



DACORUM BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – February 6 2013

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CONTENTS

PAGE

| | |
|---|-----------|
| Introduction | 1 |
| Background | 1 |
| Progress to Date | 1 |
| Follow-up of Recommendations | 2 |
| Definition of Assurance & Priorities | 3 |
| Priority 1 Recommendations | 4 |
| Amendments to the Audit Plan | 4 |
| Appendix 1 - Status of Audit Work | 5 |
| Appendix 2 - Summary of Final Reports | 10 |
| Appendix 3 – Follow-up of Priority 1 Recommendations | 14 |
| Appendix 4 - Follow-up of Recommendations | 20 |
| Appendix 5 - Statement of Responsibility | 23 |

Introduction

This progress report to the Audit Committee covers the work carried out during the period June 2012 to 31th January 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.

We have issued 5 final reports in the period since the last audit committee meeting in December 2012 and these are summarised in Appendix 2. These are:

- Asset Management (Evaluation assurance: **Full**. Testing assurance: **Substantial**)
- Budgetary Control (Evaluation assurance: **Full**. Testing assurance: **Substantial**)
- Council Tax (Evaluation assurance: **Full**. Testing assurance: **Substantial**)
- Procurement (Evaluation assurance: **Full**. Testing assurance: **Substantial**)

In addition, we have issued 4 draft reports where we await management's response prior to issuing the final reports. These are as follows:

- Accounts Payable
- Income and Debt Management
- NNDR
- Treasury 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 January 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 | 106 | 96 | 109 | 99 |
| 2011/12 | 143 | 122 | 85 | 142 | 99 |
| 2012/13 | 14 | 13 | 93 | 14 | 100 |
| Total | 267 | 241 | 90 | 265 | 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 January 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

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 | | Feb | | | | | | | |
| | 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 | 4.5 | Nov | Draft | | | | | | |
| | Accounts Payable | Covering adequacy and effectiveness of controls over the payment of creditor invoices. CRSA to be applied. | 5 | 4.5 | Nov | Draft | | | | | | |
| | Treasury Management, Cash & Bank | Covering adequacy and effectiveness of controls over investments, loans, management information, etc. CRSA to be applied. | 5 | 4.5 | Nov | Draft | | | | | | |
| | Payroll | Covering adequacy and effectiveness of controls over starters, leavers, amendments, etc. CRSA to be applied. | 6 | | Feb | | | | | | | |
| | 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 | 8 | Dec | | | | | | | Work in Progress |
| | NNDR | Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied. | 8 | 7.5 | Nov | Draft | | | | | | |

| 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 | 61 | | | | | | | | |
| Operational Risks | Procurement | 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. | 8 | | Feb | | | | | | | |
| | 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 | 6 | Jan | | | | | | | Fieldwork Completed |
| Operational Risks Total | | | 48 | 38 | | | | | | | | |

| 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 | 15 | Jan | | | | | | | Work in Progress | |
| | 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 | | Feb | | | | | | | | |
| | 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 | 7 | Aug | Final | Full | Substantial | | 2 | | | |
| Strategic Risks Total | | | 51 | 30 | | | | | | | | | |

| Assurance Requirement | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---|------------------------------|---|-----------|----------------|--------------------|--------|------------|---------|-----------------|---|---|------------------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| 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 | 8 | Nov | | | | | | | Work in Progress |
| | 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 | | Feb | | | | | | | |
| | 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 | 12 | | | | | | | | Work in Progress |
| ICT Total | | | 40 | 20 | | | | | | | | |
| 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 | | Feb | | | | | | | |
| | 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, proactive fraud exercises, etc. | 25 | 3 | 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 | 6 | Q3/Q4 | | | | | | | |

| Assurance Requirement | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|--|------------------------------|--|------------|----------------|--------------------|--------|------------|---------|-----------------|---|---|----------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| | 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 | 9 | | | | | | | | |
| Other | Follow-up of Recommendations | Follow-up of all priority 1 and 2 recommendations made in final reports issued. | 10 | 8 | | | | | | | | |
| | Management | | 25 | 15 | | | | | | | | |
| | Ad Hoc | Contingency allocation to be utilised upon agreement of the Assistant Director (Finance & Resources). | 15 | | | | | | | | | |
| | 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 | | | | | | | | | |
| Other Total | | | 55 | 23 | | | | | | | | |
| | | | | | | | | | | | | |
| Total | | | 316 | 181 | | | | | | | | |

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.

Asset Management (2012/13)

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

In summary, the scope covered the following areas; Policies, Procedures and Legislation, Asset Management Governance, Asset Management plan, Acquisition and disposal and Performance Management.

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 five 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:

- Procedure notes should be updated to reflect current systems and working practices;
- Formal procedural training, including the use of the Assetnet system, should be provided to all new or inexperienced staff members;
- The Asset Management Plan information booklet should be reviewed and updated to be brought into line with current working practices, and with the new Asset Management Strategy.
- Undeveloped land assets should be identified and a programme of development/disposal should be established for each asset. This should be regularly reviewed.
- All assets should be recorded on the same Asset Management system. Until such time that a new system may be procured, the Asset Management system should be periodically (at least annually) updated to reflect income received for each asset.

Budgetary Control (2012/13)

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

In summary, the scope covered the following areas: Policies, Procedures and Legislation; Budget Setting; Budget Upload; Budget Monitoring; Budget Alteration and Virements; Management Information.

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 where we believe there is scope for improvement within the control environment. Management partially agreed the recommendation raised. The recommendation is set out below:

- The budget monitoring meetings between the budget holder and their Directorate Accountant should be held monthly and documented, and the budget monitoring log should be updated accordingly.

Management response: I agree with the principles of this recommendation and I understand why it has been raised, but I do not agree that the audit findings constitute a breach of control worthy of a priority 2.

In common with many organisations, the Council did not produce budget reports for the first two months of the year (April and May), because it is deemed too early in the financial year to be meaningful. Therefore a management decision was taken in May that, given other staffing pressures in one directorate, it would not be a good use of time to reprioritise workloads to hold budget meetings from which no report would be produced. This would not have happened in a month for which a budget report is produced (i.e. every month after May).

Sending budget reports in advance can be helpful. However, one particular budget holder specifically requested not to receive the papers in advance. It made sense to indulge this request (and maintain positive relations) as long as the meeting took place and our ability to scrutinise wasn't affected. The meeting did take place on time and was minuted.

Council Tax (2012/13)

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

In summary, the scope covered the following areas: Organisational Structure; Reconciliations; Discounts, Exemptions and Allowances; Amendments to Standing Data and Underlying System Data; Billing; Collection and Refunds; Suspense Account; Debt Recovery Action; Write Offs; Management if Collection Rates 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 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:

- The Revenue and Benefits procedural notes in respect of Council tax should be reviewed and updated.
- The suspense account should be reviewed and cleared on a monthly basis.

Procurement (2012/13)

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

In summary, the scope covered the following areas: Legislation, Policies and Procedures; Roles and Responsibilities; Market Testing; Business Case; Options Appraisal; and Management Reporting.

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 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:

- The project manager should produce regular status reports and monthly highlight reports and report to the project board on the current status of the project and individual milestones. The Accountable officer should approve highlight reports using CorVu which is then submitted to the Improvement and Performance Office.

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 January 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 | 3 | | | | | |
| IT Security | 5 | 3 | 2 | | | | |
| Project Management | 7 | 7 | | | | | |
| TOTAL 2011/12 | 16 | 13 | 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> |
|---|--|--|---|

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 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 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> | | | | |
|--|--|--|--|--|

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 January 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 | 1 | 3 | 1 | | AC |

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 | | | | | | | |
| Business Rates | 3 | 3 | | | | | |
| Council Tax | 3 | 3 | | | | | |
| Health & Safety Follow Up | 10 | 9 | | | | 1 | |
| IT Disaster Recovery | 8 | 2 | 5 | 1 | | | LJ |
| IT Security | 24 | 15 | 9 | | | | JW |
| Partnerships | 8 | 7 | 1 | | | | DG |
| Property Lettings | 5 | 2 | 2 | | 1 | | ME |
| Risk Management | 6 | 5 | 1 | | | | SF |
| Orchard Housing Application | 6 | 3 | 2 | | 1 | | AP |

* These were not due as at 31st January 2013

| Title | Raised | Implemented | Partly Implemented | Outstanding | Not yet due* | No Longer Applicable | Responsible Officer |
|---------------------------------|--------|-------------|--------------------|-------------|--------------|----------------------|---------------------|
| 2012/13 | | | | | | | |
| Asset Management | 5 | | | | 5 | | ME |
| Budgetary Control | 1 | 1 | | | | | |
| Building Control | 3 | | | | 3 | | AC |
| Council Tax | 3 | 2 | | | 1 | | AE |
| Emergency Planning | 2 | 2 | | | | | |
| Housing Allocation | 2 | 1 | | | 1 | | JH |
| Housing and Council Tax Benefit | 5 | 2 | 1 | | 2 | | NE |
| Housing Rents | 3 | 3 | | | | | |
| Procurement | 2 | | | | 2 | | FW |
| Sickness Management | 2 | 2 | | | | | |

* These were not due as at 31st January 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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