



DACORUM BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – April 24 2013

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Introduction

This progress report to the Audit Committee covers the work carried out during the period June 2012 to 31st March 2013 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. With the exception of two IT audits which have been postponed until May at the request of the client, and the finalisation of the remaining draft reports, the plan has been completed.

We have issued 7 final reports in the period since the last audit committee meeting in February 2013 and these are summarised in Appendix 2. These are:

- Main Accounting (Evaluation assurance: **Full**. Testing assurance: **Substantial**)
- Income and Debt Management (Evaluation assurance: **Full**. Testing assurance: **Full**)
- Accounts Payable (Evaluation assurance: **Full**. Testing assurance: **Substantial**)
- NNDR (Evaluation assurance: **Full**. Testing assurance: **Substantial**)
- Treasury Management (Evaluation assurance: **Full**. Testing assurance: **Substantial**)
- Regeneration (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Performance Management (Evaluation assurance: **Limited**. Testing assurance: **Substantial**)

In addition, we have issued 9 draft reports where we await management's response prior to issuing the final reports. These are as follows:

- Localisation of Council Tax
- Procurement Processes
- Homelessness
- Section 106
- Governance and Risk Management
- Anti-Social Behaviour Procedures
- Virtual Infrastructure and Remote Access
- Payroll
- Governance & Risk Management

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, 2011/12 and 2012/13 internal audit final reports have been implemented. Appendix 4 provides a summary of the status of all 2010/11, 2011/12 and 2012/13 recommendations where the proposed implementation date was at or before 31st March 2013. 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	108	98	109	99
2011/12	143	129	90	142	99
2012/13	26	25	96	26	100
Total	279	262	94	277	99

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.





Year	Total Priority 1 Recommendations	Implemented	%	Implemented or partly implemented	%
2011/12	16	13	81	16	100

Appendix 3 provides a breakdown of the priority 1 recommendations raised in 2011/12 as at 31st March 2013 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

One priority 1 recommendation has been raised as a consequence of the final reports issued since the last Audit Committee meeting. This was in the following report which has been presented in full at this meeting.

- Performance Management

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	5	Feb	Final	Full	Substantial		1	1	
	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	8	Sept	Final	Full	Substantial		1		
	Income & Debt Management	Covering adequacy and effectiveness of controls over the Accounts Receivable system. CRSA to be applied.	5	5	Nov	Final	Full	Full			1	
	Accounts Payable	Covering adequacy and effectiveness of controls over the payment of creditor invoices. CRSA to be applied.	5	5	Nov	Final	Full	Substantial		1	1	
	Treasury Management, Cash & Bank	Covering adequacy and effectiveness of controls over investments, loans, management information, etc. CRSA to be applied.	5	5	Nov	Final	Full	Substantial		2		
	Payroll	Covering adequacy and effectiveness of controls over starters, leavers, amendments, etc. CRSA to be applied.	6	5.5	Feb	Draft						
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8	8	Nov	Final	Full	Substantial		2	1	
	Localisation of Council Tax	Covering adequacy and effectiveness of the Council's approach to localisation of Council Tax support.	10	9.5	Dec/Jan	Draft						
	NNDR	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8	8	Nov	Final	Full	Substantial		1	2	

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	10	Oct	Final	Substantial	Substantial		2	3	
	Housing Rents	Covering adequacy and effectiveness of controls over the management housing rents and service charges.	6	6	Aug	Final	Substantial	Substantial		1	2	
Core Financial Systems Total			76	75								
Operational Risks	Procurement (Housing Repairs & Maintenance)	Covering adequacy and effectiveness of the Council's corporate approach to procurement with regards to Housing Repairs.	12	12	Oct	Final	Full	Substantial		1	1	
	Contract Management	Covering adequacy and effectiveness of the Council's corporate approach to contract management. Focus on specification of Customer Services Unit.	0									Replaced with an audit of Procurement Processes
	Procurement Processes	Covering adequacy and effectiveness of the Council's corporate approach to procurement.	8	7.5	Mar	Draft						
	Building Control	Covering adequacy and effectiveness of key controls over the building control process.	6	6	Aug	Final	Substantial	Substantial		1	2	
	Sickness Management	Covering adequacy and effectiveness of key controls over the management of sickness and other types of absence management.	7	7	Aug	Final	Substantial	Substantial		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	7	Sep	Final	Full	Substantial		2		
	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	7.5	Jan	Draft						
Operational Risks Total			48	47								

Assurance Requirement	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Strategic Risks	Regeneration	Project management assurance in respect of significant regeneration schemes, focussing on Public Service Quarter and Maylands.	20	20	Jan	Final	Substantial	Substantial		3	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	8	Sept	Final	Full	Substantial		5		
	Community Infrastructure Levy	Covering adequacy and effectiveness of controls over the introduction of the levy, including its collection and accounting processes.	0									Replaced with an audit of S106.
	Section 106	Covering adequacy and effectiveness of controls over the application of S106, including monitoring of receipts and use.	6	5.5	Mar	Draft						
	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	10	Feb	Final	Limited	Substantial	1	2		
	Emergency Planning	Covering adequacy and effectiveness of key controls over emergency planning and readiness.	7	7	Aug	Final	Full	Substantial		2		
Strategic Risks Total			51	50.5								

Assurance Requirement	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
ICT	Virtual Infrastructure and Remote Access	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. This was combined with providing assurance over the working from home arrangements and review of pilot.	20	19.5	Nov/Dec	Draft						
	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		May							
	IT Website Audit	The exact scope will be defined with management but will include Website content management, system security and resilience, performance and monitoring, accessibility	5		May							
ICT Total			40	19.5								
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	4.5	Feb	Draft						
	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	20	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	8	8	Q3/Q4							

Assurance Requirement	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
		number of the core financials and will be issued prior to fieldwork and used to scope the audit.										
	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	8	Apr							
Fraud & Other Assurance Methods Total			46	40.5								
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	10	10								
	Management		25	20								
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Assistant Director (Finance & Resources).	14									
	Anti Social Behaviour Processes	The scope covered policies and procedures, referrals, performance monitoring, and management reporting.	6	5.5	Mar	Draft						
Other Total			55	35.5								
Total			316	268								

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.

Main Accounting (2012/13)

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Main Accounting, and provide guidance on how to improve the controls going forward.

In summary, the scope covered the following areas; policies, procedures and legislation, IT systems and security, reliability and integrity of transactions (reconciliations), journal entries and manual adjustments; year-end procedures and disposal and follow up of previous audit recommendations.

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

Evaluation Assessment	Testing Assessment
Full	Substantial

We have raised one priority 2 recommendation 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 recommendation is set out below:

- Monthly reconciliations should be completed by the end of the following month to which they relate, to ensure that errors or issues identified can be investigated promptly.

Income & Debt Management (2012/13)

The overall objective of this audit was to assess the adequacy and effectiveness of the system of internal controls designed to manage and mitigate financial and non-financial risks relating to Income and Debt Management.

In summary, the scope covered the following areas: policies, procedures and legislation; debtor transactions and records; standing data amendments; raising invoices/bills; collections; refunds; debt recovery and enforcement; management information; security of data and follow up of previous audit recommendations.

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

Evaluation Assessment	Testing Assessment
Full	Full

We raised one priority 3 recommendation where we believe there is scope for improvement within the control environment. Management has agreed to implement the recommendation raised.

Accounts Payable (2012/13)

The overall objective of this audit was to assess the adequacy and effectiveness of the system of internal controls designed to manage and mitigate financial and non-financial risks relating to Accounts Payable.

In summary, the scope covered the following areas: policies, procedures and legislation; creditor transactions and records; standing data amendments; purchase order processing; goods receipting; invoice processing; payments processing; management reporting; security of data and follow up of previous audit recommendations.

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

Evaluation Assessment	Testing Assessment
Full	Substantial

We raised one priority 2 recommendation 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 recommendation is set out below:

- Evidence that contact has been made with suppliers to verify changes to supplier accounts should be recorded on supplier amendment documentation. Consideration should be given to recording the phone number and name of the supplier contact who verified the change to supplier details.

NNDR (2012/13)

The overall objective of this audit was to assess the adequacy and effectiveness of the system of internal controls designed to manage and mitigate financial and non-financial risks relating to Business Rates.

In summary, the scope covered the following areas: NNDR transactions and records; organisational structure; reconciliation between Debit and the Valuation lists; discount and reduction applications; billing; receipts from the rate payers; clearing of suspense accounts; recovery action; writing off irrecoverable debt; monitoring of collection rates; reconciliation with general ledger; refunds; void allowances and retrospective reliefs; policy, procedures and legislation; amendments to standing data and follow up of previous audit recommendations.

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

Evaluation Assessment	Testing Assessment
Full	Substantial

We raised one priority 2 recommendation and two priority 3 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 recommendation is set out below:

- Monthly reports of accounts with recovery action on hold should be printed off and marked to evidence that each account has been reviewed to verify if it should still be pending. This should then be reviewed by a senior officer and signed off to confirm it has been reviewed.

Treasury Management, Cash & Bank (2012/13)

The overall objective of this audit was to provide assurance with regards the adequacy and effectiveness of current controls over Treasury Management, Cash & Bank, and provide guidance on how to improve the controls going forward.

In summary, the scope covered the following areas: policy, procedures and legislation; treasury transactions and records; cash flow forecasting; investments; borrowing; systems reconciliations; management reporting; and follow up of previous audit recommendations.

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

Evaluation Assessment	Testing Assessment
Full	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 recommendations are set out below:

- All Investment Record Sheets should be independently checked and signed to confirm the investment has been calculated correctly, and is in line with the Council's investment strategy.
- Borrowers should be reminded to provide confirmations for all investments. These should be checked to confirm the terms match the Council's requirement.

Regeneration (2012/13)

The overall objective of this audit was to provide assurance with regards the adequacy and effectiveness of current controls over Regeneration, and provide guidance on how to improve the controls going forward.

In summary, the scope covered the following areas: roles and responsibilities; project management training; project approval; financial resources; project documentation; governance arrangements; project plans; risk logs/register; performance of the project and post project review.

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 three priority 2 recommendations and three priority 3 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:

- An issues log documenting any concerns arising throughout the project should be in place, up to date and reported to the project board.
- Approval of the cost/benefit Analysis by the Finance Officer should be recorded on the Project Initiation Document (PID).
- Maylands Business Park project DA7 (1) - phase 2 should be entered onto the Corvu project management system.

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 March 2013.

Title	Raised	Implemented	Partly Implemented	Outstanding	No response	Not yet due	No longer applicable
2011/12							
Partnerships	1		1				
IT Security	5	3	2				
TOTAL 2011/12	6	3	3	0	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

Partnerships – 2011/12

Sports Trust Delivery Plan & Funding Approval	Priority	Responsible Officer	Revised Date	Follow Up
<p>Recommendation</p> <p>The Dacorum Sport Trust 'Sportspace' should prepare a three year development plan and obtain Portfolio Holder approval for the Dacorum funding contribution.</p> <p>Date due – 31/12/11</p> <p>Observation</p> <p>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 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</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>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</p>

<p>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>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> <p>November 2012 update:</p> <p>This recommendation remains in the forward service plan for completion. It has been delayed because a new funding agreement is being developed by our finance dept relating to our capital investment in Sportspace properties in lieu of ongoing revenue support. Once this is completed it will give the Council a better idea of the status of their future partnership with Sportspace and it will be possible to look at a three year delivery plan.</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 Further revised date: 31/05/13	<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.</p> <p>November 2012 update: This is expected to be completed by the end of November 2012.</p> <p>January and April 2013 update: The implementation of this recommendation is ongoing and a revised implementation date has been requested. The revised implementation date is May 2013.</p>

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</p>	1	ICT Team Leader	30/11/12 Further revised date: 31/05/13	<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>November 2012 update: The protocol now makes reference to Data Sharing. Work is ongoing to drill down data sharing arrangements to make the strategy more robust. A new implementation date of May 2013 has been requested.</p> <p>January and April 2013 update: The recommendation is expected to be completed by the 31st May 2013.</p>

<p>to whom it shared data with and that appropriate 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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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, 2011/12 and 2012/13 internal audit final reports have been implemented.

The tables below provide a summary of the status of all 2010/11, 2011/12 and 2012/13 recommendations where the proposed implementation date was at or before 31st March 2013 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						
Land Charges	5	3	1	1		AC

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

Title	Raised	Implemented	Partly Implemented	Outstanding	No longer relevant	Original Due Date	Revised Due Date	Resp. Officer
2011/12								
IT Disaster Recovery	8	3	4	1		31/03/12	31/07/13	LJ
IT Security	24	17	7			30/06/12	30/08/13	JW
Partnerships	8	7	1			31/12/11	30/04/13	DG
Property Lettings	5	5						
Risk Management	6	6						
Orchard Housing Application	6	4	1		1	31/10/12	01/04/14	AP

Title	Raised	Implemented	Partly Implemented	Outstanding	Not yet due*	No Longer Applicable	Responsible Officer
2012/13							
Asset Management	5				5		ME
Building Control	3	2	1				AC
Council Tax	3	2			1		AE
Housing Allocations	2	1			1		JH
Housing & Council Tax Benefit	5	3			2		CB
Procurement	2	2					
Accounts Payable	2	2					
Income & Debt Management	1	1					
NNDR	3	2			1		CB
Treasury Management	2	2					
Regeneration	6				6		CT
Performance Management	3				3		SF

* These were not due as at 31st March 2013

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

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