015	U&I [Corporate Asset & Facilities Management]	Moderate	Improve the identified control weaknesses in the selection of potential tenderers.	2 (1)	October 2015 Head of Universal and Infrastructure Services	Oct 15	The recommendations have been agreed with management, and implementation is being progressed and will be included in the exercise being undertaken to review and update the Contract Procedure Rules.	A
Direct Payments 26/06/2015	F&W [DASS]	Major	Ensure clear policies and procedures are in place, up-to-date and adhered to in practice, specifically regarding <ul style="list-style-type: none"> - when and who is responsible for conducting, reporting and acting upon the reviews/assessments required as part of the direct payments process; - the robustness of contract monitoring. - ensuring individual Direct Payment contracts are signed appropriately. - the robustness information is entered in the Liquidlogic system. 	5 (1)	October 2015 Strategic Director Families and Wellbeing	Nov 15	The recommendations have been accepted and implementation is being progressed.	A
Bank Reconciliation Drawings Account 30/06/2015	T&R [Resources]	Moderate	Four recommendations were made which do not present a significant risk to the organisation.	4 (0)	October 2015 Strategic Director Transformation and Resources	Oct 15	Recommendations have been agreed.	A

Audit / Date	Directorate [Service]	Organisational Risk	Areas for Development / Improvement and comments	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
Confidential Reporting (Whistleblowing) 15/07/2015	T&R [Resources]	Moderate	Three recommendations were made which do not present a significant risk to the organisation.	3(0)	November 2015 Strategic Director Transformation and Resources	Nov 15	The recommendations have been accepted and implementation is being progressed.	A
Income and Banking 29/07/2015	T&R [Business Processes]	Minor	Three recommendations were made which do not present a significant risk to the organisation.	3(0)	November 2015 Strategic Director Transformation and Resources	Nov 15	The recommendations have been accepted and implementation is being progressed.	A
CRCEES 03/08/2015	U&I [Design Consultancy]	Minor	One recommendation was made which does not present a significant risk to the organisation.	1(0)	December 2015 Head of Universal and Infrastructure Services	Dec 15		A
Parks & Countryside Services 10/08/2015	R&E [Parks and Countryside]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2(0)	December 2015 Strategic Director Regeneration and Environment	Dec 15	The recommendations have been accepted.	A
Transport Unit 21/08/2015	T&R [Design Consultancy - Maintenance function] F&W [CYPD Transport - Taxi and Home to school transport functions]	Moderate	Policies and procedures should be added to so as to ensure responsibilities are fully detailed. Policies should be finalised, approved by the appropriate person(s) and circulated to all relevant staff.	7(1)	December 2015 Strategic Director Transformation and Resources Head of Branch - Planning and Resources	Dec 15	The recommendations have been accepted.	A
Pensions Reform 2015 (Freedom & Choice) 27/08/2015	T&R [Merseyside Pension Fund]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2(0)	November 2015 Strategic Director Transformation and Resources	Nov 15	The recommendations have been accepted and implementation is being progressed.	A

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2014 TO 31 AUGUST 2015

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
Corporate Procurement 10/06/2015 Feb 2014	T&R [Corporate Procurement]	Minimum	Minimum	Major	Ensure: - Completion of the No PO No Pay process - Regular updating of Contracts Register - Finalisation of formal contracts	6 (4)	September 2015 Strategic Director Transformation and Resources	Sep 15	Progress has been made with the implementation of some of the recommendations, specifically the liaison between Procurement, Legal, and Project Officers regarding the completion of contracts, and the current implementation of P-cards across the Council.	A
Procurement of Commissioned Care (Domiciliary Care and Reablement Services) 26/08/2015 August 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	Nov 15	Significant progress has been made. The two high priority recommendations have been assessed as being implemented. Two other recommendations have been assessed as implemented and the remaining three (1 x Medium Priority and 2 x Low Priority) have been assessed as partly implemented. It is expected that full implementation will be achieved following the final roll-out of functions within Liquidlogic - which is expected by November 2015. Where applicable, assurances have been provided to confirm that lessons have been learned that will benefit future procurement exercises.	A
Resource Link – Access Controls 04/09/2015 Oct 2014	Transformation & Resources (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)	December 2015 Strategic Director Transformation and Resources	Dec 15	The client has stated they will follow up on the recommendations mid- September. (A combination of annual leave and sickness has delayed a discussion of the implementation of the recommendations by the auditee and his colleagues.) The implementation of the recommendations will continue to be assessed by Internal Audit in Q3.	A
Mobile Phone Security 04/09/2015 Nov 2014	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)	December 2015 Strategic Director Transformation and Resources	Dec 15	No significant developments since the last update. Some of the risks identified in the Internal Audit report will be addressed as part of the work to agree a corporate DLP policy. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer is to attend ARMC in September 2015 to discuss.	A
ICT Business Continuity 04/09/2015 Dec 2014	Universal and Infrastructure Services (U&I) / 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)	December 2015 Strategic Directors	Dec 15	Strategic Leadership Team (SLT) has agreed 32 business critical systems. The system owners for each of the 32 critical systems have been asked to produce a BCP. At 21/08/2015, a number of BCP's had been completed. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer is to attend ARMC in September 2015 to discuss.	A

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 04/09/2015 Feb 2014	Transformation & Resources (T&R) [Resources]	Limited	No opinion required at the time the audit was carried out		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)	December 2015 Strategic Director Transformation and Resources	Dec 15	Discussions regarding the responsibility for compilation of the register are to be undertaken within ITS. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer is to attend ARMC in September 2015 to discuss.	A
Payment Card Industry - Data Security Standard 04/09/2015 July 2014	Authority-Wide	Minimum	No opinion required at the time the audit was carried out		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)	December 2015 Strategic Director Transformation and Resources	Dec 15	The Chief Information Officer is to resurrect the PCI programme. PCI standards have changed and the Council's approach to Payment Cards may also have changed since this was last looked at. No date set for ITS work. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer is to attend ARMC in September 2015 to discuss.	A
Data Loss Prevention 04/09/2015 Oct 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)	December 2015 Information Governance Board	Dec 15	A number of controls are in place to ensure the risk of unauthorised access is minimised. Corporate DLP policies on the classification and risk-based protection of different types of Council information will be developed under the oversight of the Information Governance Board. Technical controls will be then be applied in accordance with the agreed policies. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer is to attend ARMC in September 2015 to discuss.	A
IT Services Disaster Recovery 04/09/2015 Jan 2015	T&R [Resources]	Minimum	n/a	Major	IT Services' Disaster Recovery Plan should be documented, where the prioritisation of recovery tasks stated in the plan should reflect the documented requirements of business critical services.	4 (4)	May 2015 Strategic Director Transformation and Resources	Dec 15	The Chief Information Officer is to attend ARMC in September 2015 to discuss.	A

KEY:

Organisational Risk		
MAJOR	The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to major risk.	
MODERATE	The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to moderate risk.	
MINOR	The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to minor risk.	
NEGLIGIBLE	There were no weaknesses identified during the review.	
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	
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.	