

<b>Report of:</b>	<b>Chief Internal Auditor</b>
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<b>Report Track:</b>	<b>Audit &amp; Gov Cttee: 19/09/17</b>

**AUDIT & GOVERNANCE COMMITTEE**  
**19 SEPTEMBER 2017**  
**INTERNAL AUDIT - QUARTER 1 REPORT FOR 2017-18**

**1 Purpose of Report**

- 1.1 To present to the Audit & Governance Committee for information the Internal Audit Quarter 1 Report for 2017-18.

**2 Recommendations**

- 2.1 That the Committee notes the contents of the Internal Audit Report for Quarter 1 of 2017-18.
- 2.2 That the committee approve the IT Audit Plan as set out in Appendix 5.

**3 Key Issues and Reasons for Recommendation**

- 3.1 At the end of the quarter five audits had been completed at least to draft report stage and a further audit was in progress. No Limited Assurance Audits have been issued in the quarter.
- 3.2 The IT Audit plan has been determined and is presented to committee for approval.

**4 Relationship to Corporate Priorities**

- 4.1 The system of internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities.

**5 Report Detail**

- 5.1 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment

on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.

- 5.2 Appendix 1 shows that performance of the section is above target. Although the section is above target at the end of quarter 1 this is partly due to the completion of a number of delayed audits, which were originally part of the 2016-17 audit plan. The team is currently carrying a number of vacant posts, which may have an impact on the completion of the current audit plan although this has been mitigated by the engagement of a contractor to deliver 11 audits from the Cannock Chase DC Audit Plan.
- 5.3 The table below gives a summary of the level of assurance for each of the audits completed in the quarter. More detailed information on each of the reports issued is contained in Appendix 2.

Number of Audits	Assurance	Definition
1	<b>Substantial</b> ✓	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively.  No action is required by management.
4	<b>Partial</b> ▲	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.  Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	<b>Limited</b> ✘	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.  Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.

- 5.4 Appendix 3 lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.
- 5.5 Appendix 4 contains the details of the follow-up audits issued in the quarter. Two follow-up reports has been issued in Quarter 1 some progress had been made in relation to both but not sufficient for a revised assurance to be issued.
- 5.6 Appendix 5 contains the IT Audit Plan for 2017-18 which was not presented with the main audit plan which was approved by the committee in March. The IT Audit Plan has been derived from a risk assessment exercise and has had

input from the Head of Technology. The IT Audit plan is presented for approval in accordance with the terms of reference for the Audit & Accounts Committee.

**6 Implications****6.1 Financial**

None

**6.2 Legal**

None

**6.3 Human Resources**

None

**6.4 Section 17 (Crime Prevention)**

None

**6.5 Human Rights Act**

None

**6.6 Data Protection**

None

**6.7 Risk Management**

None

**6.8 Equality & Diversity**

None

**6.9 Best Value**

None

**7 Appendices to the Report**

Appendix 1 – Audit Performance

Appendix 2 – Audits Completed in Quarter 1

Appendix 3 – Audits In progress

Appendix 4 – Audit Follow-ups completed in the Quarter

Appendix 5 – IT Audit Plan for 2017-18

**Previous Consideration**

None./


**Background Papers**

- Audit Plan File
- Audit Time Recording System
- Internal Audit Reports



Appendix 1 - Audit Performance**Breakdown of the Planned Delivery of the Audit Plan by Quarter**

Target Completion	Quarter %	No of Audits for Quarter	Cumulative %	Cumulative Total Number of Audits
<b>Quarter 1</b>	<b>11</b>	<b>3</b>	<b>11</b>	<b>3</b>
Quarter 2	25	7	36	10
Quarter 3	25	7	61	17
Quarter 4	39	11	100	28

**Cumulative Performance Information at the end of the Quarter**




	Planned Audits	Actual Audits			
		Complete	% Of Completed	Work In Progress	% WIP & Complete
<b>Audit Plan</b>	3	5	167%	1	200%
<b>Commentary</b>	<p>The Section is above target for the quarter – this is due to a number audits being completed in the Quarter which related to the 2016-17 Audit Plan.</p> <p>Although the section is above target at the end of quarter 1 this is partly due to the completion of a number of delayed audits, which were originally part of the 2016-17 audit plan. The team is currently carrying a number of vacant posts, which may have an impact on the completion of the current audit plan although this has been mitigated by the engagement of a contractor to deliver 11 audits from the Cannock Chase DC Audit Plan.</p>				

Appendix 2 - Audits Completed in Quarter 1

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
IT Policy Management & Implementation	Technology★	Final	9	Partial 	<ul style="list-style-type: none"> <li>• There is a need to review and update some of the IT policies</li> <li>• users should be provided with an overview and the current policies at induction and periodic reminders/training on their responsibilities.</li> <li>• It was felt that the single combined policy was too large for users to follow.</li> </ul>
IT Service Management & Service Desk	Technology★	Final	10	Partial 	<p>The Service Desk performs a key role in the operation of the Council's IT provision and is seen by the Head of Technology as the main tool for managing and monitoring service delivery.</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities for those involved in delivering the Service Desk functions need to be defined and where necessary Service Level Agreements with departments drawn-up.</li> <li>• the configuration of the SYSAID Service Desk application needs to be reviewed to ensure it is configured appropriately, used as expected and appropriately documented</li> <li>• High Level passwords need to be changed for the system; and</li> <li>• Management reports to support IT Technology service delivery both for managers within the Technology Section and for service managers need to be developed.</li> </ul>

## Internal Audit

Quarter 1 Report 2017-18

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
BACS Application (Direct Debit System)	Technology*	Draft	10	Partial 	<ul style="list-style-type: none"> <li>• Appropriate business continuity plans for BACS processing need to be established.</li> <li>• There is a need to ensure the BACS processing software is operated and managed in line with relevant policies and expected good practice.</li> <li>• Financial Services need to ensure the management of smartcards and readers are managed accordingly.</li> <li>• Documentation specific to each service should be available to support BACS processing including their use of the system and the escalation of errors in processing.</li> </ul>
Sundry Debtors	Financial Management	Draft	2	Partial 	<ul style="list-style-type: none"> <li>• Debtor Policies need to be produced for the revised processing arrangements</li> <li>• Unrecoverable Debts need to be written-off regularly to ensure the Council's assets are not overstated.</li> </ul>
Refuse Collection & Recycling	Environment & Healthy Lifestyles	Draft	0	Substantial 	

\* Services led by Stafford Borough Council as part of Shared Services





**Appendix 3 - Audits in Progress**

Audit	Head of Service
Car Parking Arrangements	Environment & Healthy Lifestyles

★ Services led by Stafford Borough Council as part of Shared Services



Appendix 4 - Audit Follow-ups Completed in the Quarter

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Payroll	HR	Partial 	0	1	0	1	Partial 	<ul style="list-style-type: none"> <li>Work is ongoing to ensure all external data transfers have been mapped and notified in line with Council policies.</li> </ul>
Equality & Diversity	Governance & Corporate	Partial 	0	6	2	0	Partial 	<ul style="list-style-type: none"> <li>The revised policy framework was delayed and had not been approved at the time of the follow-up due to conflicting workloads</li> <li>Work is ongoing to identify a suitable training method to deliver ongoing refresher training to employees in relation to Equality and Diversity issues.</li> </ul>

**Appendix 5 – IT Audit Plan for 2017-18**

<b>Review</b>	<b>Days</b>	<b>Comments</b>
IT Governance Input	8	This is the continuation of work to support the Head of Technology with the implementation of an IT Governance Framework for the Council
Total Application – Operations and Management	10	A review of the Council's main accounting application
Cyber Security	8	A review of the Council's arrangements for ensuring the network and systems are secure and appropriate arrangements are in place to recover from any attacks.
External Data Transfers	12	A review of the Council's arrangements for transferring data to external organisations ensuring compliance with Data Protection and other best practice.
Social Media	10	A review of the Council's arrangements for the security and operation of Social Media platforms.
IT Project Assurance Input	6	A review of the assurance processing in place to ensure IT projects are successfully managed and delivered.
Follow Up –Reviews 2016&17	6	Time to follow-up the implementation of recommendations made in previous audit reports.
<b>TOTAL</b>	<b>60</b>	