

Implementation of Internal Audit Recommendations: Summary of Progress
Report by Director of Change Management and Resources

Summary: This report updates members on progress in implementing Internal Audit recommendations arising out of audits carried out since 2008/09.

Recommendation: That the report be noted.

1 Introduction

- 1.1 It has been agreed that this Committee will receive a regular update of progress made in implementing Internal Audit report recommendations, focusing on outstanding recommendations and including timescales for completion of any outstanding work.
- 1.2 This report summarises the current position regarding recommendations arising out of internal audit reports which have been produced since 2008/09. It sets out in the appendix details of:
- recommendations not yet implemented;
 - recommendations not implemented at the time of the last meeting which have since been implemented: and
 - new recommendations since the last meeting.

2 Summary of Progress

- 2.1 Eight recommendations remain outstanding, of which five relate to Medium priority recommendations, and three to Low priority recommendations. Where appropriate a revised target date has been set in consultation with the Responsible Officer.

3 Internal Audit Programme 2011/12

- 3.1 Two further audits have been carried out since the previous meeting of the Committee. Details are set out below.

3.2 Key Controls

- 3.2.1 This audit generated three Medium priority and one Low priority recommendations, and received an "Adequate" assurance. Three of the recommendations have already been implemented, whilst the other relates to a Low priority issue. With regard to Recommendation 4 – Authorisation of

Orders - the audit identified that three out of the 20 orders which were tested had not been authorised by a member of staff on the Authority's Authorised Signatory List. Upon further investigation it was discovered that these all related to the use of requisition pads, which are issued to members of field staff to enable them to purchase goods and materials up to a value of £250. The Management Team concluded that it would be more effective to review those members of staff who are authorised to use requisition pads and the locations where they are kept, together with the arrangements for keeping the pads secure, rather than include all possible users of requisition pads on the Authorised Signatory List.

3.3 Corporate Governance and Risk Management

3.3.1 This audit generated one Low priority recommendation only, and received a "Good" assurance.

Background papers:	Internal Audit Report BA/12/05 – Key Controls, dated April 2012 Internal Audit Report BA/13/01 – Corporate Governance and Risk Management, dated May 2012
Author:	Rob Holman
Date of report:	26 June 2012
Broads Plan Objectives:	None
Appendices:	APPENDIX 1 – Summary of Actions/ Responses to Internal Audit Recommendations 2008/09 – 2012/13

Summary of Actions/Responses to Internal Audit Recommendations 2008/09 – 2012/13

Annual Governance Statement: September 2008

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
6. Fraud and Corruption Policy The Fraud and Corruption Policy should be reviewed and updated, as appropriate, on an annual basis.	L	Director of Change Management and Resources	Draft Counter Fraud, Corruption and Bribery Policy on this agenda for member consideration.	By 31/12/10 Revised Target Date: 31/3/12

Toll Income: January 2009

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1. Policies and Procedures Management should compile written procedures for all aspects of toll income, e.g. identification, receipt, banking and the collection of unpaid tolls, including timescales for taking action.	M	Head of ICT and Collector of Tolls	The new Tolls Management System has now been implemented and is operational. Detailed policies and procedures will be drawn up in the Autumn, during the 'off season' for the Tolls Team.	By 30/11/10 Revised Target Date: 31/12/12

IT Governance and Strategy: October 2010

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
2. Job Descriptions require review Management should ensure that the minor changes that certain job descriptions require are implemented as soon as possible.	L	Head of ICT and Collector of Tolls	Still outstanding. A more significant change to job roles is required as a result of the decision to make one post redundant on 30 April 2011.	By 31/3/11 Revised Target Date: 31/12/12

Planning: October 2011

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1. Policies and Procedures All planning policies and work instructions should be reviewed and updated to take account of current working practices, responsibilities and the functionality enabled by the CAPS planning system. Documents should be subject to periodic review.	M	Head of Development Management	A review of all policies and working practices is underway, and will be documented.	31 March 2012 Revised Target Date: 31/7/12

Tolls Management System: December 2011

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>4. Stress Testing of Online Payments Management should look at implementing a programme of stress tests against the online payments process, or assurance from the supplier that the implementation will function within acceptable tolerances under expected current and future peak loads.</p>	M	Head of ICT and Collector of Tolls	Implemented. Stress testing was undertaken by members of staff and volunteers prior to implementation of the new system.	31 January 2012
<p>5. <u>Backups</u> Integrity/Housekeeping Database Jobs Management should explore the Oracle database management and housekeeping functionality to better understand and implement database housekeeping jobs. These should be run on a periodic basis as part of a wider database management routine.</p>	M	Head of ICT and Collector of Tolls	The database has been reviewed and found to be satisfactory. The results of this exercise have yet to be written up, but will be fully documented.	31 December 2011 Revised Target Date: 31/7/12
<p>6. Offsite Tape Storage Management should review the process that takes backup tapes home overnight.</p>	M	Head of ICT and Collector of Tolls	Implemented. This was reviewed by the Authority's Corporate IT Group at its meeting on 27 January 2012. The Group agreed that in future backup tapes should be kept on a weekly basis. These are kept off site, pending suitable arrangements being	29 February 2012

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			put in place at the Dockyard.	
<p>7. Business Continuity and Disaster Recovery Management should work with other departments to refresh the existing Corporate Business Continuity and Disaster Recovery Plans in line with changed Authority requirements. Both plans should undergo regular, formal testing.</p>	M	Head of ICT and Collector of Tolls	The Corporate Business Continuity and Disaster Recovery Plans will be updated to ensure that they are in line with the Authority's current requirements. The target date has been extended to take into account any changes arising from the Authority's Premises Strategy.	31 July 2012 Revised Target Date: 31/12/12
<p>8. <u>Support System and Change Controls</u> Formal Support Agreement Management must ensure that the current support arrangements are formalised and signed off as soon as possible, and no later than the go live date.</p>	M	Head of ICT and Collector of Tolls	Discussions are being held with the supplier, who has been requested to provide a copy of the base agreement for updating and signature.	31 December 2011 Revised Target Date: 31/7/12
<p>9 Change Controls Management should ensure that adequate change control processes are put in place to manage changes within the Tolls Management System once it has gone live. These processes can mimic the existing SharePoint processes that the implementation</p>	M	Head of ICT and Collector of Tolls	Implemented. A new Change Management Log has been created.	31 January 2012

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
project has put in place and should include back out plans should any implemented change fail.				

Key Controls: April 2012

	Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1.	Bank Account Reconciliation Reviews The Head of Finance should carry out monthly reviews of bank account reconciliations in a timely manner.	H	Head of Finance	Implemented. Monthly reviews have been undertaken in a timely manner since December 2011 and a process put in place to ensure that reviews will continue to be undertaken at the end of each month as a matter of routine.	31 March 2012
2.	Annual Reconciliation of the Asset Register The Head of Finance should ensure that a reconciliation of the asset register is carried out at the end of the year with supporting documentation retained.	M	Head of Finance	Implemented. A formal reconciliation to the Ledger has been undertaken and documented as part of the preparation of the 2011/12 accounts.	30 April 2012
3.	Budget Setting Timetable A copy of the budget setting timetable should be retained to demonstrate the intention to set the forthcoming year's budget in a controlled manner.	L	Director of Change Management and Resources	A timetable has been drawn up for 2012/13 and will be retained.	After 31 March 2012

4.	<p>Authorisation of Orders The authorised signatory list should be reviewed and updated where appropriate to accommodate staff with an operational need to authorise expenditure on behalf of the Authority.</p>	M	Head of Finance	Implemented. The Authorised Signatory List has been reviewed by the Management Team. The issue identified in the audit related to users of requisition pads by field staff. Rather than include all possible users of these pads on the Authorised Signatory List, the Management Team concluded that the list of staff/locations where these were used should be reviewed, together with the arrangements for keeping the requisition pads secure. This has been undertaken.	30 June 2012
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Corporate Governance and Risk Management: May 2012

	Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1.	<p>Completion of Additional Items 'Additional Actions' identified within the Strategic Risk Register to further reduce the impact and likelihood of risks, should be updated and completed in a timely manner.</p> <p>Where actions have not been completed, revised deadlines should be documented as appropriate.</p>	L	Director of Change Management and Resources	All risk owners have been reminded of the need to complete 'Additional Actions Required' in a timely manner, and where it is not possible to comply with the deadline date, to ensure that it is updated.	30 June 2012