



DACORUM BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – September 19th 2012

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Introduction

This progress report to the Audit Committee covers the work carried out during the period June 2012 to 31st August 2012 by Deloitte and Touche Public Sector Internal Audit Limited.

Appendix 1 outlines progress to date against the 2012/13 Internal Audit Plan.

Background

The purpose of the internal audit plan is to identify the work required to achieve a reasonable level of assurance to be provided by Deloitte & Touche Public Sector Internal Audit Limited in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work, normally in accordance with a strategic plan and an annual operational plan, as approved by the Director of Finance and the Audit Committee.

As internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives, a key rationale for the development of the internal audit plan was the Council's own Corporate and Service Risk Registers and how the internal audit plan can provide this assurance.

Progress to Date

Audit fieldwork on the 2012/13 Internal Audit Plan is progressing well and audit coverage has been in line with the Plan, as shown in Appendix 1.

We have issued 2 final reports in the period since the last audit committee meeting in June 2012 and these are summarised in Appendix 2. These are:

- Orchard Housing Application IT Audit 2011/12 (Evaluation and Testing assurance: **Substantial**)
- Sickness Management 2012/13 (Evaluation and Testing assurance: **Substantial**)

In addition, we have issued 3 draft reports where we await management's response prior to issuing the final reports. These are as follows:

- Housing Rents
- Emergency Planning
- Building Control

The outcome of these audits will be reported to the next meeting of the Audit Committee.

Follow-up of Recommendations

A follow-up audit has been undertaken in accordance with the 2012/13 audit plan. The objective was to confirm the extent to which the recommendations made in 2010/11 and 2011/12 internal audit final reports have been implemented. Appendix 4 provides a summary of the status of all 2010/11 and 2011/12 recommendations where the proposed implementation date was at or before 31st August 2012. In summary, excluding those recommendations that are either not yet due for implementation or are no longer applicable:

Year	Total Recommendations	Implemented	%	Implemented or partly implemented	%
2010/11	110	103	94	109	99
2011/12	149	102	68	133	89
Total	259	205	79	242	93

As the focus for Committee is on the status of Priority 1 recommendations, the table below summarises the status of Priority 1 recommendations raised in 2011/12.

All Priority 1 recommendations from 2010/11 have been fully implemented.





Year	Total Priority 1 Recommendations	Implemented	%	Implemented or partly implemented	%
2011/12	16	6	38	12	75

Appendix 3 provides a breakdown of the priority 1 recommendations raised in 2011/12 as at 31st August 2012 and also includes details of partly implemented or outstanding Priority 1 recommendations.

Definition of Assurance & Priorities

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Priority 1 Recommendations

No priority 1 recommendations have been raised as a consequence of the final reports issued since the last Audit Committee meeting.

Appendix 1 – Status of Audit Work

Assurance Requirement	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Core Financial Systems	Main Accounting	Covering adequacy and effectiveness of controls including access control, journals, virements, etc. CRSA to be applied.	5		Jan							
	Budget Control / Savings Realisation	Focus on significant savings initiatives / projects across the Council. To cover strategic approach to co-ordinating savings initiatives and also specific key examples in each Department.	8		Sept							
	Income & Debt Management	Covering adequacy and effectiveness of controls over the Accounts Receivable system. CRSA to be applied.	5		Nov							
	Accounts Payable	Covering adequacy and effectiveness of controls over the payment of creditor invoices. CRSA to be applied.	5		Nov							
	Treasury Management, Cash & Bank	Covering adequacy and effectiveness of controls over investments, loans, management information, etc. CRSA to be applied.	5		Dec							
	Payroll	Covering adequacy and effectiveness of controls over starters, leavers, amendments, etc. CRSA to be applied.	6		Jan							
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8		Nov							
	Localisation of Council Tax	Covering adequacy and effectiveness of the Council's approach to localisation of Council Tax support.	10		Feb							
	NNDR	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8		Feb							

Assurance Requirement	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Housing & Council Tax Benefits	Covering adequacy and effectiveness of controls including new claims, amendments, backdated benefits, payments and reconciliations. CRSA to be applied.	10		Oct							
	Housing Rents	Covering adequacy and effectiveness of controls over the management housing rents and service charges.	6	5.5	Aug	Draft						
Core Financial Systems Total			76	5.5								
Operational Risks	Procurement	Covering adequacy and effectiveness of the Council's corporate approach to procurement with regards to Housing Repairs.	12		Oct							
	Contract Management	Covering adequacy and effectiveness of the Council's corporate approach to contract management. Focus on specification of Customer Services Unit.	8		Jan							
	Building Control	Covering adequacy and effectiveness of key controls over the building control process.	6	5.5	Aug	Draft						
	Sickness Management	Covering adequacy and effectiveness of key controls over the management of sickness and other types of absence management.	7	7	Aug	Final	Sub	Sub		2		
	Housing Allocations	Covering adequacy and effectiveness of controls over the housing allocation process, including new arrangements that are due to be implemented in the coming months.	7	5	Sep							Fieldwork completed – in review
	Homelessness	Covering adequacy and effectiveness of key controls over how the Council deals with the most vulnerable citizens in the provision of housing assistance.	8		Nov							
Operational Risks Total			48	17.5								
Strategic Risks	Regeneration	Project management assurance in respect of significant regeneration schemes, focussing on Public Service Quarter and Jarman Park.	20		Nov							

Assurance Requirement	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Asset Management	Assurance over the design and application of controls relating to areas such as asset management strategy, capital accounting, partnership arrangements with voluntary sector / local community groups, etc.	8	6.5	Sept							Fieldwork completed – in review
	Community Infrastructure Levy	Covering adequacy and effectiveness of controls over the introduction of the levy, including its collection and accounting processes.	6		Oct							
	Performance Management	Covering adequacy and effectiveness of the Council's strategic approach to performance management (including management information, target setting, reporting, roles and responsibilities etc) following the restructuring of the Council.	10		Feb							
	Emergency Planning	Covering adequacy and effectiveness of key controls over emergency planning and readiness.	7	6.5	Aug	Draft						
	Strategic Risks Total			51	13							
ICT	Server Virtualisation	Postponed from 11-12. This audit is designed to provide assurance over the Councils virtualisation of its server environment to help ensure that appropriate security controls have been put in place to secure hardware and data. In addition that appropriate capacity issues have been addressed to provide expected future data and system growth	10		Nov							
	IT Service Delivery	To provide assurance over the potential shared service arrangements for the provision of IT. The specific scope will be agreed with management but would look to provide assurance over the possibilities for information sharing and the transition of services. To include how system availability is monitored.	15		Q4							

Assurance Requirement	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Data Management & Security	The specific scope will be agreed with management but would look to provide assurance over the working from home arrangements and review of pilot.	15		Q4							
ICT Total			40									
Governance, Fraud & Other Assurance Methods	Governance & Risk Management	Covering adequacy and effectiveness of the risk management process following the re-structuring of the Council and the revised RM Strategy and Procedures. Covering adequacy and effectiveness of corporate governance arrangements.	5		Sept							
	Counter Fraud	Internal Audit will continue to work with the Council in the development of a fraud risk register, the provision of fraud awareness training, pro-active fraud exercises, etc.	25		Q3/Q4							
	Control Risk Self Assessment	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. To be utilised on a number of the core financials and will be issued prior to fieldwork and used to scope the audit.	8		Q3/Q4							
	Continuous Auditing	Data analysis scripts will be written on which both identify anomalies as well as comparing the number of anomalies occurring on a period by period basis.	8		Mar							
Fraud & Other Assurance Methods Total			46									
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	10	2								
	Management		25	5								
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Assistant Director (Finance & Resources).	20									
Other Total			55	7								
Total			316	43								

Appendix 2 - Summary of Final Reports

Brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last meeting of the Audit Committee are provided in this section.

Orchard Housing Application IT Audit (2011/12)

The overall objective of this audit was to identify the controls the Council has in place for the Orchard Housing application and to provide assurance that application is being used in order to meet the requirements and objectives of the Council and support the Council's Housing Repairs function.

The scope covered the areas of application management and governance; system security; interface controls and processing; data input; change control; system resilience and recovery; and support arrangements.

As a result of the work undertaken, the level of assurance for this audit is set out below.

Evaluation Assessment	Testing Assessment
Substantial	Substantial

We raised five priority 2 recommendations and one priority 3 recommendation where we believe there is scope for improvement within the control environment. Management has agreed to implement all of the recommendations raised. The priority 2 recommendations are set out below:

- Management should review the existing support arrangements for the Orchard Housing system to help ensure that the system is supported in the event that the Housing Repairs System Administrator is absent.
- Management should review the existing procedure for assigning user permissions and determine an appropriate method for granting new user access permissions for the application. The process should be formally documented and a record kept helping to ensure that user access permissions can be regularly reviewed.
- Management should establish a change control testing process for the Orchard Housing IT application and document the results of the testing performed. Areas that could be included on the test script include: areas to be tested; test schedule; expected results; actual results; and remedial action taken.
- Management should implement a formally defined procedure to help ensure that the backups taken for the application are tested on a regular basis and that these can be read and used to restore the application in the event of system failure.
- Management should request that the system supplier, Orchard, provide the Council with relevant information regarding their performance against the standards outlined in the Service Level Agreement.

Sickness Management (2012/13)

The scope covered the areas of Policies, procedures and legislation; Corporate procedures relating to recording of sickness; Sickness absence management including return to work interviews and referrals to Occupational Health; Reporting of sickness; Monitoring and reporting; and the follow up of previous audit recommendations.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below.

Evaluation Assessment	Testing Assessment
Substantial	Substantial

We raised two priority 2 recommendations where we believe there is scope for improvement within the control environment. Management has agreed to implement all of the recommendations raised. The priority 2 recommendations are set out below:

- Managers should be reminded of the need to ensure that Return to Work Interviews are conducted in a timely manner each time an employee returns from sickness absence. Additionally, all members of staff should be reminded to complete a Self-Certification Form promptly upon their return to work following a period of sickness.
- HR should ensure that when a management post becomes vacant, the responsibility for Return to Work Interviews is reallocated to another manager as part of the leavers' process.

Appendix 3 – Follow-up of Priority 1 Recommendations

The following table summarises the status of priority 1 recommendations raised in 2011/12 as at 31st August 2012.

Title	Raised	Implemented	Partly Implemented	Outstanding	No response	Not yet due	No longer applicable
2011/12							
Partnerships	1		1				
Health & Safety Follow Up	3	2	1				
IT Security	5	1	4				
Project Management	7	3		4			
TOTAL 2011/12	16	6	6	4	0	0	0

Where the recommendation has not been implemented, this can be for one of the following reasons:

- Partly Implemented – the recommendation had not been fully implemented at the time of the follow up.
- Outstanding – no action has taken place to implement the recommendation.
- Not Yet Due – at the time of the follow up audit, the agreed deadline for implementation had not been reached or had been extended following agreement with senior management. These recommendations will be carried forward to our next follow-up.
- No Response – we have yet to receive a response from the auditee to confirm the implementation of the recommendation.

The full details of the partly implemented and outstanding recommendations listed above are on the next page.

Partly Implemented and Outstanding Priority 1 Recommendations

Health & Safety Follow Up – 2011/12

Review / Audit of Health & Safety Systems	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>A formal annual review / audit of all areas of the Health and Safety system should take place in order to ensure that procedures are being adhered to by each service area. The review should include all areas of the Council and findings should be reported to Senior Managers and the Corporate Management Team. Where areas of concern are identified, an action plan should be agreed in order to mitigate Health and Safety risks.</p> <p>Date due – 31/12/11</p> <p>Observation</p> <p>There should be a means of auditing the performance of the Health and Safety system and this should be reported to senior staff. Such an audit should encompass all areas of the Council and action plans should be agreed where necessary in order to improve performance.</p> <p>It was confirmed that for two of the three areas reviewed (IT and Customer Services) there was no evidence that an annual review had taken place.</p>	1	Corporate Safety, Health and Care Officer	29/02/12 Further revised date: 30/04/12 Further revised date: 31/12/12	<p>Partly Implemented</p> <p>January 2012 update:</p> <p>The audits have recently commenced. They have been scheduled to take place from 12/01/12 to 16/02/12.</p> <p>The Council restructure has required new Health & Safety Co-Ordinators to be assigned. 50 Co-Ordinators have been appointed, spanning the new Council structure. This is documented in the new 'Health & Safety Organisation Structure' dated 21/11/11.</p> <p>The Co-Ordinators have been offered training if required, with sessions attended on 28/11/11 and 01/12/11. A guide to the Role & Responsibilities has also been emailed to each Co-Ordinator.</p> <p>Prior to the scheduled audits, Co-Ordinators have been sent a 'Self-Audit Questionnaire' to complete and return. These were due by 29/11/11 although only 16 (circa 25%) had been received back as at 19/12/12.</p>

				<p>April 2012 update: 80% of the service areas audit programme has been completed. The remainder are on track for completion by the end of April. Progress is reported to CMT and a separate report is being prepared for the Audit Committee.</p> <p>September 2012 update: More than 80% of the service areas audit programmes have been completed, but not yet 100%. The remainder are on track to be completed by the end of December.</p>
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Partnerships – 2011/12

Sports Trust Delivery Plan & Funding Approval	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation The Dacorum Sport Trust 'Sportspace' should prepare a three year development plan and obtain Portfolio Holder approval for the Dacorum funding contribution. Date due – 31/12/11</p> <p>Observation The financial commitment to partnerships should be supported by a delivery plan or service level agreement with the partnership. Such plans provide assurance that the Council is obtaining value for money from the partnership. Funding awards should be approved in accordance with the</p>	1	Group Manager (Partnerships & Citizen Insight)	31/03/12 Further revised date:30/04/12 Further revised date:30/04/13	<p>Partly Implemented</p> <p>January 2012 update: A three year business plan has been produced by Sportspace and sent to the Assistant Director (Strategy and Transformation, Community and Organisation). The plan confirms the Dacorum funding contribution. The Council have drafted a Sports Policy Statement for approval by Cabinet on 27/03/12. The Council are meeting with Sportspace in February to discuss revision of the three year</p>

<p>Council's financial regulations to prevent unnecessary or unauthorised partnership expenditure.</p> <p>Audit were not provided with evidence that a delivery plan was in place for 2011 and beyond. Similarly, there was no evidence that the actual financial commitment of £525,000 had been approved by Portfolio Holder or Cabinet prior to inclusion in the annual budget. However, the funding award is reviewed by officers every year (Deputy 151 Officer, Assistant Director Strategy and Transformation, Group Manager, Sportspace Chief Executive and Finance Director).</p>			<p>business plan to align it with the Council's new Sport Policy Statement.</p> <p>Plan, Policy Statement & Portfolio Holder approval are expected to be complete by 31/03/12.</p> <p>April 2012 update:</p> <p>This has been delayed by CMT and Cabinet. The Sports Policy statement will go to Cabinet in April 2012.</p> <p>The Sportspace delivery plan and funding agreement is being developed by AD Finance. This is due to be discussed at Sportspace / DBC Annual Meeting in April 2012. Once this is agreed it will be for the AD Finance to seek approval from the Portfolio Holder.</p> <p>September 2012 update:</p> <p>Following a strategy planning meeting in April which highlighted some key issues surrounding financing, it was agreed that a new funding arrangement would be arranged. The refinancing relates to requests from Sportspace to carry out extensive refurbishment works in place of receiving the annual grant. Finance are currently in the process of drawing this arrangement up. The 3 year strategy will be affected by this change so it will not be developed until the refinancing arrangements have been agreed. It is likely that the refinancing will not be completed before the end of the financial year.</p>
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Information Security – 2011/12

Remote Access Controls	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>A review of remote access security controls should be performed with a view to implementing additional security controls for access connections into the Council's network, for example:</p> <ul style="list-style-type: none"> • Implementing two-factor authentication controls for remote access to enhance security; • A policy and process should be established to help ensure that all devices connecting to the Council's network have up to date Anti-Virus and Spyware software in place and that this is regularly updated; • All PCs accessing remotely should have up to date security patches in place; and • Restrictions should be established to help ensure that all users are not permitted to download Council data onto PCs unsupported and not owned by the Council. <p>Date due – 31/03/12</p> <p>Observation</p> <p>Additional remote access controls will help to ensure that the confidentiality and integrity of the Council's network and its systems is greatly improved and protected as additional controls improve authentication to Council data and do not permit Council data to be loaded onto unsupported devices. We identified that in order to remotely connect to the</p>	1	ICT Team Leader	31/12/12	<p>Partly Implemented</p> <p>April 2012 update:</p> <p>Two factor authorisation is not in place as yet. Currently waiting on upgrade to Netilla Appliance v7.4 which provides enhanced reporting facilities to help establish the number of remote users. So far up to 170 users have been deleted from the Netilla Appliance. A spreadsheet of remote users has been prepared, drawn into three categories; High (red), Medium (Yellow), and Low (Green). Serial numbers of tokens have been added to the spreadsheet waiting for allocation after the Netilla Upgrade. The remote access costs will be assessed based on revenue.</p> <p>September 2012 update:</p> <p>It was confirmed that the procedures are currently, in the process of being updated. This is expected to be completed by the end of December 2012.</p>

<p>Council's network, the user is required to enter a username and password in the secure website: ssl.dacorum.gov.uk. No further authentication is required and no checks are made on the user's PC to help ensure that their Anti Virus protection is up to date or that it has got the latest security updates and patches applied. We further ascertained that the user is able to download or copy data from the remote network connection to the local drive of the PC.</p>				
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Information Security – 2011/12

Security of Mobile Phones	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>The Council should consider a stronger and robust policy on the issue and use of mobile phones with the need for adequate security to prevent unauthorised access to information (email and data) in the event that the phone is mislaid or stolen.</p> <p>Date due – 31/03/12</p> <p>Observation</p> <p>Enhancing security controls on mobile devices helps to ensure that specific standards have been established for portable devices. With the increase in the use of PDAs, Mobile devices and tablet PCs there is a need to enhance security controls to ensure that all users of these devices have appropriate security in place. Mobile devices by their nature are more portable and therefore more at risk to being lost, stolen or left in public places.</p> <p>Currently, the issue of mobile devices is dependent on the procurement policy that is followed and several different types of phones are currently in use at the Council including Smart phones. Users are advised to set passwords/PINs on their phones but it is down to the individual to enforce this setting. If a phone is reported as stolen, it can be disabled so that no more emails are transmitted to the phone and the service provider will be requested to block the phone. Additionally, users have the ability to download documents which once downloaded are stored on the devices which may not be adequately protected.</p>	1	ICT Team Leader	30/11/12	<p>Partly Implemented</p> <p>April 2012 update: Mobile PIN's are in place. The Mobile Phone Policy to be refreshed by end April. It was confirmed that a start has been made on refreshing the policy. Device encryption has not commenced and is now anticipated by the end of June 2012.</p> <p>September 2012 update: It was confirmed that all phones are now pin protected. The ICT Team leader was due to have meeting with IT to discuss mobile security before e-mail access is rolled out to all staff. This is expected to be completed by the end of November 2012.</p>

Information Security – 2011/12

Laptop Management	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>An exercise should be undertaken to identify all Council owned laptops and once identified, an inventory record should be created recording all laptop details. The database should include configuration details such as the make and model of the laptop, version of the software, who it is assigned to and the details of the asset numbering.</p> <p>Once this exercise has been undertaken, the laptops should be reviewed to ensure that they meet the Council's current security requirements and have hard drive encryption, an up to date and patched operating system and up to date anti-virus software. If the reviewed laptops do not meet the expected standard, they should either be upgraded to the required specification or removed from use.</p> <p>Additionally, we recommend that all new laptops issued are accompanied by relevant guidance to users such as, the Council's policy on the use and security of laptops.</p> <p>We further recommend that an annual audit of the Council's hardware assets is undertaken.</p> <p>Date due – 30/04/12</p>	1	ICT Team Leader	31/12/12	<p>Partly Implemented</p> <p>September 2012 update:</p> <p>It was confirmed that a spreadsheet now documents the Council owned laptops. However, the spreadsheet now required to be updated.</p> <p>This is expected to be complete by the end of December 2012.</p>

Observation

Undertaking an exercise to identify and review the usage of laptop devices will help identify any laptops currently not on the Asset Register and will help in ensuring that all laptops meet the Council's current security standard once they have been configured securely.

A process is currently underway to implement hard drive encryption on all Council supplied laptops. All senior management laptops now have hard drive encryption and the Councillors' laptops are in the process of being completed. We, however, identified that service units were supplied with laptops some time ago and although there is no accurate record of these, it is estimated that there are approximately 40 of these laptops still in use. These do not have the current security features and the current process of encrypting laptops does not include the estimated 40 that are in use within the Council.

Information Security – 2011/12

Data Sharing Protocol	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>The Council should review its current approach to information sharing with other government agencies, third parties and private providers. This should ensure that:</p> <ul style="list-style-type: none"> • A review is carried out of the data sharing protocols document that is currently in place to ensure it is updated and reflects the requirements of sharing with third party organisations; • All Departments should be required to formally identify who they share personal data with, the frequency and the form of information that is shared; and • All users and departments should be advised of the revised protocols and to ensure that they are followed. <p>Date due – 31/05/12</p> <p>Observation</p> <p>A revised data sharing protocol will help ensure that it is in line with current practices and any legal/regulatory requirement. A review of the existing sharing agreements will help ensure that they are still valid and in line with current requirements. Furthermore, identifying all third parties that the Council shares data with would assist in helping to ensure that the Council was aware of the third parties to whom it shared data with and that appropriate</p>	1	ICT Team Leader	30/11/12	<p>Partly Implemented</p> <p>September 2012 update: It was confirmed that the data sharing protocol need to be reviewed. This is expected to be complete by the end of November 2012.</p>

<p>monitoring and control systems are in place.</p> <p>There is an Information Exchange Protocol document in place. Attached to this is a list of known contacts for the parties to the protocol. However, it is dated 2001 and has not been reviewed since that date. Furthermore, it is not clear from our audit discussions which areas in the Council have sharing agreements in place and for what areas they cover.</p>				
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Project Management – 2011/12

Compliance with IDP Governance and Programme Scope	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>Management from all departments within the Council should be encouraged to follow and comply with the IDP Governance tools and ensure all projects are registered as part of the IDP.</p> <p>Date due – 30/06/12</p> <p>Observation</p> <p>The IDP aims to deliver improvements in council services and processes that are not delivered through ‘business as usual’ operational activities and through continuous improvements. All projects that contribute towards the achievement of the ‘anticipated benefits’ should be included within the IDP scope. Where projects do not contribute to the ‘anticipated benefits’, IDP should assess whether the IDP scope could be expanded to include the benefits from these projects.</p> <p>The ‘Choice Based Lettings’ projects, which is not a ‘business as usual’ project was not included as part of the IDP. We were informed that the ‘Choice Based Lettings’ was undertaken within the service and therefore was not subject to IDP governance. Therefore a number of IDP processes have not been followed for this project.</p>	1	Performance, Improvement and Transformation Team Leader	31/01/13	<p>Outstanding</p> <p>September 2012</p> <p>It was confirmed that the recommendation had not yet been implemented as the IDP guidance has not yet been completed.</p>

Project Management – 2011/12

Equalities Impact Assessments	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>An Equalities Impact Assessment Form (EIA) should be completed by all Project Sponsors or Accountable Officers. Once completed at initiation stage, EIA forms should be sent to Human Resources as per Project Management Guidance.</p> <p>Date due – 30/04/12</p> <p>Observation</p> <p>An Equalities Impact Assessment (EIA) is an analysis of a policy, service or members of staff involved or affected by a project. It is an important tool to enable the Council to assess the implications of departmental or Council wide decisions on the whole community and members of staff. Carrying out an EIA helps the Council to eliminate discrimination, tackle inequality, develop a better understanding of the community and understand members of staff that work for the Council, and supports adherence to the transparency and accountability element of the Public Sector Equality Duty.</p> <p>From a sample of five projects, we noted that two projects did not have copies of the EIA form. We requested copies from Project Accountable Officers and HR, however we were informed that copies of the EIA could not be located.</p>	1	Performance, Improvement and Transformation Team Leader	31/01/13	<p>Outstanding</p> <p>September 2012</p> <p>It was confirmed that the recommendation had not yet been implemented as the IDP guidance has not yet been completed.</p>

Project Management – 2011/12

Post-Implementation Reviews	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>A Post Implementation Review (PIR) should be carried out for all projects. The accountable officer should complete and sign a PIR to agree that the report is a fair reflection of the project outcome. The report should include details on whether benefits have been achieved in line with the PID requirements.</p> <p>Date due – 30/06/12</p> <p>Observation</p> <p>The IDP Project Guidance states that "the Post Implementation Review (PIR) Report is a document that is produced at the end of the project." The accountable officer for each project prepares the PIR report and signs it off as a fair reflection of the outcome of the project prior to handing over the project to the business manager for the business as usual process. This ensures that project objectives have been met in accordance with the approved PID.</p> <p>We noted that whilst three out of the five projects in our sample had been completed, Post Implementation Reviews were not available for any of the three projects. We were informed that these reviews were not always completed at the end of the project.</p>	1	Performance, Improvement and Transformation Team Leader	31/01/13	<p>Outstanding</p> <p>September 2012</p> <p>It was confirmed that the recommendation had not yet been implemented as the IDP guidance has not yet been completed.</p>

Project Management – 2011/12

Project Estimated Costs	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>All project costs and benefits analysis should be reviewed and approved by a Finance Officer. Supporting documentation should be retained as part of the project file.</p> <p>Date due – 30/06/12</p> <p>Observation</p> <p>The IDP Project Guidance states that "the Finance Lead Officer must review and approve the cost and financial benefit analysis" within the PID document.</p> <p>Audit was unable to confirm that project costs and financial benefit analysis had been reviewed and approved by a finance officer as part of the approval process. In two out of five projects, there were no project costs or benefits analysis detailed as part of the PID.</p>	1	Performance, Improvement and Transformation Team Leader	31/01/13	<p>Outstanding</p> <p>September 2012</p> <p>It was confirmed that the recommendation had not yet been implemented as the IDP guidance has not yet been completed.</p>

We will continue to follow up these recommendations and will provide an update at the next Audit Committee meeting.

Appendix 4 – Follow-up of Recommendations

A follow-up audit has been undertaken in accordance with the 2012/13 audit plan. The objective was to confirm the extent to which the recommendations made in 2010/11 and 2011/12 internal audit final reports have been implemented.

The tables below provide a summary of the status of all 2010/11 and 2011/12 recommendations where the proposed implementation date was at or before 31st August 2012 and had not been reported as implemented at the previous Audit Committee meeting.

Title	Raised	Imple- mented	Partly Imple- mented	Outsta- nding	No longer applicable	Responsible Officer
2010/11						
Agency Cost (Depot Agency Staffing)	2	2				
Aids and Adaptations	6	6				
Business Rates	4	3			1	
Capital Accounting	4	4				
Carbon Reduction	4	4				
Council Tax	4	3	1			NE
Data Quality	4	4				
Land Charges	5	1	3	1		AC
Trade Waste	7	5	2			CT

This table for 2011/12 recommendations includes the Priority 1 recommendations mentioned in Appendix 3

Title	Raised	Implemented	Partly Implemented	Outstanding	Not yet due*	No Longer Applicable	Responsible Officer
2011/12							
Accounts Payable	3	3					
Accounts Receivable	3	3					
Benefits	3	2		1			NE
Budgetary Control	2	2					
Business Rates	3	1	2				NE
Council Tax	3	2			1		
Data Quality	5	4	1				HW
Food Safety	5	5					
Health & Safety Follow Up	10	7	2			1	HP
Housing Repairs & Maintenance	8	8					
IT Disaster Recovery	8	2	5	1			LJ
IT Security	24	10	14				LJ
Partnerships	8	7	1				DG
Payroll	3	3					
Planning Applications	7	5	2				AC
Project Management	12	6		6			HW
Property	4	3	1				ME
Property Lettings	5	2	2		1		ME
Risk Management	6	5	1				SF
Orchard Housing Application	6				6		
Waste Recycling	6	6					

* These were not due as at 31st August 2012

Appendix 5 - Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Deloitte & Touche Public Sector Internal Audit Limited

St Albans

September 2012

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