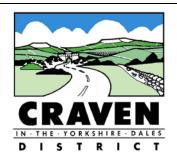# Audit & Governance Committee –
24th June 2013

Internal Audit – Implementation of Recommendations

Report of the Corporate Head, Financial Management

Ward(s) affected: All

1.   Purpose of Report – To update committee members on internal audit recommendations outstanding and report on those that were completed in the final quarter of 2012/13.

2.   Recommendations – Members are recommended to:

2.1   Note the contents of Appendix A – Outstanding Internal Audit Actions where the original agreed target date for completion was prior to April 2013 and consider inviting responsible officers to the next meeting where appropriate.

2.2   Note the contents of Appendix B – Audit Actions completed in the period and approve the contents of that Appendix.

3.   Overview of Process

3.1   Below is a summary of the audit recommendation process for information.

Audit report submitted to Audit and Governance Committee

Audit report recommendations integrated into Ten Performance Management System

Quarterly updating in Ten by those responsible for implementation

Updates extracted from Ten for all recommendations and reported at Value for Money (VfM) Clinics

VfM Clinics highlight items of concern for referral to Audit and Governance Committee

Report to Audit and Governance Committee Including any highlighted recommendations and summaries of outstanding and completed recommendations

Approved completed actions (Appendix B of this report) forwarded to Internal Audit

Audit recommendations archived in Ten if both Audit and Governance Committee and Internal Audit approve completed status

4. Implications

4.1 **Financial and Value for Money (vfm) Implications** – as highlighted for individual recommendations in Internal Audit Reports

4.2 **Legal Implications** - None

4.3 **Contribution to Council Priorities** – Not applicable

4.4 **Risk Management** – as highlighted for individual recommendations in Internal Audit Reports

4.5 **Equality Analysis** – Not applicable

5. Consultations with Others

CLT and Senior Managers/Action Owners

6. Access to Information : Background Documents – None

7. Author of the Report – Rebecca Steel, Performance Management Officer

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Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

8. Appendices –
Appendix A – Outstanding Internal Audit Actions where completion date was prior to April 2013
Appendix B – Audit Actions completed in the period

Appendix A – Outstanding Internal Audit Actions where original target date was prior to April 2013
(Please note that the latest updates were requested to the end of March 2013.)

Source Report	Recommendation Name	Original Target Date	Responsible Officer	Status	Latest Update	Action Updater
Report 244 - Agresso Implementation Review (March 2008) - 244/2 Priority 2	1 - IA 12/13 Agresso documentation update	31 July 2009	Joanna Miller	Amber	The current priority is updating creditors procedures following the roll out of the Procure to Pay module and creditor audit, these will now be completed by the end of July 2013. Bank reconciliation procedures have been updated. A number of additional how to guides including for creditor payment confirmation, and bank reconciliation procedures have been produced. Notes on systems interfaces will be reviewed during 2013.	Claire Hudson
Report IT 08-03 IT Service Support (Dated Feb 09) - Priority 2 Report C2/6 - IS Procurement - Priority 2	5 - IA 12/13 Produce an IT Strategy ensuring that it is documented and appropriately held so as to enable access when necessary	Originally 31 Oct 09 but revised to 31 May 2011 Revised 31 May 2012 Revised Dec 2012	Paul Ellis	Red	Production of an IT Strategy is now scheduled for September 2013	Graeme Thistlethwaite
Report 09-02 - Housing and Council Tax Benefits - Priority 2 NB C2/11 - Housing Benefits contains no recommendations - but does mention that plans are in place to determine the new Council Tax Benefit scheme	8 - IA 12/13 Review and update Benefits Appeals procedures	Likely to change as local council tax support and Universal Credit introduced; further details due late 2011 and early 2012.	Samia Hussain	Green	Council Tax Support Scheme now confirmed by Full Council and details lodged with the Valuation Tribunal. VT have issued guidance on how they will deal with appeals which we are publicising. Internal procedure notes to be revised to identify differences between housing benefit and council tax support processes. Working in conjunction with CAB, aim for completion by end July 2013.	Deborah Davies
Report 0/01 - Sundry Debtors - Priority 2	10 - IA 12/13 Consider amending the Fair Debt Collection Policy to provide clearer guidance	December 2012	Claire Hudson	Red	This will be dealt with alongside the implementation of the Agresso Legal Debt Recovery module. The implementation date for Legal Debt Recovery will be reviewed and agreed in July once other priorities in relation to debtors are completed.	Claire Hudson

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Source Report	Recommendation Name	Original Target Date	Responsible Officer	Status	Latest Update	Action Updater
Report 0/01 - Sundry Debtors - Priority 2 Report C2/4 - Sundry Debtors - Priority 2	11 - IA 12/13 Amend debt collection procedures (to include how debts beyond the 2nd reminder stage should be treated and further recovery action required for items that are still owed after court order obtained)	Revised in C2/4 report to December 2012	Joanna Miller	Red	The Debt Collection Procedures will be reviewed once the new Agresso Legal Debt Recovering Module is in place. Implementation date will be reviewed and agreed in July 2013 due to other priorities with the new cash receipting system and BACAS and Agresso integration for debtors invoicing.	Claire Hudson
Report C1/2 - Sundry Debtors 2010/11 - Priority 2 Report C2/4 - Sundry Debtors 2010/11 - Priority 2	14 - IA 12/13 Progress should continue to be made to interface BACAS with Agresso.	November 2011 Deadline revised to June 2012 Deadline revised to December 2012	Gill Cooper	Amber	A revised report is being requested from BACAS to align with Agresso requirements. Completion is now anticipated in August/September 2013.	Michael Brown
Report C1/2 - Sundry Debtors 2010/11 - Priority 2	15 - IA 12/13 Develop the daily BACAS and Agresso reconciliation reports to ensure that they can be produced easily and are inclusive of all charging information required	August 2011 Deadline revised to June 2012	Gill Cooper	Red	Reports will be updated once the revised BACAS/Agresso interface is in place.	Michael Brown
Report C1/2 - Sundry Debtors 2010/11 - Priority 2	17 - IA 12/13 Consider use of Agresso court module and revise Fair Debt Collection Policy as appropriate	September 2012	Joanna Miller	Red	The implementation of the Legal Debt Recovery module has been postponed, as the implementation of the new cash receipting system to be implemented by end May 2013, has resulted in additional work for the Debtors Finance Office. The integration of the BACAS system used by Bereavement Services with Agresso for Debtors invoicing also needs to be prioritised, and is to be scheduled for July. The implementation date for Legal Debt Recovery will be reviewed and agreed once these outstanding items are completed. The Fair Debt Collection Policy will be agreed alongside this implementation	Claire Hudson
Report C2/3 - Creditor Spending Analysis - Priority 2 Report C3/1 - Creditor Spending Analysis - Priority 2	29 - IA 12/13 The possibility of adopting the MSTAR government framework for temporary agency staff should be investigated. If not suitable, a full tender process should be undertaken for this area of spend.	June 2013	Joanna Miller	Red	No further progress at this time. To be investigated and progressed in 2013 now that additional procurement support is in place.	Carol Lee

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Source Report	Recommendation Name	Original Target Date	Responsible Officer	Status	Latest Update	Action Updater
Report C2/4 - Sundry Debtors - Priority 2	32 - IA 12/13 Debtor processing procedures should be written / updated to reflect the Agresso v5.5 upgrade	December 2012	Joanna Miller	Red	Procedures are to be reviewed and updated in July 2013. Review has had to be put on hold further due to other debtor invoicing priorities, including commercial waste invoicing.	Claire Hudson
Report C2/4 - Sundry Debtors - Priority 3	36 - IA 12/13 Amend Financial Procedure Rules to reflect 25/7/07 Policy decisions on Corporate Head - Financial Management's authority to write off bad debts in prescribed circumstances	December 2012	Joanna Miller	Amber	Financial Procedures Rules are currently being updated, and the required change will be incorporated.	Joanna Miller
Report C2/6 - IS Procurement - Priority 2	39 - IA 12/13 The Purchase of Electronic Equipment documentation held on the intranet should be updated for the new way of contacting the Service Desk	September 2012	Paul Ellis	Red	A major overhaul of all ICT policies and procedures is currently being undertaken. These will added to the intranet as soon as possible.	Graeme Thistlethwaite
Report C2/6 - IS Procurement - Priority 2	43 - IA 12/13 Out of date documentation should be updated or removed from the intranet	September 2012	Paul Ellis	Red	A major overhaul of all ICT policies and procedures is currently being undertaken. These will added to the intranet as soon as possible.	Graeme Thistlethwaite
Report C2/7 - Data Handling - Priority 2	44 - IA 12/13 Management should examine the current staffing structure and consider how the Senior Information Risk Owner and Information Asset Owner roles and responsibilities could be appropriately provided for	December 2012	Paul Ellis	Amber	The SIRO has now been identified as Graeme Thistlethwaite.	Graeme Thistlethwaite
Report C2/7 - Data Handling - Priority 1	45 - IA 12/13 The ICT Manager should continue to investigate the suitability of available technical products providing control over shared information and consider the feasibility of use at Craven	December 2012	Paul Ellis	Amber	Potential data leakage has been limited to a certain extent through the creation of logins as part of the secure VPN. Data management training has been approved and undertaken by relevant staff. No progress has been made with regard to data once it has left Craven's boundaries. This work is now been considered to be an on-going process.	Graeme Thistlethwaite

Source Report	Recommendation Name	Original Target Date	Responsible Officer	Status	Latest Update	Action Updater
Report C2/7 - Data Handling - Priority 1	46 - IA 12/13 In order that users have confidence that information held is actually up to date, IS documentation on the intranet needs to be fully reviewed, irrelevant and out of date documentation removed, content updated and held where users can easily find it. The IS Policy acceptance form should be reissued to users, for signature and appropriately stored by IS, advertising the fact that this exercise has been carried out and providing users with details of where documentation can be located. Going forward, IS policies and procedures held on the intranet should be regularly reviewed to ensure they reflect current practice.	September 2012	Paul Ellis	Amber	All ICT policies and procedures have been reviewed and will be available on the new intranet once it is in place.	Graeme Thistlethwaite
Report C2/7 - Data Handling - Priority 2	50 - IA 12/13 Management should also consider using the intranet to post news from the ICO, relating to the importance of keeping personal data secure and the consequences of recent data losses, in order to bring this to the attention of users	July 2012	Paul Ellis	Amber	This action will be implemented once the new intranet is available.	Graeme Thistlethwaite
Report C2/7 - Data Handling - Priority 2	51 - IA 12/13 The Data Protection Breach Policy Statement should be amended to include provision for reporting to both the ICT Manager and the Audit Manager and once approved, should be held where it can be easily accessed, its location advertised to users, and those with specific responsibilities made fully aware of what is expected of them	July 2012	Paul Ellis	Amber	These have been updated and are due to be placed on the intranet. All users are required to sign the new acceptable usage policy by the end of February.	Graeme Thistlethwaite

Source Report	Recommendation Name	Original Target Date	Responsible Officer	Status	Latest Update	Action Updater
Report C2/7 - Data Handling - Priority 2	52 - IA 12/13 The Data Breach document should cover how users should report concerns about matters which could potentially lead to a breach	July 2012	Paul Ellis	Amber	This forms part of the AUP and Data Breach Policy and will be made available on the intranet.	Graeme Thistlethwaite
Report C2/7 - Data Handling - Priority 1	59 - IA 12/13 A strategy should be compiled as to the most appropriate way in which to carry out a Council wide review of all data sharing, and arrangements put in place to promptly address this to ensure compliance with the guidelines	August 2012	Paul Ellis	Amber	An information sharing protocol has been formulated and will be placed on the new intranet.	Graeme Thistlethwaite
C3/4 Creditors - Priority 2	71 - IA 12/13 All relevant information should be captured on this revised form before input onto Agresso	March 2013	Joanna Miller	Amber	Linked to the first recommendation of creditors audit. New/amendment supplier procedure and form in process of being further reviewed and will be completed by end May 2013.	Claire Hudson
C3/4 Creditors - Priority 2	75 - IA 12/13 For those invoices redirected as 'items to follow up' Finance must ensure that the approving officer is permitted to approve invoices at that value	March 2013	Joanna Miller	Amber	The procedure for moving 'items in follow up' is to be written down. This has been highlighted as an issue to 1 error where an invoice was moved to one officer for approval but not all officers in the workflow, meaning the amount of the invoice exceeded the officers authorised approval level.	James Hordern

Appendix B – Audit Actions completed in the period

Source Report	Recommendation Name	Responsible Officer	Latest Update	Action Updater
Report 0/02 Payments and Creditors - Priority 1	13 - IA 12/13 There must be a segregation of duties between the team member who creates and amends supplier details and the individual who pays the suppliers (Completed)	Joanna Miller	Segregation of duties has now been put in place.	Joanna Miller
Report C2/7 - Data Handling - Priority 1	54 - IA 12/13 Management should seek to ensure that appropriate data handling statements exist where information is requested from the public and which provide for the requirements of the Data Protection Act (Completed)	Paul Ellis	Training has highlighted this issue. Implementation remains, however, the responsibility of individual managers.	Graeme Thistlethwaite
Report C2/9 - Corporate Governance - Priority 3	63 - IA 12/13 Business continuity and disaster recovery arrangements should be reported and included as evidence (Completed)	Joanna Miller	Business Continuity and disaster recovery arrangements have now been reflected in the Corporate Governance Working Group document. The document will be given annual review and approval at the year-end meeting of the group in June 2013.	Claire Hudson
C3/4 Creditors - Priority 1	69 - IA 12/13 The updating and input of supplier details must be completed by an officer independent of creditors processing. A regular monitoring report should be run before every payment run and this must be checked by this independent officer to validate the changes made (Completed)	Joanna Miller	Segregation of duties has now been put in place for supplier update and input. On further review by officers a monitoring report of changes to supplier details is considered necessary and is not being undertaken.	Claire Hudson
C3/4 Creditors - Priority 2	70 - IA 12/13 On an annual basis staff must declare any links or outside interests relating to businesses, charities and voluntary organisations (Completed)	Joanna Miller	A survey was sent to Officers for completion in April 2013, with a completion deadline of 30 April 2013. Responses have now been reviewed and interests declared by 6 of 70 Agresso users who responded to the survey. The survey will be repeated on an annual basis to capture changes amongst existing users.	Claire Hudson
C3/4 Creditors - Priority 1	73 - IA 12/13 The manual signatory file and Agresso Creditor approver list should be reviewed regularly and agreed (Completed)	Joanna Miller	A review of manual records against authorised Agresso officers and workflow approval levels has now taken place to ensure this is aligned. Any gaps in signature lists have been filled where required.	Claire Hudson
C3/4 Creditors - Priority 1	74 - IA 12/13 The authorisation parameter limits set within the new creditors module must be consistently applied (Completed)	Joanna Miller	One officer has been set up with an approval level of £2000 on an exception basis. A decision has been made to leave this exception in place due to business needs.	Claire Hudson
C3/4 Creditors - Priority 3	76 - IA 12/13 The pay run report should be approved by permanent officers (Completed)	Joanna Miller	Revised arrangements have now been put in place following the restructure. The Procurement, Risk and Payments Manager now undertakes the payment confirmation and back up is provided by the VFM and Improvement Manager.	Claire Hudson

Source Report	Recommendation Name	Responsible Officer	Latest Update	Action Updater
C3/4 Creditors - Priority 2	78 - IA 12/13 Ordering of new blank cheques should only be made by approved senior officers (Completed)	Joanna Miller	These are ordered via a supplier thereafter any purchase order can only be raised by authorised officers - Claire Hudson, James Anderson and approved by Claire Hudson, James Anderson or Joanna Miller in line with Agresso Purchasing module access/workflows. A written procedure is not considered appropriate at this time, as stock of cheques is sufficient and we are looking to move creditors currently paid by cheque to BACs where possible.	Claire Hudson
C3/4 Creditors - Priority 3	79 - IA 12/13 Cheques should not be raised for less than £5 or Pay and display refunds should be paid through petty cash (Completed)	Joanna Miller	Whilst a minimal number of cheques are raised for less than £5. Initial discussions have been held re pay and display but it is considered alternatives will prove more complicated to implement. A change of policy would be required if we decided not to refund where amounts were less than £5. Given the number of cheques raised for less than £5 is minimal, it has been decided not to pursue this further presently.	Claire Hudson
C3/4 Creditors - Priority 2	80 - IA 12/13 When the creditors module shows a warning message that implies that this invoice number has already been registered on the system, further investigation should be undertaken to confirm that a payment has not already been made (Completed)	Joanna Miller	The procedures for creditor payment confirmation have been reviewed to ensure checks are made for duplicate payments. It is considered that some duplicate payments will be inevitable as whilst the system will not let the same invoice number be input for the same supplier, if invoice numbers are inputted slightly differently, then duplicate invoice payments could slip through. Duplicate payments have been found to be minimal on audit and recovery has taken place where this has occurred. In addition, the introduction of electronic purchase ordering and supplier invoice workflow approval will have helped to minimise the potential for duplicate payments.	Claire Hudson