Taunton Deane Borough Council

Corporate Governance Committee – 23 June 2014

Internal Audit Plan 2013-14 Annual Report and 2014-15 Quarter 1 Progress

Report of the Audit Manager – Alastair Woodland
(This matter is the responsibility of Executive Councillor John Williams, the Leader of the Council).

1.   Executive Summary

> The Internal Audit function plays a central role in corporate governance by providing assurance to the Corporate Governance Committee, looking over financial controls and checking on the probity of the organisation.
>
> This report highlights the outturn position of the 2013-14 Internal Audit Plan and significant findings and recommendations that have been made since the last Committee in March 2014.
>
> This report also provides a brief update on progress of the 2014-15 Audit Plan.

2.   Background

This report summarises the work of the Council's Internal Audit Service and provides:

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in March (Appendix B).

- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these (Appendix A).

Members will note that there are some high priority recommendations (4 or 5) identified since the March update. These will be followed-up by Internal Audit to provide assurance that risk exposure has been reduced.

3. **Detailed Update**

   Please refer to the attached SWAP Annual Opinion 2013-14 Opinion Report.

4. **Finance Comments**

   There are no specific finance issues relating to this report.

5. **Legal Comments**

   There are no specific legal issues relating to this report.

6. **Links to Corporate Aims**

   Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, South West Audit Partnership.

7. **Environmental Implications**

   There are no direct implications from this report.

8. **Community Safety Implications** (if appropriate, such as measures to combat anti-social behaviour)

   There are no direct implications from this report.

9. **Equalities Impact**

   There are no direct implications from this report.

10. **Risk Management**

    Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. TDBC has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement. The most significant findings since the last committee report are documented in Appendix B.

11. **Partnership Implications**

    There are no direct implications from this report.

12. **Recommendations**

    Members are asked to note the content of this report, in particular the opinion being given on the state of internal control and the significant findings since the last Committee in March.

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Taunton Deane Borough Council

Internal Audit Plan – Annual Opinion 2013-14 & Progress Quarter 1 2014-15

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

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Annual Opinion:

The Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Purpose of Report

The Accounts and Audit Regulations (England) 2011 requires public authorities to publish an Annual Governance Statement (AGS). The Statement is an annual review of the Systems of Internal Control and gathers assurance from various sources to support it. One such source is Internal Audit. The Head of Internal Audit should provide a written annual report to those charged with governance to support the AGS. This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's risk management systems and internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria
- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content.

Background

The Internal Audit service for Taunton Deane Borough Council is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness through the work based on the Annual Plan agreed by Senior Management and this Committee.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Annual Opinion:

The Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Audit Manager's Opinion

Members through the various committees are ultimately responsible for maintaining an effective system of internal control. The purpose of internal control is to manage risk rather than eliminate it. Getting the balance of internal control right is essential for organisational success—to knowingly take risk rather than be unwittingly exposed to it. Under control could expose the organisation to unacceptable risk and destroy value as over control stifles value creation and entrepreneurship. Therefore the Internal Control Environment needs the right balance to help Taunton Deane to deliver its services with ever decreasing resources.

The control environment sets the tone of an organisation, providing discipline and structure. Control environment factors include the integrity, ethical values and managements' competencies, managements' philosophy and operating style, the way authority and responsibility are assigned and how the Council is organised. Key segments include identification and evaluation of risks, control activities (policy and procedures, approvals, authorisations, verifications, etc), monitoring activities and information and communication processes.

Internal Audit has not reviewed all risks and assurances relating to Taunton Deane and cannot provide absolute assurance on the internal control environment. Our opinion is derived from the completion of the risk based internal audit plan and as such it is one source of assurance on the adequacy of the internal control environment.

Of the 18 reviews that have an Assurance Opinion, including indicative assessments, no reviews were given 'No Assurance', although 1 (6%) returned a no rating as there was Insufficient evidence provided to enable us to provide assurance, and 5 (28%) were given 'Partial Assurance'.

This left a total of 12 (66%) that returned a favourable opinion of 'Reasonable Assurance' or 'Substantial Assurance'. We have also taken assurance that the risk around the frequency of gas servicing inspections has been addressed to ensure statutory time periods are met.

Annual Opinion:

The Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Audit Manager's Opinion (Continued)

We are further encouraged that all internal and external audit recommendations are being actively monitored by Taunton Deane to seek assurance from relevant managers that the recommendations have been implemented.

Considering the balance of the audit work and outcomes I am able to offer **'Reasonable Assurance'** in respect of the areas reviewed during the year as on balance most were found to be adequately controlled. Risks are generally managed, although there are some areas that require the introduction or improvement of internal control to help achieve TDBC's services and corporate objectives.

Over the year SWAP has found Senior Management at Taunton Deane Borough Council to be supportive of Internal Audit findings and responsive to the recommendations made. In addition there is a good relationship with Management whereby they feel they can approach SWAP openly into areas where they perceive potential problems and again welcome the opportunity to take on board recommendations for improvement.

In keeping with the public sector in general, there continues to be challenges for the Senior Management at the Taunton Deane Borough Council. The shared service arrangement with West Somerset Council is not without risk if the benefits are to be realised over the medium to longer term. In order to make changes and react to new and emerging risks, such as the shared service arrangement with West Somerset Council and welfare reforms, the Council will need assurance that Internal Controls are in place and operating effectively.

Performance:

The Chief Executive reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

Last April SWAP became a Publicly Owned Company, Limited by Guarantee. We have again managed to absorb some Partner day reductions and maintain day rates for the eighth consecutive year.

SWAP have not been able to undertake any accurate Benchmarking work as there are very few Partnerships of its size or nature. It is also not possible to obtain information on Private Sector costs from which to draw comparisons. We do know however that some larger firms charge well in excess of £300 per day and even more for IT Audit.

Last year, one of our partners completed the CIPFA Benchmarking exercise, comparing the service they receive from SWAP with others. Comparing day rates, SWAP came out the second lowest for the family group to which this partner belongs to for comparative purposes. The average day rate was £319 against the rate charged by SWAP of £280; £39 per day more expensive. Based on TDBC's Annual plan days for 2013/14 of 420, this represents a reduced charge of £16,380 per annum.

Members will also be interested to note that the Unitary Council of Herefordshire has now joined the South West Audit Partnership, bringing the total number of Partner Councils to 13. This demonstrates the excellent reputation SWAP maintains within the Local Authority community and that SWAP day rates are found to be very competitive.

With regards to the 2013/14 Annual Plan for Taunton Deane Borough Council, there were a total of 41 reviews delivered. In agreement with management, and previously reported to this Committee, a number of reviews were exchanged as the need to respond to new and emerging risks was identified.

Most audits have been completed to report stage with 10 drafts to be finalised, 5 reviews in progress and 4 dropped at the time of this report. These are targeted to be finalised by the end of June 2014.

Summary of Work 2013-14

The agreed Annual Audit Plan covers the following Key areas of Activity:

- ◆ **OPERATIONAL AUDITS**
- ◆ **INFORMATION SYSTEMS**
- ◆ **KEY CONTROLS**
- ◆ **GOVERNANCE, FRAUD & CORRUPTION**
- ◆ **SPECIAL REVIEWS**
- ◆ **FOLLOW-UP**

Internal Audit Work Programme

The schedule provided at Appendix A contains a list of all audits agreed for inclusion in the Annual Audit Plan 2013-14 and the final outturn for the financial year. In total, 37 (including 10 at draft and 5 at review stage) audit reviews were completed during the year with a further 4 audits dropped at the time of this report. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Of the 37 reviews in the revised 2013-14 audit plan, they are broken down as follows:

- Operational Audits   14
- Information Systems   5
- Key Control   5
- Governance & Fraud   4
- Special Reviews (Non-Opinion)   2
- Follow-up   7

Each completed assignment includes its respective "assurance opinion" rating together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" -Appendix D.

Summary of Work 2013-14

Continued......

Audits Completed - Operational

Operational Audits — are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested; risks are assessed against the risk appetite agreed with the SWAP Management Board. Where weaknesses or areas for improvement are identified, actions are agreed with management, prioritised and target dated. Based on the findings of each review, an overall Control Assurance is offered.

Operational Audits completed by SWAP for the Period April 2013 to March 2014, together with the Control Assurance offered, are summarised in the following table:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Car Park Contract Management	Reasonable	Procurement Cards	Partial
Taunton Deane Partnership's 'Priority Areas Strategy' (PAS) programme	Partial	Revs and Bens brought in house	Non - Opinion
1. Contract Audit - Spend Analysis	Reasonable	Community Infrastructure Levy (CIL)	Non - Opinion
Affordable Housing	Substantial	Audit Universe (New)	Non - Opinion *(Draft)*
2. Contract Audit – Pre & Current	Partial *(Draft)*	Troubled Families/Family Focus (New)	In Progress
Imprest Analysis/Cash Handling	Reasonable	DLO Fleet Vehicles, incl fuel check (New)	In Progress
Health & Safety	Non Opinion *Discussion Document*	Partnership Arrangements	Reasonable *(Draft)*

Summary of Work 2013-14

Continued......

Audits Completed – Operational Continued

The 14 reviews returned 37 recommendations for improvement. The breakdown of these recommendations in terms of priority scores are; 8 priority four and 28 priority three and 1 priority two. For a summary of Control Assurance Definitions, Categorisation of Recommendations and Definitions of Risk Levels, please refer to Appendix D.

Audits Completed – Information Systems

Information Systems — IS audits are completed to provide the Authority with assurance with regards to their compliance with industry best practice. As with Operational Audits, an audit opinion is given. The following IS audits were in the plan for 2013/14:

Audit Area	Audit Opinion
System Development Life Cycle	No Rating (draft)
Non-SAP business critical applications - Civica	Reasonable
IT Financial Controls, Inc Access (Key Financial System Audit)	Review
Disaster Recovery Arrangements	In Progress
Data Centre Facilities Management	Partial

The 5 reviews returned 27 recommendations for improvement (note one still in progress and one at review). The breakdown of these recommendations in terms of priority scores are; 6 priority four; 18 priority three and 3 priority two.

Summary of Work 2013-14

Continued......

Audits Completed – Key Controls, Finance

Key Control Audits — The Key Control Audit process focuses primarily on key risks relating to the Council's major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. The findings from these reviews are considered by the External Auditors when they assess the Council's Financial Statements at year end.

It is noted that there has been improvements within the finance key controls when compared to previous years. Key Control Audits completed by SWAP during the period April 2013 to March 2014 are as follows:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Creditors	Partial (Draft)	Payroll	Reasonable
Housing Rents	Reasonable	Capital Accounting	Reasonable (Draft)
Debtors	Reasonable		

A total of 17 recommendations were raised between the 5 reviews. The breakdown of these recommendations in terms of priority scores are; 3 priority four; 11 priority three and 3 priority two recommendations. It was pleasing to find that the vast majority of key controls were all operating effectively.

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Summary of Work 2013-14

Continued......

Audits Completed — Governance and Fraud

Governance and Fraud Reviews — The Governance, Fraud and Corruption Audit process focuses primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. The following reviews of this type were completed:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Fighting Fraud Locally	Reasonable	Debt Management Theme	Non – Opinion (Review)
Council Tax Reduction Scheme	Non – Opinion (Draft)	Home Working Arrangements	Reasonable

These governance reviews with resulted in 15 recommendations for improvement. There were 2 priority four recommendations; 9 priority three recommendations and 4 priority two recommendations.

Audits Completed - Special Reviews (Non-Opinion)

Special reviews are where management have requested our time to be spent looking at a particular area where they may have some concerns. There were 2 special reviews undertaken during this period, these being:

Audit Area	Audit Opinion
Contract Benefits - Van Hire	Non-Opinion
Taxi Licences (New)	Non-Opinion

A total of six recommendations were raised within these two reviews.

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Summary of Work 2013-14

Continued......

Audits Completed — Follow Up Audits

All follow up audits are non-opinion as the focus of the review is only to seek assurance that weaknesses raised in the original audit have been addressed. In addition to our follow up work internal audit and external audit recommendations are monitored for management assurance that they have been implemented. The following table shows work undertaken on following up no and partial assurance audits during 2013-14:

Audit Area	Audit Opinion	Audit Area	Audit Opinion
Project Taunton - Follow Up	Follow-Up	Equality Impacts on Decisions - Follow-up	Follow-Up
Business Continuity Arrangements - Follow-up	Follow - Up	Data Security Breaches Follow-up	Follow-Up
ICT Strategy - Follow Up	Follow - Up	IS Regulatory Compliance - Follow-up	Follow-Up (In Progress)
Gas Servicing Follow up	Follow – Up (Discussion Document)		

Outcomes from the follow up audits feed into the risk assessment for future audit plans.

A total of 51 recommendations were followed up through these reviews with 26 completed by their target date and a further 25 in progress. One of the key risks around frequency of gas servicing has been addressed. Key recommendations still outstanding include development of the ICT Strategy, impact of disaster recovery arrangements on business continuity and revisiting the Business Impact Analysis for each service. The shared

Summary of Work 2013-14

Continued......

Service arrangements will have an impact on business continuity planning and will need to be considered as part of that process.

Priority Actions

Internal Audit is required to bring to the attention of senior managers and members significant internal control, risk management and governance issues identified through our work. As agreed with this Committee where a review has a status of 'Final' and has been assessed as 'Partial or No Assurance' I provide further details to inform Members of the key issues identified. I normally summarise those actions where the Auditor has assessed the priority to be a level 4 (Medium/High) or 5 (High).

Data Centre Facilities Management

The Council depends upon its information systems to provide services to the community it serves. Physical security and operational efficiency of its Data Centre is integral to its being able to fulfil this role and the contractual arrangements undertaken with Southwest One were designed to assist in this.

The TDBC Data Centre is not a new facility and as such does not benefit from an ideal location or modern advances in data centre design and construction. This imposes constraints on the level of physical security that can be applied to protect the data centre and its services. Fire detection and suppression is installed but the facility lacks moisture detection and a dedicated environmental monitoring system. Reliance being placed on the fire alarm sensors to 'short' and send a fault alert and the uninterruptable power supply (UPS) to detect and alert a rise in temperature respectively.

A backup power generator is available to provide power in the event of electrical supply failure but has not been subject to a recent full load test and the generator may not be able to supply the power load of the data centre. Nor is there an automated system to shut down servers before the UPS runs out of power.

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Summary of Work 2013-14

Continued......

We were unable to confirm beyond verbal assurances that critical data and communications equipment have appropriate maintenance arrangements. Southwest One declined to make this information available to us as they felt there was no contractual obligation to do so. Accordingly we are unable to provide assurance to the Council on this point and this is reflected in our overall opinion.

Details of the level 4 and 5 priority recommendations identified since the last Committee are summarised in Appendix B for your information and consideration.
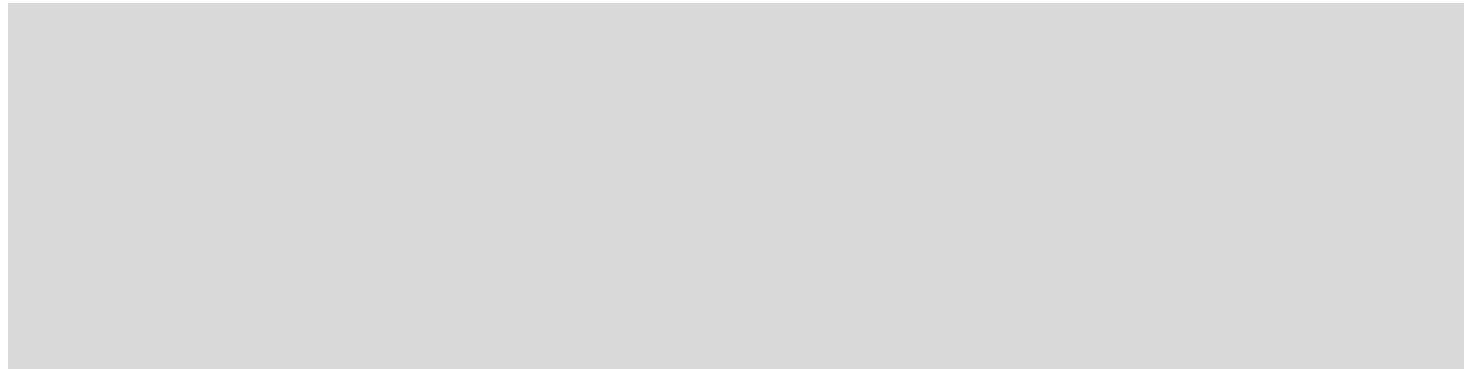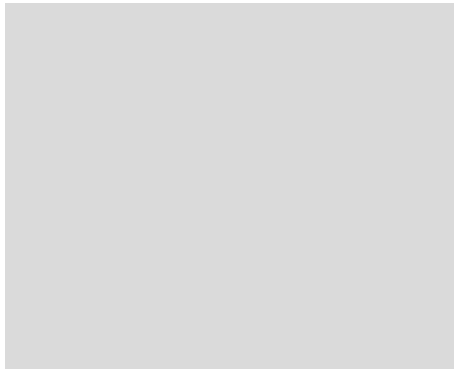
Summary of Work 2013-14

Continued......

Summary of Control Assurance and Recommendations

Removing the non-opinion work shows that just over 70% of the reviews undertaken returned a favourable opinion. To provide this Committee with the assurance required, follow up audits are being conducted on the reviews that did not return an adequate assurance rating. Further details can be found in <u>Appendix C</u> where the follow up audits are listed.

No Assurance
0%

No Rating
6%

Substantial
5%

Partial
28%

Reasonable
61%
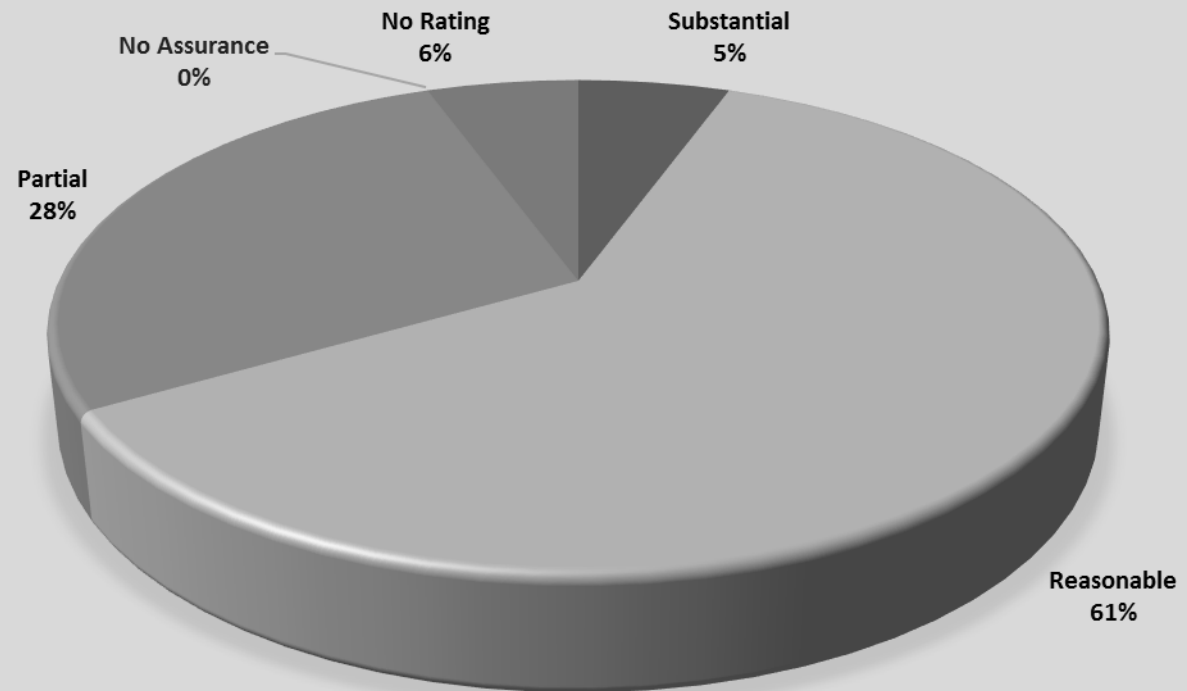
Summary of Work 2013-14

Continued......

Summary of Control Assurance and Recommendations (Continued)

This shows that the majority of the recommendations made were of a medium priority. The comparison between years show a reduction in the number of recommendations raised across all priority ratings. No additional priority 5 recommendations were made during 2013-14, although four priority 5 recommendations remain outstanding at the time of the follow up audit.

Priority Recommendation Yearly Comparison

Legend: 2013-14, 2012-13
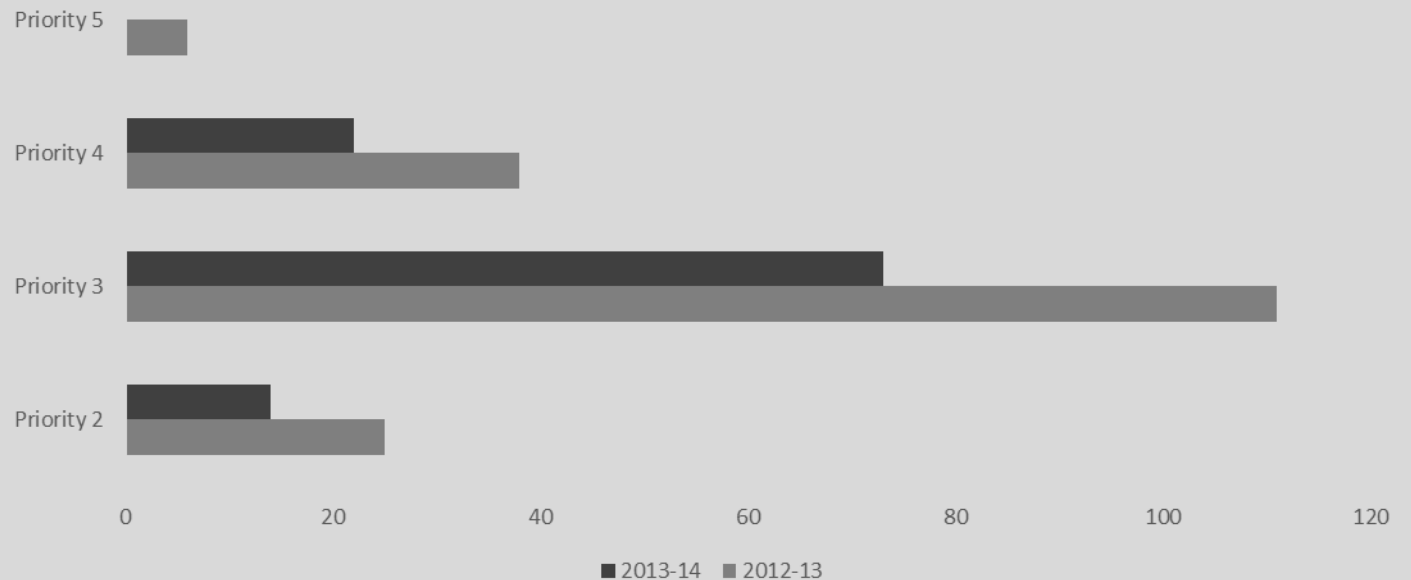
Audit Progress 2014-15

Our Audit Progress is Split between:

- ◆ **OPERATIONAL AUDITS**
- ◆ **INFORMATION SYSTEMS**
- ◆ **KEY CONTROLS**
- ◆ **GOVERNANCE, FRAUD & CORRUPTION**
- ◆ **SPECIAL REVIEWS**
- ◆ **FOLLOW-UP**

Audit Plan Progress 2014-15

The Annual Audit Plan 2014-15 was agreed by this Committee on Monday, 11th March, 2014 and the progress to date on the quarter scheduled work is detailed in Appendix C.

In terms of the 2014-15 plan I am pleased with the progress that has been made although our priority must be to bring the 2013-14 plan to a swift conclusion. Further details on the 2014-15 plan progress will be presented at the next Corporate Governance Committee in September.

Audit Plan Progress 2013-14   **APPENDIX A**

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ⟷ 5 = Major Recommendation				
						1	2	3	4	5
ICT Audits	Data Centre Facilities Management	1	Final	Partial	12	0	0	10	2	0
Non-Opinion	Contract Benefits - Van Hire	1	Final	Non-Opinion	6	0	0	4	2	0
ICT Audits	System Development Life Cycle	1	Draft	No Rating	7	0	1	3	3	0
Operational Audit	Car Park Contract Management	1	Final	Reasonable	2	0	0	2	0	0
Operational Audit	Taunton Deane Partnership's 'Priority Areas Strategy' (PAS) programme	1	Final	Partial	9	0	0	4	5	0
Operational Audit	1. Contract Audit - Spend Analysis	1	Final	Reasonable	2	0	0	2	0	0
Operational Audit	Affordable Housing	1	Final	Substantial	0	0	0	0	0	0
Follow-up	Project Taunton - Follow Up	1	Final	Follow-up	2	0	0	1	1	0
Follow-up	Business Continuity Arrangements - Follow-up	1	Final	Follow-up	4	0	0	0	3	1
Non-Opinion	Taxi Licenses **(New)**	1	Final	Non-Opinion	0	0	0	0	0	0
Operational Audit	2. Contract Audit – Pre & Current	1 & 2	Draft	Partial	9	0	0	8	1	0
Governance, Fraud & Corruption	Fighting Fraud Locally	2	Final	Reasonable	6	0	1	3	2	0
ICT Audits	Non-SAP business critical applications - civica	2	Final	Reasonable	8	0	2	5	1	0

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Audit Plan Progress 2013-14   APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major Recommendation				
						1	2	3	4	5
Operational Audit	Procurement Cards	2	Final	Partial	6	0	0	4	2	0
Operational Audit	Revs and Bens brought in house	2	Final	Non-Opinion	0	0	0	0	0	0
Operational Audit	Community Infrastructure Levy (CIL)	2	Final	Non-Opinion	0	0	0	0	0	0
Follow-up	Equality Impacts on Decisions - Follow-up	2	Final	Follow-up	1	0	0	0	1	0
Follow-up	Data Security Breaches Follow-up	2	Final	Follow-up	5	0	3	1	1	0
Operational Audit	Audit Universe **(New)**	3	Draft	Non-Opinion	0	0	0	0	0	0
Governance, Fraud & Corruption	Council Tax Reduction Scheme	3	Final	Non-Opinion	2	0	1	1	0	0
Follow-up	ICT Strategy - Follow Up	3	Final	Follow-up	8	0	1	3	2	2
Key Control	Creditors	3	Draft	Partial	5	0	0	2	3	0
Key Control	Council Tax & NNDR **(Dropped – replaced by Audit Universe)**	3	Dropped							
Key Control	Debtors	3	Final	Reasonable	2	0	0	2	0	0
Key Control	Housing Benefits **(Dropped – Fleet vehicles and Fuel)**	3	Dropped							
Key Control	Main Accounting **(Dropped – replaced by Trouble Families)**	3	Dropped							

Audit Plan Progress 2013-14   APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ⟷ 5 = Major Recommendation				
						1	2	3	4	5
Key Control	Payroll	3	Final	Reasonable	3	0	1	2	0	0
Key Control	Capital Accounting	3	Draft	Reasonable	2	0	2	0	0	0
Key Control	Housing Rents	3	Final	Reasonable	5	0	0	5	0	0
Key Control	Treasury Management **(Dropped – replaced by Taxi Licenses)**	3	Dropped							
Governance, Fraud & Corruption	Debt Management Theme	3	Review	Non-Opinion	0	0	0	0	0	0
ICT Audits	IT Financial Controls, Inc Access (Key Financial System Audit)	3	Review							
Follow-up	IS Regulatory Compliance - Follow-up	4	In progress							
Operational Audit	Troubled Families/Family Focus **(New)**	4	In progress							
Governance, Fraud & Corruption	Home working Arrangements	4	Final	Reasonable	7	0	2	5	0	0
ICT Audits	Disaster Recovery Arrangements	4	In progress							
Operational Audit	Imprest Analysis/Cash Handling	4	Final	Reasonable	1	0	0	1	0	0
Operational Audit	DLO Fleet Vehicles, incl fuel check **(New)**	4	In progress							
Operational Audit	Health & Safety	4	Discussion Document		6	0	2	3	1	0

Audit Plan Progress 2013-14   APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor 5 = Major Recommendation				
						1	2	3	4	5
Operational Audit	Partnership Arrangements	4	Draft	Reasonable	8	0	1	7	0	0
Follow-up	Gas Servicing Follow up	4	Draft	Follow-up	3	0	0	0	2	1
	Somerset Waste Partnership Plan Contribution	4								

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High Priority Findings and Recommendations   APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
spanning	**Data Centre Facilities Management**				
Existence of equipment maintenance contracts could not be verified.	Southwest One did not provide a copy of their Asset Monitoring & Maintenance Contract Register and we were advised that they were not contractually obliged to provide this information. As such we can provide no assurance that all critical data and communications equipment used by the Council are under maintenance agreements and that they are sufficient to meet the needs of the organisation. Southwest One's refusal to share information with officers then makes it difficult for the Council to meet its obligation to 'jointly monitor' the contract.	I recommend that the Strategic ICT Lead obtains formal assurances from Southwest One that all critical ICT equipment has appropriate maintenance contracts in place and share maintenance schedules with the Data Centre Manager (DCM)	SWOne have provided formal assurances that appropriate maintenance contracts are in place for critical ICT equipment.		Strategic ICT Lead

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Data Centre Facilities Management Continued					
The Deane House site limits the steps that can be taken to protect the server room and its supporting services. For example, the air conditioning condensers are in the Deane House loading yard area.	There is a higher vulnerability to sabotage where key equipment, such as the condensers, is easily accessible to the public.	I recommend that the DCM and Strategic ICT Lead undertake a risk assessment of the physical and environmental limitations of the data centre on the Deane House site. The possibility of addressing these by remote hosting agreements, relocating equipment to a purpose built facility etc. should be explored whenever refurbishment or Council accommodation reviews are undertaken.	Acknowledged. As part of the accommodation project, all options for future provision of ICT infrastructure will be considered and factored into the decision on future accommodation for TDBC		Data Centre Manager and Strategic ICT Lead

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ⟷ 5 = Major Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Fraud Theme	1	Not Started							
ICT Audits	Threat Protection	1	Not Started							
Operational Audit	Parks & Open Spaces	1	Initiation							
Operational Audit	Safeguarding	1	Review							
Follow-up	Procurement Cards	1	Final	Follow-up						
Governance, Fraud & Corruption	Absence Management - Theme	2								
Governance, Fraud & Corruption	Private Water Supply	2								
Governance, Fraud & Corruption	Data Transparency	2								
Governance, Fraud & Corruption	Protective Marking - Theme	2								
ICT Audits	Corporate Information Security Controls (CIS)	2								
Operational Audit	Housing Sales (right to buy)	2								
Follow-up	PAS	2								
Key Control	Main Accounting	2								
Key Control	Creditors	3								
Key Control	Council Tax & NNDR	3								
Key Control	Debtors	3								
Key Control	Housing Benefits	3								
Key Control	Payroll (Starters, Leaver, Changes)	3								
Key Control	Treasury Management	3								
ICT Audits	Financial Key Controls	3								

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Audit Plan Progress 2014-15   **APPENDIX C**

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ⟷ 5 = Major Recommendation				
						1	2	3	4	5
Operational Audit	Housing New Build	3								
Governance, Fraud & Corruption	Safer Somerset Partnership/ Community Safety	4								
Governance, Fraud & Corruption	Asset Management Theme	4								
Operational Audit	Community Infrastructure Levy (CIL)	4								
Operational Audit	Commercial Properties/Rents	4								
Follow-up	Data Centre	4								
Governance, Fraud & Corruption	WSC & TDBC Shared Services	4								
Governance, Fraud & Corruption	Legal Services - Shared Services	4								

Control Assurance Definitions	Appendix D

Substantial	▲★★★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲★★★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲★★★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲★★★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
Priority 4: Important findings that need to be resolved by management.
Priority 3: The accuracy of records is at risk and requires attention.
Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.