

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>REPORT TO</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE</b>	<b>8 DECEMBER 2015</b>
<b>SUBJECT</b>	<b>PROGRESS REPORT ON INTERNAL AUDIT 01 APRIL 2015 TO 31 OCTOBER 2015</b>
<b>LEAD OFFICER</b>	<b>HEAD OF INTERNAL AUDIT – MIKE HALSTEAD</b>
<b>CONTACT OFFICER</b>	<b>AUDIT MANAGER - SIONED PARRY</b>
<p><b>Nature and reason for reporting</b> - To comply with the requirements of the UK Public Sector Internal Audit Standards and the CIPFA UK Standards which came into force on 1<sup>st</sup> April 2013, whereby the Head of Audit is required to report periodically to the Audit &amp; Governance Committee on the Internal Audit Service's performance relative to the 2015/16 Audit Plan and consider Internal Audit performance measures on a quarterly basis.</p>	

## **1. INTRODUCTION**

- 1.1 This report is produced in compliance with the Terms of Reference of the Audit and Governance Committee, whereby the Committee should review progress in delivering the Internal Audit Plan and Internal Audit Strategy through the receipt and consideration of quarterly progress reports.
- 1.2 The report analyses the performance of the Internal Audit Service for the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> October 2015 and is supported by **Appendices A to E** detailing progress against performance targets for 2015/16 and the work undertaken by the Service during this period.
- 1.3 A revised Strategic Plan for the three year period 2015/16 to 2017/18 was submitted and approved by the Audit and Governance Committee at a meeting on the 27 July 2015. The resulting 2015/16 Operational Plan provides a more balanced plan; which spreads audit coverage more widely and enables the examination of a number of areas which have not been subject to audit review in recent years.

## **2. RECOMMENDATION**

- 2.1 Members are asked to consider and provide comment on the assurance provided to the Audit and Governance Committee in this report regarding the internal control, risk management and corporate governance processes that are in place to manage the achievement of the Authority's objectives.

## **3. BACKGROUND INFORMATION**

### **3.1 Internal Audit Performance 1/4/15 to 31/10/15**

- 3.1.1 An analysis of the work and performance of the Internal Audit Service has been undertaken for the period 1/4/15 to 31/10/15. There were 10 audit projects of varying complexity in respect of 2014/15 that were not completed or issued by 31/03/15 and constitute work in progress as follows:

- Cash Receipting System
- Council Tax
- Housing Benefits
- Housing Rents
- Main Accounting System
- NNDR
- Payroll
- Sundry Debtor
- Treasury Management
- Stock Check DLO

3.1.2 The amount of work allocated to work in progress during 2015/16 to the end of August accounts for 5.5 days and will be met from closure of previous year's work contingency.

3.1.3 A schedule of performance targets for the period ending 31/10/15 is attached in **Appendix A**. It should be noted that the performance indicator in respect of audits performed during this period is reduced due to the need for the Service to concentrate on completing all work in progress in respect of 2014/15. Progress has also been hampered by a higher than expected level of sickness within the Audit Team and the fact that the Team is carrying a vacancy.

### **3.2 Additional Unplanned Work**

3.2.1 There was 1 additional unplanned audit performed during the period 1/4/15 to 31/10/15. This amounts to 2.2 days work and is documented on the attached schedule at **Appendix B**. Unplanned grant certification work previously undertaken by external audit has also been undertaken and amounts to 34 days.

### **3.3 Statement of Assurance**

3.3.1 The Head of Audit is required to provide the Audit and Governance Committee with an opinion on the overall adequacy and effectiveness of the Authority's governance, risk management systems and internal control environment. In compliance with the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. The overall opinion is one of the assurances used by the Authority in preparing the Annual Governance Statement required under the Accounts and Audit Regulations.

3.3.2 The audit opinions on the assignments performed during the year to date have been categorised as follows:

- Substantial Assurance
- Reasonable Assurance
- Limited Assurance
- Minimal Assurance

3.3.3. In support of the audit opinions, the recommendations made during the year have been categorised as High, Medium and Low priority, as was approved by the Audit and Governance Committee on the 27 July 2015. Definitions of the risk ratings of recommendations and the audit opinions are attached in **Appendix C**. Consideration will be given to align the Internal Audit recommendation risk ratings with the Authority's Risk Management Matrix further embedding the risk management process in the Authority. Committee approval will be sought at a future date.

3.3.4 A summary of all audit assignments completed during the year to date including work in progress from 2014/15 is attached in **Appendix D**. The schedule summarises the audit

opinions and recommendations in respect of each area reviewed and will form the basis of the opinion contained in the Annual Statement of Assurance of the overall adequacy and effectiveness of the Authority's governance, risk management and internal control framework for 2015/16. Since the 1 April 2015, ten final reports have been issued from the 2014/15 Internal Audit Operational Plan and five from the 2015/16 Operational Plan.

3.3.5 The Risk Management Framework & Top 5 Risks audit and the Information Governance – Compliance Audit completed during September and October, 2015 respectively, both resulted in 'Reasonable' levels of assurance. Details of the audits are summarised in **Appendix D**.

### 3.4 Audit Follow Ups and Recommendation Tracking

3.4.1 The UK Internal Audit Standards require Internal Audit to follow up management actions arising from its assignments. The implementation of agreed audit recommendations is the responsibility of management not Internal Audit. Internal Audit's responsibility is to report the status position.

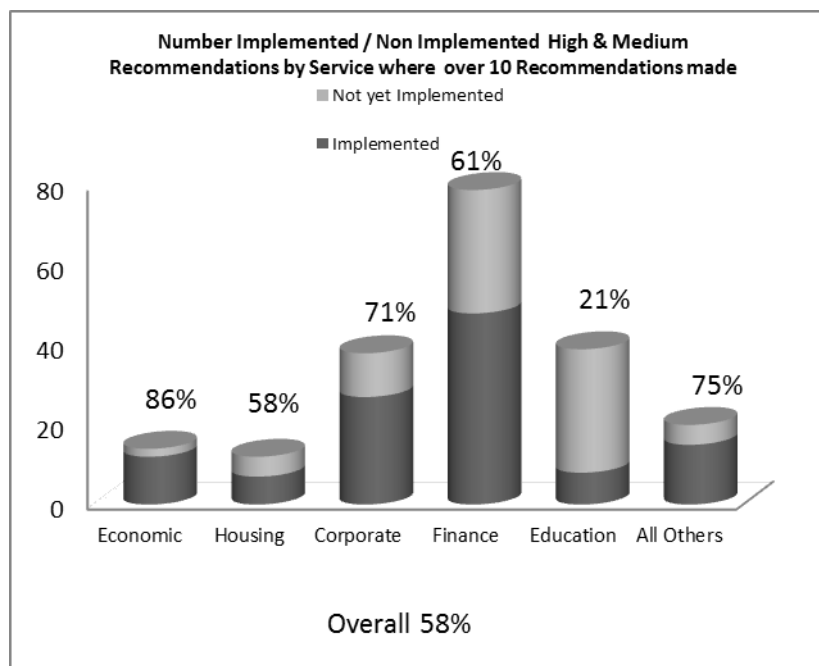
3.4.2 The data is currently compiled from a self-assessment by the relevant services and is currently not subject to confirmation by Internal Audit until a subsequent audit review is undertaken in the same area. In the interim it is for managers to explain why recommendations have not been implemented. **Table 1** below summarises the implementation of recommendations as at 9 November 2015:

<b>Table 1 - Status of agreed recommendation as at 09-11-2015</b>				
<b>Status</b>	<b>High</b>	<b>Medium</b>	<b>Total</b>	<b>%</b>
Complete	24	93	117	58%
Outstanding	8	77	85	42%
Total	32	170	202	100%

3.4.3 Recommendations are currently rated as high, medium or low according to the perceived risk as outlined in **Appendix C**. Those rated low are not subject to formal follow up by Internal Audit and are not included in this analysis. The percentage implementation rate as at 9 November 2015 was 58% of 'high' and 'medium' recommendations having been recorded as implemented.

3.4.4 A graph showing the breakdown of recommendation implementation by Service is provided in **Table 2** below:

**Table 2**



3.4.5 A report by the previous Interim Audit Manager to the Audit and Governance Committee on 27 July 2015 identified that work is required to improve the monitoring and reporting of progress in implementing agreed recommendations. The introduction of a Follow Up and Monitoring Process is addressed elsewhere on your agenda under the Revision of the Internal Audit Protocol to include Follow Up Audits.

### 3.4.6 Referrals

3.5.1 In addition to the assurance services agreed with and provided to assist management in meeting the objectives of the Authority, Internal Audit also undertake a range of referrals/ consultancy services which include:

- Advice and guidance to management in respect of a range of issues, including system implementation, compliance with policies regulations and procedures and internal control requirements;
- Training;
- Special investigations including fraud related work.

3.5.2 The number of planned days for referrals/consultancy during the year amounts to 205 days with 113.81 days spent on this work up to the end of October 2015.

3.5.3 A summary of special investigations undertaken by Internal Audit during the period 1 April 2015 to 31 October 2015 is included in **Appendix E** and amounts to 48 days.

### 3.6 Sickness Absence

3.6.1 The Service manages sickness absence in compliance with the Authority's Sickness Absence Policy. Sickness accounted for 73 days absence up to the period ending 31 October 2015 against an annual target of 45 days. This was primarily due to the long term sickness absence of 2 officers in the first quarter, which accounted for 59.81 days absence.

#### 4. INTERNAL AUDIT FORWARD WORK PROGRAMME

Scheduled Review Title	Service Area	Current Status
Partnerships Governance & Performance	Corporate	Draft Reviewed
Building Regulation Fees	Sustainable Development	Work in Progress
Contract Audit – Capital Expenditure	Corporate	Work in Progress
Fleet Management	Sustainable Development	Draft Reviewed
Human Resources – Policies & Practices for Managing the Workforce	Transformation	Work in Progress
Ysgol Talwrn	Lifelong Learning	Work in Progress
Ysgol Brynsiencyn	Lifelong Learning	Work in Progress
Ysgol Cemaes	Lifelong Learning	Work in Progress
Ysgol Gynradd Bodedern	Lifelong Learning	Work in Progress
Affordable Housing, Houses into Homes and Self-build Loan Scheme	Community	Draft to be reviewed
Housing Strategy	Community	Work in Progress
NDR & Council Tax	Resources	Work in Progress

#### 5. CONCLUSION

- 5.1 An analysis of the Internal Audit Service's performance for the period 1 April 2015 to 31 October 2015 demonstrates that performance levels are more or less on target. However, the ability of the Service to achieve the 2015/16 Operational Plan will be dependent on the level of demand for audit resources in respect of referrals, unplanned work prior to the year end and sickness absence levels.

**INTERNAL AUDIT PERFORMANCE TARGETS 2015-16**

**APPENDIX A**

<b>Description</b>	<b>IOAC Actual 2013/14</b>	<b>IOAC Actual at 31/3/15</b>	<b>IOAC 2015/16 Target</b>	<b>IOAC Actual at 31/10/15</b>	<b>Wales Average 2013/14</b>
<b>1. % Planned Audits Completed</b>	81%	92%	80%	32.20%	80%
<b>2. Number of Audits</b>	51	46	60	19	126
<b>3. % Clients responses 'Satisfied'</b>	100%	100%	100%	Nil Return	97%
<b>4. % Recommendations accepted</b>	100%	100%	100%	90%	99%
<b>5. % Implementation of High &amp; Medium Recommendations at Follow up audits</b>	46%	49%	85%	58%	N/A
<b>6. % Audits completed within planned time</b>	N/A	N/A	90%	84.21%	71%
<b>7. % Directly chargeable time against total available</b>	N/A	N/A	70%	73.30%	68%
<b>8. Average days from closing meeting to issue of draft report</b>	N/A	N/A	6 days	8.6 days	9.5 days
<b>9. Average days between response to draft and final report issue</b>	N/A	N/A	2 days	2.4 days	2.4 days
<b>10. Average actual cost per directly chargeable audit day</b>	£245	£238	£250	£250	£225
<b>11. No. Audit Staff</b>	5.5	5.6	5.68	5.68	9.3
<b>12. % staff leaving</b>	0	0	0	0	22%

AUG 2015

**ANGLESEY COUNCIL  
INTERNAL AUDIT**

**ANALYSIS OF ADDITIONAL UNPLANNED WORK PERFORMED DURING  
1st APRIL 2015 TO 31<sup>st</sup> OCTOBER 2015**

	<b>AREA</b>	<b>NATURE OF THE WORK</b>	<b>AUDIT DAYS</b>
<b>1</b>	Bryn Trewan	The Audit Committee requested that Internal Audit look at original documentation in relation to the re-charge of sewage cost in relation to 60 properties at Bryn Trewan, Caergeiliog.	2.20
<b>2</b>	Grant Certification – European Social Fund	Final Certification.	4.30
<b>3</b>	WG Pupil Deprivation Grant 2014/15	Internal Audit was informed in September 2015 that the Pupil Deprivation Grant Authority Allocation Certificate and an Internal Audit Report had to be submitted to WG by 331 October 2015.	4.80
<b>4</b>	WG Welsh In Education Grant 2014/15	Internal Audit informed in August 2015 that the WEG Authority Allocation Certificate and an Internal Audit Report had to be submitted to WG by 31 October 2015.	2.70
<b>5</b>	WG 14 - 19 Learning Pathways Grant 2014/15	Internal Audit was informed in September 2015 that the 14-19 Learning Pathways Grant Authority Allocation Certificate and an Internal Audit Report had to be submitted to WG by 31 October 2015.	13.18
<b>6</b>	WG School Effectiveness Grant 2014/15	Internal Audit informed in August 2015 that the SEG Authority Allocation Certificate and an Internal Audit Report had to be submitted to WG by 31 October 2015.	9.05
	<b>TOTAL DAYS</b>		<b>36.20</b>

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## AUDIT RECOMMENDATIONS AND THE AUDIT OPINION

### 1. DEFINITIONS OF ASSURANCE RATINGS

New assurance level definitions for 2015/16 are clearer and more precise and bring into play the priority of recommendations made. They are:

LEVELS OF ASSURANCE	DEFINITION
<b>SUBSTANTIAL ASSURANCE</b>	Arrangements for governance, risk management and internal control are good. No or only low impact management action is required. <b>No high and a maximum of 2 medium priority recommendations are made.</b>
<b>REASONABLE ASSURANCE</b>	Arrangements for governance, risk management and/or internal control are reasonable. Management action of moderate to low impact is required. <b>No high priority recommendations are made.</b>
<b>LIMITED ASSURANCE</b>	Arrangements for governance, risk management and internal control are limited. Management action of high to moderate impact is required. <b>A number of high and/or medium priority recommendations are made.</b>
<b>MINIMAL ASSURANCE</b>	Arrangements for governance, risk management and internal control are significantly flawed. High impact management action is required in a number of areas. <b>A significant number of high priority recommendations are made.</b>

### 2. Definitions of Recommendation Priorities

Definitions of the priorities used for recommendation have been made to improve consistency within the audit team and help the level of understanding by the report recipient. They are:

RECOMMENDATION PRIORITY	DEFINITION
<b>High</b>	Significant action required relating to the absence if or non-compliance with fundamental control processes creating the potential for significant governance issues, malpractice, risk or error to go undetected.
<b>Medium</b>	Important action required to bring the internal control system up to an acceptable standard or eliminate an unacceptable level of non-compliance with existing control processes.
<b>Low</b>	Action which would improve the internal control in general but which is not vital to the overall control system.

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## Summary of Recommendations and Assurance Levels 1-4-15 to 31-10-15

## APPENDIX D

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
1	Cash Receipting System WIP 2014/15	April 15	Resources	4	<p>An audit of Cash Receipting System was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>The receipting of cash amounts is currently undertaken via manual input to the Cash Receipting system from bank statements.</p> <p>A recommendation included in the 2013/14 Cash Receipting report related to the implementation of an auto feeder bank statement should be progressed in 2015/16 to assist in ensuring that bank reconciliation can be carried out promptly from period end. This and the three further recommendations in the 2013/14 Cashiers Final Report have not been implemented.</p> <p><b>Opinion:</b> Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed and consistently applied.</p>	Substantial
2	Debtors WIP 2014/15	April 15	Resources	22	<p>An audit of Sundry Debtors was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>In 2013/14 the number of invoices raised was 20,287 with a value of £16.3M. The value of cancelled invoices plus credit notes raised in the period was £462k. An Aged Debt Summary Report dated 14 January 2015 reported a total amount of sundry debt outstanding to be £3,192,488.54.</p>	Limited

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>The Council introduced a new CIVICA financials system in April 2013 including the Sundry Debtors module which is used as the Council's main record of debtors.</p> <p>The Sundry Debtor review for 2013/14 included six Medium and eleven Low category recommendations. The 2014/15 audit showed that the six Medium category recommendations made have not been implemented. These relate to the prompt and effective recovery of outstanding debt, regular review of aged invoice, regular review of write offs, suppressions, reconciliation of the financial ledger to the Sundry Debtor system and responsibilities relating to the nomination of officers for the entering and authorising invoices and debtor details within the system.</p> <p>Two of the Low category recommendations have been implemented. The remaining nine Low category recommendations are re-iterated. These relate to the review of system access rights, supporting documentation for debtor invoices, review of fees and charges, duplicate debtor detail, cancelled debts, debit of cost codes when evident that debts cannot be recovered, debtor performance indicator reports and the reporting of performance in relation to targets.</p> <p><b>Opinion:</b> Taking account of the issues identified, whilst the Council can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, and consistently applied, action needs to be taken to ensure this area is managed.</p>	
3	Council Tax WIP 2014/15	April 2015	Resources	8	An audit of Council Tax was undertaken as part of the approved internal audit periodic plan for 2014/15. Council Tax is	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>administered by the Revenue and Benefits Service. There were 34,553 properties (excluding unbanded properties) as at March 2013.</p> <p>The total debit raised for Council Tax in 2013/14 (net of exemptions, reliefs and council tax benefits) was £30.8m of which the in year collection rate was 97.1% of this total.</p> <p>The Council Tax report for 2013/14 included one Medium and six Low categorised recommendations. The 2014/15 audit found that the Medium recommendations relating to reconciliation to the Postal Docket has not been implemented.</p> <p>Four Low recommendations have been assessed as not implemented and one Low recommendation was seen to be part-implemented. The recommendations relate to single person's discount, debt recovery procedures, accounts on pending write-off status, review of suppressed accounts and void visits.</p> <p><b>Opinion:</b> Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage these risks are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risks materialising.</p>	
4	NNDR WIP 2014/15	April 2015	Resources	8	<p>An audit of NNDR was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>The total number of properties (excluding unbanded properties) as at 31 March 2014 was 2,707.</p> <p>The total debit raised for NNDR in 2013/14 (net of refunds) was</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>£13.6m of which the in year collection rate was 97.9% of this total. The average reported tax collection rate for all Unitary Authorities in Wales was 97.1%.</p> <p>The NNDR report for 2013/14 included two Medium and eight Low categorised recommendations. Our follow up work in 2014/15 has found that the Medium recommendations relating to reconciliation of total value of bills to the number of rateable hereditaments and clearing write offs that have been on the system for more than twelve months have not been implemented.</p> <p>One Low category recommendation has been actioned and two superseded; the remaining five Low category recommendations have been assessed as not implemented. These recommendations relate to prompt processing of write-offs on the system, carrying out exempt property visits, consistent application of recovery procedures, prompt referral of debts to Enforcement Agents and review of suppressed accounts.</p> <p><b>Opinion:</b> Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage these risks are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risks materialising.</p>	
5	Housing Benefits WIP 2014/15	April 2015	Resources	11	<p>An audit of Housing Benefit - Key Controls was undertaken as part of the approved internal audit periodic plan for 2014/15. The total amount of Housing Benefit paid in 2014/15 for the period 01-04-2014 to 11-02-2015 in respect of private tenants was approximately £8.5m and for LA tenants £7m. The total amount</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>awarded under the Council Tax Reduction scheme was approximately £5m.</p> <p>The total case load recorded up to January 2015 for Housing Benefit Claims was 49,230 and for Council Tax Reduction were 65,638.</p> <p>The Benefits Service is within target for time taken to process change in circumstances, on receiving all information required for decision within 14 days of new claim and on accuracy checks undertaken in the period. However, the Service has not reached set targets in relation to the processing of new claims and for the identification of cases for which the calculation of the amount of benefit due is correct.</p> <p>The most significant area in which the Service has been ineffective in the period is in the recovery of benefit overpayments which have increased during the period.</p> <p>The Housing Benefit 2013/14 Internal Audit report included 5 Medium and 6 Low categorised recommendations. Follow up work in 2014/15 found that at the time of review the 4 Medium and 5 Low priority recommendations were implemented.</p> <p>The 2 recommendations assessed as not implemented relate to the non-recoverable write offs and reconciliations and the segregations of duties between the roles of allocations and recovery.</p> <p><b>Opinion:</b> Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>	

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
6	Housing Rents WIP 2014/15	April 2015	Resources	4	<p>An audit of Housing Rents was undertaken as part of the approved internal audit periodic plan for 2014/15. At the time of reporting the Council's Housing Service managed 3798 dwellings, 767 garages and 12 leased properties across the County. The estimated rental income for 2014/15 was reported to be £13.8M.</p> <p><b>Opinion:</b> Taking account of the issues identified during the course of the audit, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>	Substantial
7	Stock Check DLO WIP 2014/15	May 2015	Housing	N/A	<p>An annual stock check undertaken by the Authority's Internal Audit Service at the BMU Depot on 28<sup>th</sup> of March 2015. The total closing stock value identified in April 2015 was £157,493.13.</p> <p><b>Opinion:</b> The stock records maintained at the depot are sufficiently accurate and provide a reliable record of the stock levels at the year end.</p>	Substantial
8	Treasury Management WIP 2014/15	May 2015	Resources	2	<p>An audit of Treasury Management was undertaken as part of the approved internal audit periodic plan for 2014/15. The Treasury Management function operates within the approved Treasury Management Strategy and the Annual Investment Strategy which is approved by the full Council each year. The Current Treasury Management position (for quarter 3) was reported to the Audit Committee in February 2015.</p> <p>The review of Treasury Management in 2013/14 resulted in a Green audit opinion and three medium category recommendations being made. Follow up work as part of this year's review found that the previous recommendations have yet to be fully implemented. The previous recommendations relate to:</p> <ul style="list-style-type: none"> <li>• Access rights within the HSBC net system and deletion of</li> </ul>	Substantial

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>any users that no longer need access;</p> <ul style="list-style-type: none"> <li>Ensuring two authorising signatories (segregation of duties) are obtained in order to carry out fund transfers within the Authority;</li> <li>To maintain an audit trail and to provide assurance over segregation of duties signatures evidencing checking, authorising or approving should be in the name of the individual carrying out relevant action and not 'pp'd' in the name of an absent officer. Treasury Management processes and procedures should be fully, clearly documented and dated in order to set out who can approve, documentation required and segregation of duties.</li> </ul> <p><b>Opinion:</b> Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>	
9	Payroll Key Controls WIP 2014/15	May 2015	Resources	6	<p>An audit of Payroll - Key Controls was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>The Payroll system currently in use is 'Resourcelink' provided by Northgate and is an integrated Human Resources and Payroll system.</p> <p>There were 3,850 live payroll records at the end of March 2015 and 2,333 paid records in the month. There were 415 new starters on the payroll and 444 leavers processed during the 2014/15 financial year.</p> <p>Key findings from the review highlighted a lack of formally documented procedures, issues in relation to secure storage of</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>payroll records and system access controls do not enforce segregation of duties between HR establishment functions and payroll functions. The lack of segregation of controls has been highlighted in a previous payroll audit report and in a separate review of Logical Access &amp; Segregation of Duties.</p> <p><b>Opinion:</b> Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage these risks are suitably designed, consistently applied and effective.</p> <p>However, issues have been identified that, if not addressed, increase the likelihood of the risks materialising.</p>	
10	Main Accounting System WIP 2014/15	June 2015	Resources	6	<p>An audit of the Main Accounting System - CIVICA was undertaken as part of the approved internal audit periodic plan for 2014/15.</p> <p>At the time the audit was undertaken the CIVICA team was in the process of conducting a re-launch of the system. The re-launch was initiated due to a number of perceived weaknesses in the way the system had been introduced and subsequently used by the services. Administration of the system was also lacking mainly as a result of poor procedural documentation.</p> <p>It is envisaged that the re-launch of CIVICA will be substantially complete by the end of the current calendar year and all issues raised within the audit dealt with as part of that action.</p> <p><b>Opinion:</b> Arrangements for governance, risk management and/or internal control are reasonable. An overall Reasonable Assurance audit opinion resulted from the review with four Medium category and two Low category recommendations being agreed with</p>	Reasonable



	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					management.	
11	ICT Disaster Recovery	July 2015	Resources	13	<p>This audit was undertaken as part of the approved Internal Audit plan for 2015/16.</p> <p>Internal Audit carried out a review in 2012/13 of the management arrangements for Business Continuity and ICT Disaster Recovery. Internal Audit's opinion at that time was that the Council could not take assurance that the controls upon which it relies to manage these areas were suitably designed, consistently applied or effective (a MINIMAL assurance level). Recommended actions were agreed but Internal Audit was informed that little action has been taken since. The 2015/16 audit report only deals with ICT Disaster Recovery plans. A separate report has been produced covering Business Continuity.</p> <p>The main key findings in the 2015/16 report identified that:</p> <ul style="list-style-type: none"> <li>• The Council does not have a formal approved ICT Disaster Recovery Plan in place</li> <li>• The Council does not have a dedicated disaster recovery facility located away from the ICT Suite</li> <li>• Services need to complete up to date business plans to feed into future ICT Disaster Recovery Plans</li> <li>• There is no regular restores of system and data backups</li> <li>• Scheduled restores are not carried out in live and test environments to ensure backups can be used to restore promptly and reliably in a disaster scenario</li> <li>• Responsibility of maintenance of the environmental control and fire suppression systems are not formally documented</li> </ul>	Minimal

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>and monitored by ICT</p> <ul style="list-style-type: none"> <li>The current UPS is not fit for purpose and the Council does not therefore have an operating UPS in the event of an electrical failure.</li> </ul> <p><b>Opinion:</b> Arrangements for governance, risk management and internal control are significantly flawed. High impact management action is required in a number of areas. <b>Recommendations are predominantly high priority</b></p>	
12	Markets Administration & Rents Income	July 2015	Public Protection & Planning	4	<p>An audit of Market Administration and Rents Income was undertaken as part of the revised internal audit plan for 2015/16. The service area has not been subject to audit review since 2006.</p> <p>The key findings from the audit identified that operational procedures had not been reviewed and updated to reflect recent changes in market operations and banking arrangements.</p> <p>It was also evident there is no systematic monitoring to ensure that all market traders maintain and produce evidence of adequate public liability insurance cover.</p> <p><b>Opinion:</b> An overall Reasonable Assurance audit opinion resulted from the reviews with three Medium category and one Low category recommendations being agreed with management.</p>	Reasonable
13	Business Continuity	July 2015	Corporate	7	<p>An audit of Business Continuity was undertaken as part of the approved internal audit periodic plan for 2015/16.</p> <p>BCM is a statutory duty for local authorities as well as being a key part of governance processes. It is a requirement of the Civil Contingencies Act 2004 that plans are prepared and put in place</p>	Limited

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>to ensure that services, particularly those that are statutory services, can continue.</p> <p>The main findings of the review identified the Interim Business Continuity Plan is, in its current draft form, not sufficiently complete to ensure proper efficient and effective recovery of the Council's data and processes should a disaster event occur.</p> <p>Responsibilities of the Senior Leadership Team and Heads of Services in relation to Business Continuity are not clearly stated within the Business Continuity Plan and Business Continuity is currently not reported and managed at the highest level.</p> <p>The work to establish a Business Continuity Management and Emergency Planning Working Group should continue and the comprehensive Corporate Business Continuity Plan should incorporate Building Recovery Management arrangements.</p> <p><b>Opinion:</b> Arrangements for governance, risk management and internal control are limited. An overall Limited Assurance audit opinion resulted from the reviews with five High category and two Medium category recommendations being agreed with management.</p>	
14	Risk Management Framework & Top 5 Risks	Sept 2015	Corporate	3	<p>This audit was undertaken as part of the approved Internal Audit periodic plan for 2015/16.</p> <p>A review of the application of the Risk Management Framework was commissioned by the SLT in the summer of 2014 and found the following:</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<ul style="list-style-type: none"> <li>• The application of risk across the Council was inconsistent</li> <li>• It is not clear how the service and corporate risk registers relate</li> <li>• A lack of clarity regarding process for escalation or feedback; and</li> <li>• Risk is not well aligned with the planning and performance management processes.</li> </ul> <p>The Policy and processes have been revised and training delivered to senior officers and staff. Service Risk Registers are being reviewed and incorporated into the Business Planning Process and Revised Corporate Risk register in place by the end of the first Quarter 2015.</p> <p>The main findings of the review identified that Service Delivery Plans are not always submitted promptly and within deadlines with all sections having been completed including links to the Risk Registers.</p> <p>Evidence of existing controls relating to the Corporate Risk Register were not always available.</p> <p><b>Opinion:</b> An overall Reasonable Assurance audit opinion resulted from the reviews with two Medium category and one Low category recommendations being agreed with management.</p>	
15	Information Governance – Annual Review of Compliance	Oct 2015	Corporate	7	<p>An audit of Information Governance – Annual Review of Compliance was undertaken as part of the approved Internal Audit periodic plan for 2015/16.</p> <p>Key findings from the review are:</p>	Reasonable

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<ul style="list-style-type: none"> <li>• Third party contractors processing personal data on behalf of the Council have not been identified to ensure that an appropriate Data Processing Agreement has been implemented and Data Processing Agreements re not available for every 'Category 1' Contracts.</li> <li>• No new systems, projects or processes had been implemented during the audit review and therefore no evidence of Privacy Impact Assessments undertaken were available for review by the auditor.</li> <li>• Not all Information Asset Owners (IAOs) were able to give assurance that appropriate measures are in place for the secure storage, movement, retention and disposal of records within remote establishments (those outside of the HQ)</li> <li>• The Council lacks procedures for managing electronic records containing confidential data</li> <li>• No assurance can be given as to whether random information sharing of personal data had been assessed as a lack of data was available for testing.</li> <li>• Not all staff comply with the Clear Desk Policy implemented by management</li> <li>• The Council's privacy notices issued by each service are not clear, consistent and available for the gathering , processing and sharing of data</li> <li>• No central log exists of all privacy notices and no evidence was seen of privacy notices transferred to the corporate privacy notice template</li> <li>• No formal written report has been presented to the SLT of data security incidents, its cause and effectiveness of</li> </ul>	

	Report Title	Date	Service	Total Audit Recommendations	Key Messages	Assurance Level
					<p>response as per the Data Security Incident Policy. It was acknowledged that incidents have been verbally reported to SLT to date.</p> <p><b>Opinion:</b> An overall Reasonable Assurance audit opinion resulted from the reviews with five Medium category and two Low category recommendations being agreed with management.</p>	

**SUMMARY OF SPECIAL INVESTIGATIONS - 1 APRIL 2015 TO 31 OCTOBER 2015**

Job No.	Type of Incident	No. of Days	Comment / Result
1955.14/15	School – alleged financial irregularities	4.70	Recommendations made to address poor financial record keeping.
2006.14/15	Recycling Unit -	0.34	It is considered that procedures to counter theft from the site are adequate and there is good CCTV coverage. Nothing further can be done regarding anonymous allegation.
005	Missing £100 Cash	4.53	The Police investigation into the incident has now been closed. Weaknesses identified by management and measures to strengthen the procedures have been immediately implemented.
010	School - Theft of Cash	7.03	Perpetrator resigned and investigation closed.
014	Depot – Theft of Diesel	3.11	Ongoing Police investigation.
017	WG Referral – Disabled Student Allowance – Ineligible Payments	5.36	Draft Stage - No recommendations have been made in relation to this referral as the LA no longer administers the DSAs.
022	Unauthorised opening of visitor attraction	18.31	Enquiry concluded. Report currently being prepared.
031	Employee undertaking paid work whilst off sick	0.20	Insufficient information to warrant further investigation. E-mail address only indication of additional employment.
032	Theft of personal monies from school classroom	2.64	Ongoing Police enquiry. CCFO liaising with Police regarding further action.
	Potential data breach – hand delivered mail	1.82	CCFO liaising with Corporate Information Officer and Reception Staff in relation to adopting some form of recording of private/confidential hand delivered mail.
<b>TOTAL DAYS</b>		<b>48.00</b>	