

## **Abridged Management Summaries arising from Final Audit Reports**

**Appendix 2 (1)**

**Report No. BRK/10/06 – Final Report issued 23 October 2009**

### **Audit Report on Data Quality / Performance Indicators**

**This audit is undertaken annually at the request of management and reviews a different portfolio of indicators each year.**

#### **Audit Opinion**

Adequate assurance given

#### **Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.
- There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.

#### **Summary of Findings**

##### **NI 154**

Controls were in place to assess whether the definition was correctly applied, ensuring that only self-contained units are included in calculations for reporting.

Performance targets have been set by Central Government, with the Council expected to deliver at least 15, 200 additional dwellings between April 2001 and March 2021. Policies and strategies were found to be in place in order for the Council to meet these targets.

Data collection arrangements were found to be in place; the Planning Policy Team is notified of all approved planning applications via weekly reports and site visits confirming completion of building works are undertaken on an annual basis. However, we did note that standard forms are not used for recording the outcomes of site visits and that any supporting documentation used is destroyed once the Access database has been updated, with performance reported as a headline figure only. As a consequence, we found a discrepancy when attempting to validate the 2007-08 figures. Performance for 2008/09 is not due to be reported until December 2009 / January 2010.

Performance is reported annually via the Breckland Annual Monitoring Report, with figures for the financial year being reported in the following December. Figures are also fed into the regional figures for Norfolk, which are reported in the Regional Housing Monitoring report.

Service information informs decisions on policies, and we observed that annual targets for delivery within the Council had been revised in policy and strategies in line with past performance.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	NI 154	Green	Amber	0	1	1
<b>Total</b>				<b>0</b>	<b>1</b>	<b>1</b>

#### **High Priority Recommendations**

We have raised no high priority recommendations as a result of this audit

Management have accepted both recommendations raised.

**Report No. BRK/10/07 – Final Report issued 30 November 2009**

**Audit Report on Environmental Health**

**This area was assessed as medium risk in the Annual Audit Needs Assessment for 2009/10 and was identified for review on a 3-yearly cycle.**

**Audit Opinion**

Limited assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- Weaknesses in the system of internal controls are such as to put the client's objectives at risk.
- The level of non-compliance with controls puts the client's objectives at risk.
- This opinion results from the number of medium priority recommendations raised.
- We have concerns regarding the effectiveness of controls over the security of and access to unused licences and licence files.

**Summary of Findings**

**Licensing**

Whilst checklists have been devised, they have not been produced for all types of licence issued by the Council. Furthermore, documented procedures had not been devised at the time of audit.

Our sample testing identified a licence file without evidence of an independent review and authorisation of the licence held.

Controls over the access to paper licence files are ineffective to mitigate the risk of unauthorised access to the files.

Controls over the access to template licences are inadequate to mitigate the risk of unauthorised licences being issued.

Testing identified that there are no reconciliations being performed between the licence income due and the income received on a regular, periodic basis.

**Pest Control and Dog Warden**

Whilst income received for stray dog returns is evidenced by receipts, these were not counter-signed by the member of the public being fined to evidence that the amount receipted was the amount paid.

Testing identified that whilst the Dog Warden is permitted to reduce the fees for stray dog services, a procedure was not in place to authorise this.

Our testing also identified that income received for pest control services did not provide a complete audit trail for receipt of income.

Reconciliations are currently not performed to check the amount received against the amount due from pest treatments delivered by SM Pest Control on behalf of Breckland District Council.

### **Contaminated Land**

Our testing identified that the Contaminated Land Strategy had not been updated since March 2003.

Whilst some controls have been put in place regarding the processing of section 2a Contaminated Land inspections, comprehensive procedures were not found to be in place.

Testing of five Contaminated Land files initiated through planning applications identified that checklists on three of the five files were incomplete.

### **Performance Management**

Testing identified that there had not been any performance monitoring of performance indicators SI EH.01 and 02, with no data being put onto the TEN system.

Testing also identified that no satisfaction surveys had been sent out since the end of April 2009 in relation to National Indicator 182.

The following number of recommendations has been raised:

<b>Adequacy and Effectiveness Assessments</b>	<b>Area of Scope</b>	<b>Adequacy of Controls</b>	<b>Effectiveness of Controls</b>	<b>Recommendations Raised</b>		
				<b>High</b>	<b>Medium</b>	<b>Low</b>
	Licensing	Amber	Amber	0	5	0
	Pest Control and Dog Wardens	Red	Amber	1	2	0
	Contaminated Land	Amber	Amber	0	3	0
	Performance Management	Green	Amber	0	0	1
	Risk Management	Green	Green	0	0	0
<b>Total</b>				<b>1</b>	<b>10</b>	<b>1</b>

### **High Priority Recommendations**

We have raised one high priority recommendation as a result of this audit.

### **Pest Control and Dog Wardens**

A complete audit trail should be provided for income received for Pest Control treatments, including counter-signed receipts, banking records and corresponding credit notes.

Furthermore, reconciliations should be performed between the amount credited to the Council, the income received and jobs completed each month.

Management have accepted all recommendations raised.

**Report No. BRK/10/08 – Final Report issued 22 April 2010**

**Audit Report on Partnerships**

**This area was assessed as high risk in the Annual Audit Needs Assessment for 2009/10 and was identified for annual review.**

**Audit Opinion**

Adequate assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.
- There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
- This opinion results from the number of medium priority recommendations raised.
- A review of Partnerships was completed in December 2008 (BRK0906), with the final report being awarded an Adequate assurance opinion. However, at the request of the client, the scope of that review focused specifically on the Local Strategic Partnership (LSP). With the agreement of the Head of Finance, this review focused on a selection of partnerships outside of the LSP. As such, although this report has also been awarded an Adequate assurance, the direction of travel indicator is not considered appropriate in this instance.

**Summary of Findings**

**Governance Arrangements**

We found evidence that partnership objectives are linked to the Council's strategic objectives.

Breckland District Council has developed a 'Good Governance in Partnerships - Guidelines' document which is based on the CIPFA/SOLACE Rough Guide for Practitioners. This was developed in response to one of a number of recommendations raised by the Audit Commission on partnership monitoring.

The guidance is aimed towards anyone leading or taking part in existing partnerships, as well as developing new partnerships. It is not a policy document and is only applied to large scale partnerships, although evidence exists that all new partnerships are the subject of a business case and appropriate levels of approval.

Whilst a partnership register exists, it was found to be incomplete, in that the Citizens Advice Bureau (one of the sample selected for testing) was not listed. Furthermore, although not part of our original sample, the Good Governance in Partnerships Guidelines document identifies seven key significant partnerships to the Council, three of which, Crime Reduction Partnership, PFI and Steria, were not listed in the register either.

Of the three partnerships reviewed, one large, one medium and one low scale, terms of reference or similar documents could not be found for the Women in Business partnership, and in the case of the Moving Thetford Forward partnership, the terms of reference do not include a dispute resolution clause. A Partnership Health Questionnaire has been developed to be used in the review of governance standards of all existing large partnerships which can

then feed into any development plans. This includes reference to checking that partnerships / contractors have Counter fraud and corruption arrangement in place. However, as the questionnaire is only applied to larger partnerships / contracts, medium and small partnerships are more reliant on robust governance arrangements and scrutiny of budget, receipts and invoices for detecting potential fraud; no guidance is given to Council officers as to the type of counter-fraud arrangements that should, or could be in place.

However, further clarification should be sought over the value for money / cost benefits to the Council with regards to the Citizens Advice Bureau.

Supporting documentation and reports are obtained from those partnerships where the Council is not the lead partner. Sub-committees exist, where applicable, to monitor the progress and performance of the partnership.

### **Performance Information**

Partnerships are embedded in service plans against which performance is monitored. Completion of the Partnership Health Questionnaire / Partnership Governing Document for all partnerships, rather than just large scale partnerships, would though enable the Policy and Performance Department to identify where specific performance metrics of a partnership could be monitored more robustly.

Furthermore, there was insufficient analysis and interpretation of the figures produced in respect of the performance of the Citizens Advice Bureau. The Council should conduct a stringent analysis of the figures and possibly request a more detailed report which highlights queries that related to Breckland Council and the resolution process adopted by Citizens Advice Bureau. Furthermore, we established that no value for money analysis was undertaken throughout the tenure of the arrangements with the Citizens Advice Bureau in respect of funding of £50k for each of the last three years.

### **Risk Management**

Service Managers / Risk owners are required to review and monitor operational risks. The risks are captured during the annual service planning process, which results in combined risk registers. These are presented to the Audit Committee for review and approval. Once approval has been obtained, they are included in the performance management system and are then subject to quarterly review, in accordance with the performance management framework.

### **Follow Up**

The status of the outstanding recommendations raised in the BRK/09/06 audit, issued in December 2008, will be subject to follow up procedures in April 2010 although one of the three outstanding recommendations remaining (recommendation 6) was confirmed as having been implemented.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Governance Arrangements	Green	Amber	0	4	0
	Performance Information	Green	Amber	0	1*	0
	Risk Management	Green	Green	0	0	0
<b>Total</b>				<b>0</b>	<b>5</b>	<b>0</b>

\*This recommendation also linked to Governance arrangements.

#### High Priority Recommendations

There have been no high priority recommendations raised as a result of this audit.

Management have accepted all recommendations raised.

**Audit No. BRK/10/09 – Final Report issued 22 March 2010**

**Audit Report on Housing and Council Tax Benefits (Anglia Revenues and Benefits Partnership)**

**This area was assessed as high risk in the Annual Audit Needs Assessment for 2009/10 and was identified for annual review.**

**Audit Opinion**

Adequate assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.
- There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
- The main areas that support this opinion are the number of medium and low priority recommendations in relation to policies and procedures, receipt of applications, payments process, timeliness of reconciliations to the general ledger, clearance of the suspense account, recovery of overpayments and write offs and the prominent displaying of the fraud hotline on the Anglia Revenues Partnership (ARP) website.
- The direction of travel has remained unchanged since the last audit.

**Summary of Findings**

**Policies and Procedures**

Staff receive training and have access to up to date legislation, reference and support. In addition, policies and procedures have been produced and are made available to staff. Changes contained in DWP Circulars are summarised and disseminated to staff to aid staff in understanding the circular's content. However, two circulars produced since April 2009 had not been summarised. Whilst we were informed that Team briefings are undertaken on a weekly basis, minutes were not produced to allow those who have not attended access to the information which was raised and could be of importance.

**Interventions**

Interventions are undertaken by compliance staff who are trained with regard to visiting conduct. The Council receive a DWP High Risk Ratings list which is filtered and utilised to produce a schedule for interventions for the subsequent month.

**Receipt of Applications**

There are inconsistencies regarding the handling of documentation. Date-stamping and verification of original documents occur differently depending upon the location of their receipt. Whilst the reason for this was provided, procedures require updating to reflect these variances. Receipt of applications and supporting evidence is handled in a controlled manner within a secure environment.

## **Assessment of Applications**

Applications are only processed upon receipt of the requisite supporting documentation. System controls are in place to ensure that duplications do not occur or incorrect data is not entered. Calculations of benefit and Local Housing Allowance (LHA) are automatically calculated within the revenues system.

Quality checking on 4% samples (100% for new assessment staff) is being performed, although one minor error was noted during testing which had been resolved, but not in accordance with normal protocol due to the responsible officer being absent. This was an isolated incident and, as such, a recommendation is not considered necessary.

## **Backdated Claims**

Controls are in place regarding backdated claims. Claims are backdated according to legislation issued and are only processed if requested in writing with good cause established.

## **Discretionary Payments**

Controls are in place regarding the awarding of Discretionary Housing Payments (DHPs). DHPs must be requested in writing using a standard DHP Payment form and contain sufficient evidence to support the claim. All successful claims must be authorised or actioned by a Team Leader. Access to authorise a DHP is restricted on the revenues system (Academy).

## **Payments process and updating Council Tax**

Payments are made by secure methods with claimants encouraged to use BACS transfer. Payment runs are appropriately authorised. BACS recalls and cheque stops are made in a controlled, documented manner. Evidence existed that payment rejections were being investigated in all cases examined.

Delays in reconciling the revenues system (Academy) to the general ledger (Integra) were also noted for the months of April and September 2009.

A Declaration of Interest form is completed by staff on an annual basis in order to declare relatives and friends known to them who receive benefit. This information is entered into the system to prevent staff from accessing those accounts. We noted that in one case this information had not been updated on Academy. A recommendation was made in the previous report following two previous instances where Academy had not been updated. Although this had previously been notified as implemented, we have raised a new recommendation to address this weakness.

## **Suspense Account**

The Council's suspense account regarding housing benefits refers to unallocated overpayments. Although it is promptly cleared of new entries, as at 02.12.09, there was an outstanding balance of £21,072.22 comprising 31 historic items.

## **Overpayments, Arrears, Write-offs**

Overpayments are classified by Benefits Assessors with overpayments being automatically calculated by the system. Sufficient evidence is retained within the system of action taken and correspondence is issued in a timely manner. Access is restricted to the debt management system, iMan. Debtors are reconciled to the general ledger on a monthly basis.

The Council has a recovery timetable in place. Correspondence issued within the timetable is produced automatically by the Housing Benefit system.

There is no documented threshold below which debts are deemed uneconomical to pursue.

The Council uses the collection agency, Rossendales. However, there is no formal documented agreement between the Council and Rossendales for the provision of this service.

Write-offs processed have reasons stated and are authorised by appropriate officers depending upon the value of the debt. The Council undertakes a series of checks prior to their submission for write off and checking to make sure they have been correctly processed.

### **Fraud**

A Counter-Fraud Policy exists which is reviewed and updated on an annual basis. Referrals are made where fraud is suspected in a consistent manner and risk assessments of cases are made where appropriate. The Council should encourage the public to report suspected fraud. However, the fraud hotline was not prominent on the ARP website, although was easier to find on Breckland DC's website. A recommendation was raised in the previous audit report over the accessibility to the fraud hotline which although has been implemented, needs further enhancing and, as such, a further recommendation has been included in this report.

### **Appeals**

An appeals policy is in place. Appeals can only be accepted in writing and a decision will only be made with sufficient evidence. A decision on appeals is made within 28 days of receipt of the appeal. A report is produced on a weekly basis to track their current status. Staff are trained to attend tribunals at which one of these officers is always present. We confirmed that the Council is represented at tribunals although this process is difficult to test. Nevertheless, a recommendation is not considered necessary.

### **Security**

Post is received and returned in a controlled, secure environment. Valuables are returned within one working day of receipt by recorded deliver. Segregation of duties was viewed to have been maintained at all times.

### **Performance Information**

The Council has set appropriate national and local indicators and monitors against both accordingly. Performance is reported on a regular basis via the Council's own performance system (TEN) and in the ARP Monthly Performance reports available to all stakeholders. As with other authorities, the Council has experienced difficulties with the production and reporting of data in respect of NI 180, changes in council tax / housing benefit entitlements, and, as this adds little value in monitoring service performance, are no longer reporting performance in respect of this indicator on a monthly basis.

### **Risk Management**

The ARP holds a risk register specific to the Revenues Service. This is monitored and reported to the Council. Mitigation plans are in place and monitored against on a monthly basis.

### **Previous recommendations**

There were only two outstanding recommendations from the previous report. Progress with both has been covered above under the sections on 'payments process and updating Council Tax' and 'Fraud'.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Policies and procedures	Green	Amber	0	0	2
	Receipt of Applications	Green	Amber	0	0	1
	Assessment of Applications	Green	Green	0	0	0
	Backdated Claims	Green	Green	0	0	0
	Discretionary Payments	Green	Green	0	0	0
	Payments Process and Updating Council Tax	Green	Amber	0	2	0
	Suspense Account	Green	Amber	0	1	0
	Overpayments, Arrears, Write-offs	Amber	Amber	0	1	1
	Appeals	Green	Green	0	0	0
	Security	Green	Green	0	0	0
	Fraud	Green	Amber	0	0	1
	Performance Information	Green	Green	0	0	0
	Risk Management	Green	Green	0	0	0
<b>Total</b>				<b>0</b>	<b>4</b>	<b>5</b>

### High Priority Recommendations

We have raised no high priority recommendations as a result of this audit

Management have accepted all recommendations raised.

**Report No. BRK/10/10 – Final Report issued 19 February 2010**

**Audit Report on Accountancy Services**

**This area was assessed as high risk in the Annual Audit Needs Assessment for 2009/10 and was identified for review on a 2-yearly cycle.**

**Audit Opinion**

Adequate assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.
- There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
- This area was last audited by Deloitte in 2007/08 (BRK0823 – final report issued May 2008). The level of assurance remains the same from the previous audit.

**Summary of Findings**

**Control Accounts**

Testing confirmed that control account reconciliations are undertaken in a timely manner, in accordance with a pre-set schedule and that reconciliations are subject to independent review, although the independent review is not always dated by the reviewing officer.

Weaknesses in control were found around the operation of the suspense account. A number of historic items were found in suspense, some of which dated back to 2008/09. Whilst the suspense account is subject to regular review, there is little evidence that items are being cleared in a timely manner and there is a backlog that has been caused by a combination of resource and system issues. We did note that the suspense account included an amount of £836,859 which had been identified as being a dividend received from the Icelandic banks and had been earmarked for clearance at year-end. We also noted that for some of the procedural guidance available to staff, there was no evidence of periodic review.

**Banking**

We confirmed that a contract between the Council and the Co-operative Bank was present and signed by both parties. A list of authorised signatories had also been agreed and both parties were aware of the authorised officers. Our sample testing confirmed that bank statements are downloaded and reviewed daily.

**Bank Reconciliations**

Sample testing confirmed that reconciliations of the Council's four bank accounts are undertaken on a regular and timely basis, except for the Co-operative Bank Reconciliation where no reconciliation was undertaken in November. This was an isolated issue and it was

confirmed that the reconciliation for December had been carried out accurately and in a timely manner.

### **Asset Register**

Items on the asset register are subject to rolling review and there is evidence on file to confirm the validity of valuations made. The new values for 2009/10 have yet to be applied, but the District Valuation Officer's report had only been received at the end of December 2009. The entries checked were found to be correct as of the previous year's valuation figures. The asset register is required to be reconciled to the general ledger on a monthly basis, although due to ongoing system updates requiring external consultancy, the reconciliations have not been undertaken since the end of quarter one. We were informed that the consultancy exercise was almost complete and that monthly reconciliations will recommence once completed. There have been no new acquisitions within 2009/10 and only one disposal, which had been accounted for on the asset register. The relevant area of the Integra system was also found to be subject to appropriate restriction with only staff in Finance currently able to amend details and only the System Administrator able to amend parameters.

### **Budgetary Control**

A detailed budget setting timetable is used to control the budget setting process and testing confirmed that key dates for 2009/10 had been met. There is evidence that budget holders are actively involved throughout the budget setting process and that the Corporate Management Team work together with budget holders to ensure estimates are appropriate. Training sessions are also held with budget holders to ensure that they have a full understanding of their responsibilities. Budgetary reports are produced on a regular and timely basis and any variances that arise are discussed with budget holders to ensure resolution.

### **Journal Entries**

Journal transfers were found to be subject to control, with evidence of independent review and supporting documentation being retained. Sample testing confirmed that journals had been correctly posted to relevant ledgers.

### **Performance Information**

One performance indicator has been set for Financial Services for the year 2009/10, in relation to timeliness of monthly management accounts reporting. Reports are produced and issued within 10 days of month end.

### **Risk Management**

12 risks associated with Financial Services have been identified in the combined operations risk register and controls are in place to mitigate these risks.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Control Accounts	Green	Amber	1	1	2
	Banking	Green	Green	0	0	0
	Bank Reconciliation	Green	Green	0	0	0
	Asset Register	Green	Green	0	0	0
	Budgetary Control	Green	Green	0	0	0
	Journal Entries	Green	Green	0	0	0
	Performance Information	Green	Green	0	0	0
	Risk Management	Green	Green	0	0	0
<b>Total</b>				<b>1</b>	<b>1</b>	<b>2</b>

#### High Priority recommendations

We have raised one high priority recommendation as a result of this audit.

A full review of the suspense account should be undertaken to clear the historic items to resolution. Measures should be introduced to carry out regular review and clearance of the account going forward.

Management have accepted all recommendations raised.

**Report No. BRK/10/11 – Final report issued 25 January 2010**

**Audit Report on Treasury Management**

**This area was assessed as high risk in the Annual Audit Needs Assessment for 2009/10 and was identified for review on a 2-yearly cycle.**

**Audit Opinion**

Good assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- There is a sound system of internal control designed to achieve the client's objectives.
- The control processes tested are being consistently applied.
- This system was previously audited by Deloitte as part of the Accountancy Services audit which was completed in May 2008. It included review of Control Accounts, Banking, Bank Reconciliations, Asset Register and Budgetary Control, in addition to Treasury Management. The report was awarded an overall assurance of 'substantial' (equivalent to an 'adequate' assurance level using current classifications) with none of the recommendations raised specifically relating to Treasury Management.
- Whilst we have made one low priority recommendation in this report, which relates to the lack of timeliness in completing one monthly reconciliation, we have awarded this review 'good' assurance and an unchanged direction of travel since we do not consider this a major issue having taken into context the overall control environment.

**Summary of Findings**

**Treasury Management**

The Audit Committee approved the Treasury Management Strategy for 2009/10 on 24/02/09; a revised Strategy was presented to the Audit Committee on the 11/09/09 which revised the investment criteria that needed to be met before an investment could be made.

The Treasury Management Policies and the Procedure documents are in place and are available to all relevant staff.

At the start of each financial year the Council provide their financial advisors with their Treasury Management Strategy. On a weekly basis financial advisors provide the Treasury team with an up to date Counterparty listing which meets the Investment Criteria set by the Council.

For each Investment made a file is set up containing all the relevant information pertaining to the investment including evidence of the approvals process. These files are stored in the Accountancy department until they mature then they are archived. Once an investment has been made the Analysis of Investments spreadsheet is updated accordingly.

The Council operate a cashflow forecasting spreadsheet which is updated with actuals on a daily basis; this contains a running total cash balance which allows the Council to identify surplus balances suitable for investments.

Each month the Treasury staff perform a reconciliation between the General Ledger and individual counterparties records and any differences (normally as a result of Accruals) are accounted for and checked and signed off by a senior member of the Finance Team. Testing identified that reconciliations are being correctly completed although it was noted that the November 2009 reconciliation had not been completed within the ten working day target set internally for doing so, A low priority recommendation has been raised regarding this issue even though this appears to have been an isolated case.

Fully segregated arrangements exist over the arranging and reconciliation of investments with all investments now requiring approval by the Head of Finance.

The Council has a Fidelity insurance Policy in place with Zurich Municipal which includes cover for investments up to and including um £20m for 14 designated officers. All other employees of the Council are covered for up to £3m. The Policy is due to expire on 30<sup>th</sup> April 2016.

Access to treasury management information is restricted to authorised personnel within the Finance team via unique user name and passwords, which must be changed every 30 days. Only PC's within the Finance department have access to the Finance drive (G:) and the main Cash deposit spreadsheet is password protected.

### **Performance Information**

The Council's TMP includes the requirement for the measurement of performance, in particular;

- To maintain liquidity of £5m for less than 1 month maturity
- Measure performance against the 3 month London Inter-Bank Bid Rate (LIBID).

For the Rate of Return against the (LIBID), details of each Investment including the yield figure is input into a spreadsheet by month, then the average return on investment is calculated and input into the summary sheet where it is compared to the LIBID. For the Liquidity indicator a review of the Cashflow Forecasting spreadsheet shows that within one month the Forecasted cashflow does not decrease below £5,000,000.

Currently the Finance department report monthly to Executive and Members on a number of Performance Indicators, one of which is the Return on Investment, these indicators are included within the monthly portfolio reports which are sent to Executive and Members

### **Risk Management**

The two risks identified within the Risk register related to Treasury Management (R.F.09 and R.F.03) are both reviewed on a quarterly basis and progress is monitored against them. R.F.03, the failure of institutions is mitigated by the Treasury Management Strategy and the Investment limits set within. R.F.09, the decrease in investment rating of the Co-op due to its merger with Britannia is currently being monitored and is seen to be returning to an acceptable level as ratings in the Co-op have improved over the last quarter.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Treasury Management	Green	Amber	0	0	1
	Performance Information	Green	Green	0	0	0
	Risk Management	Green	Green	0	0	0
<b>Total</b>				<b>0</b>	<b>0</b>	<b>1</b>

#### High priority recommendations

No high priority recommendations have been raised as a result of this audit

Management have accepted the recommendation raised.

**Audit No. BRK/10/12 – Final Report issued 26 March 2010**

**Audit Report on Sundry Debtors**

**This area was assessed as high risk in the Annual Audit Needs Assessment for 2009/10 and was identified for review on a 2-yearly cycle.**

**Audit Opinion**

Adequate assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.
- There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
- Our main concerns are based primarily around processing and recovery of debt, particularly with regards to monitoring and recovery of aged debt since September 2009.
- This system has not previously been audited by Deloitte and, therefore there is no comparison possible with previous findings. Hence, no direction of travel indicator can be given.

**Summary of Findings**

**Policies and Procedures**

Policies and procedures have been documented for the whole of the sundry debtor process, although these were last reviewed in September 2008. In addition, we noted inconsistencies between the documented procedure guidance and current working practices, particularly the debt recovery procedure and instalment payment process.

**Raising of Sundry Debtors, Refunds and Transfers**

Sundry debtor values are as such that it would be impractical to implement debtor credit checks.

Sundry debtor invoices are raised by service departments via an invoice request form with is authorised at service level and passed to Finance to process. We noted that Finance were processing invoice requests in line with their internally set three day timeframe, although in one instance we identified that there was an approximately two month delay in the service department handing the invoice request to Finance to process.

A six digit reference number is automatically assigned to an invoice upon input. The first five numbers run in sequence with a randomly generated number assigned as the last digit.

The vast majority of sundry debts relate to one-off invoices for building inspections, but procedural guidance directs staff to check debtor details on Integra before input of a request form.

Supporting documentation for invoices and refunds is maintained by Finance. In addition, we confirmed that service departments have their own records to support raised invoice request forms.

Supporting documentation is retained for transfers between sundry debtor accounts, although we identified a weakness in segregation of duties between the processing and authorisation of such transfers.

Service departments are responsible for the authorisation of refunds and these are then processed by Finance.

Monthly reconciliations are undertaken in respect of sundry debtors and refunds, although we identified that for one month tested they had not been subject to management review.

### **Suspense Items**

Items are posted to the sales ledger suspense account automatically for the following reasons: duplicate invoice payment, incorrect invoice payment and/or incorrect invoice number.

The sales ledger suspense account is reviewed on a daily basis. The Sales Ledger Technician is notified of items entering suspense via the daily run report of processed payments.

Items moving from suspense are recorded with the daily payment reports produced by Integra. Despite this, we identified inconsistencies in the documentation retained to support transfers from suspense. We also identified that the monthly reconciliations, which are subject to management review, may be a more appropriate place to retain such documentation and allow movement in and out of suspense for each month to be clearly demonstrated.

### **Processing and Recovery of Outstanding Debts**

The Council's Corporate Debt Management and Recovery Strategy were subject to review in March 2006. As previously outlined, inconsistencies were identified between the debt recovery procedure and current working practices.

Furthermore, we identified that a breakdown in the monitoring process of outstanding debts from September 2009 onwards had occurred primarily due to a lack of resource. Monthly monitoring reports produced to highlight outstanding debtors to service department, which in turn are used to inform Finance of the debtors to be placed on hold or passed to Legal to pursue further debt recovery action had not been produced since September 2009; our testing of a sample of aged debtors indicated that these had not been subject to appropriate recovery action following automated reminders being sent.

Aged debtor reports had been evidenced as being produced and subject to management review, however the usefulness of these reports is limited by the weakness in sending out monitoring reports to service areas.

The direct debit facility is not deemed by management as being appropriate to sundry debtors due to the values and nature of debtor invoices involved.

The monthly monitoring reports produced by Finance documenting the cases passed to Legal have not been produced since September 2009. These reports provide an opportunity for Legal to provide an update to Finance as to the latest position in terms of debt recovery.

In the event of a sundry debtor being pursued through court action, we confirmed that court and Solicitor fees would be added to debtor accounts.

### **Write off of Outstanding Debts**

The Council's Debt Write-off policy was last reviewed in March 2006.

Write-off requests are generated from service level departments. These are checked by the Sales Ledger Technician and then authorised by the Chief Accountant and s.151 Officer. A case history of individual write-offs is maintained and held with monthly write-off reconciliations which are subject to management review.

## Security

Security controls relating to the Integra system were reviewed as part of the computer audit review, BRK/10/17 – Finance Application – Integra. Proposed controls and recommendations were raised as appropriate and will be subject to follow as part of the year-end and ongoing follow up process.

## Performance Information

No performance Indicators are currently used to measure the department's performance. Performance indicators for 2010/11 have been drafted, awaiting approval and include a debtor day indicator, as such no recommendation is raised.

## Risk Management

No risks have been identified at corporate or service level in respect of sundry debtors

The following number of recommendations have been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Policies and Procedures	Green	Amber	0	1	0
	Raising of Sundry Debtors, Refunds and Transfers	Green	Amber	0	0	4
	Suspense Items	Green	Amber	0	1	0
	Processing and Recovery of Outstanding Debts	Amber	Amber	1	1	1
	Write off of Outstanding Debts	Green	Amber**	0	0	0
	Security	Amber	Amber***	0	0	0
	Performance Information	Red	n/a	0	0	0
	Risk Management	Red	n/a	0	0	1
<b>TOTAL</b>				<b>1</b>	<b>3</b>	<b>6</b>

## High Priority Recommendations

We have raised one high priority recommendations as a result of this audit. This is in the following area:

Monthly monitoring of debts should incorporate the following:

- Monthly monitoring spreadsheets outlining outstanding sundry debts for further action should be completed by Finance and distributed to relevant service departments.

- Service department authorisation for sundry debtor instalment arrangements should be documented and retained.
- Departmental updates should be recorded on the monthly debtor report instructing Finance as to the course of action to be pursued, i.e. place account on hold, send further reminders or pass to Legal to action.

A summary of the cases referred for legal action should be provided to legal on a monthly basis.

Management have accepted all recommendations raised

**Audit No. BRK/10/13 – Final Report issued 29 April 2010**

**Audit Report on Anglia Revenues Partnership Governance**

**This area was assessed as high risk in the Annual Audit Needs Assessment for 2009/10 and was identified for annual review.**

**Audit Opinion**

Adequate assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.
- There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
- The assurance level is based on having made one medium and one low priority recommendation.
- The direction of travel remains unchanged since the last audit report

**Summary of Findings**

**Strategic Vision**

Long term targets and plans have been established with targets and objectives clearly set out in the ARP Service Plan 2010-11. These are linked to the corporate aims of the Council.

Targets are realistic and sensitive and are included in annual Service plans. Outcomes are reported to the Joint Committee, to the Council via the quarterly performance reporting on the TEN system and to all stakeholders in monthly performance reports.

The objectives stated within the Service plan have clear links to on-going service delivery, with two headline objectives for Service Delivery and Service Efficiencies.

**Joint Committee - Terms of Reference**

Terms of reference for the Joint Committee and key officers within the ARP are stated and documented within the 'Agreement for the reconstitution of the Anglia Revenues Partnership' between Breckland District Council, Forest Heath District Council and East Cambridgeshire District Council. The Joint Committee can only make formal decisions provided at least one member from each authority is present. All decisions are minuted with copies of minutes published on Breckland Council's website. We confirmed that decisions were being made in accordance with prescribed controls.

**Financial Reporting**

Costs, including recharges for resources, between the Anglia Revenues & Benefits Partnership (ARP) and the Anglia Revenues & Benefits Trading company (ARPT) and participating authorities, in particular those relating to Breckland DC, are clearly defined and clearly documented.

ARP send an invoice request form to Finance in Dereham in order to raise an invoice to charge ARPT for resources used by the company. These are recharged at 100% cost basis at rates approved by Breckland Council (BRK send out rates) at the beginning of the financial

year. Timesheets are completed by ARP employees working for APRT which are signed by the employee and authorised by the Performance and Support Services Manager in his role as Operations Manager/Director of the ARPT. These are sent to the Finance Team at Breckland Council where an invoice request form is raised and the invoice sent to the ARPT.

The previous audit report recommended that quarterly reports of all charges made between the Anglia Revenues Partnership (ARP) and ARPT be produced. The report was to be reviewed by Breckland Council's Head of Finance and any queries investigated and resolved. The Performance and Support Services Manager (Operations Manager/Director for the ARP), responded by reiterating that the Finance team in Dereham was provided with all the relevant evidence (timesheets/agreed rates) with which to verify the monthly charges.

Testing completed as part the current review established that the ARPT have been undercharged by £170.68 for the services of the Appeals Officer in December 2009 and January 2010 due to the incorrect hourly rate having been applied. As a consequence, we extended our testing to check the supporting recharge schedules for the use of this officer since April 2009. No other issues were noted with this or any other officer contained in the samples checked. The correct hourly rate had been applied in February 2010 when the Appeals Officer had been used next.

We have made a recommendation that all hourly rates applied for the recharges are verified to confirm they match to the agreed rates. Implementation of this recommendation would remove the need for quarterly meetings and therefore recommendation 1 of BRK/09/13 is considered superseded.

Detailed testing into the budget monitoring arrangements undertaken at Breckland Council were reviewed as part of BRK/10/10 - Accountancy Services audit and as such to avoid duplication were not subject to further testing in this audit although we did confirm that there had been no changes to the arrangements with the Council agreeing budgets with the ARP and approval by the Joint Committee. Budgets for the ARP are monitored on a monthly basis in consultation between the APR Operations Manager and the Revenue Accountant.

### **Complaints Handling**

A complaints procedure and policy has been established by Breckland Council which is used by the ARP. Complaints are formally monitored through governance reports which are reported to Breckland Council through its committee structure, which incorporate complaints relating to the ARP. Complaints handling arrangements were covered in the review of Governance and Risk Management (BRK/10/14 – Final report issued 26/03/10). No issues of concern were noted. Details on complaints are fed back to the Joint Committee through quarterly performance reports as a standing agenda item and are broken down between each partner authority.

### **Risk Management**

The ARP has an approved risk management system, although the methodology used is based on a previous version used by Breckland DC and not the current version. Although reference to the two differing systems is referred to in the Council's Combined Operational Risk register and in the quarterly performance reports to Breckland management, it is not specified in the Council's revised risk management strategy as approved at the Audit Committee meeting in March 2010.

Risks relating to the ARP are updated and monitored through Breckland's performance management system (TEN). A detailed review of risk management was covered in the Corporate Governance and Risk Management audit (BRK/10/14 – Final report issued 26/03/10). No issued of concern were found.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Strategic Vision	Green	Green	0	0	0
	Joint Committee - Terms of Reference	Green	Green	0	0	0
	Financial reporting	Amber	Amber	0	1	0
	Complaints Handling	Green	Green	0	0	0
	Risk Management	Green	Amber	0	0	1
<b>Total</b>				<b>0</b>	<b>1</b>	<b>1</b>

#### High Priority Recommendations

We have raised no high priority recommendations as a result of this audit

Management have accepted both recommendations raised.

**Audit No. BRK/10/14 – Final Report issued 26 March 2010**

**Audit Report on Corporate Governance and Risk Management 2009/10**

This audit was assessed as high risk in the Annual Audit Needs Assessment for 2009/10 and was identified for annual review in order:

- To support the Head of Internal Audit in providing an annual report and opinion on the Council's arrangements for corporate governance and risk management.
- To support the preparation of the Annual Governance Statement, where the Council is obliged to demonstrate the adequacy of their governance framework and highlight any significant governance issues.
- To support the annual review of the Local Code of Corporate Governance.

**Audit Opinion**

Good assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- There is a sound system of internal control designed to achieve the client's objectives.
- The control processes tested are being consistently applied.
- The direction of travel has improved since the last audit visit.
- No recommendations have been raised as result of this audit, although there is a recommendation outstanding from BRK/10/01 – Corporate Governance and Risk Management, which has a revised implementation date of 31<sup>st</sup> March 2010.

**Summary of Findings**

**Governance – Local Code of Corporate Governance**

The Council's Code of Governance was approved by the Audit Committee on 12<sup>th</sup> June 2009 alongside presentation of the Annual Governance Statement (which is highlighted as a particularly good practice, as it allows the Committee to scrutinise the AGS whilst remaining aware of the Council's current compliance with good governance practice). The Code is aligned to the CIPFA/SOLACE – 'Delivering Good Governance in Local Government Framework' guidance.

The Council documents adherence through the Code of Governance – Self-Assessment Review 2009-10 Checklist and Improvement plan spreadsheet. Each of the six core principles and their relating 'requirements' are listed with links to supporting documentation that demonstrates compliance. Where gaps have been identified, further actions have been recorded with action owners stated and target dates specified. The gaps reflect the Council's ongoing commitment to scrutinising existing arrangements, rather than production of new documents or policies. The self-assessment is monitored on an ongoing basis throughout the year and updated on an annual basis by the Management Accountant.

Access to the Council's Code of Governance is available through the internet and intranet.

**Governance Core Principle – 'Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.'**

We confirmed that documentary evidence existed to support compliance with the core principle or action plans documented where further action was required.

In the CIPFA/SOLACE guidance, the core principle is broken down into 12 'requirements'. We confirmed that each requirement is mirrored in the Council's Self Assessment review and that evidence seen was fit for purpose.

### **Risk Management**

The Council's Risk Management Strategy and Methodology 2010-12 was approved by the Audit Committee on 12<sup>th</sup> March 2010. Minor changes were noted in the proposed Risk Management Strategy, the primary change being that the document is to be reviewed on a three-yearly basis as opposed to annually.

Risks are assessed against the Council's Methodology for Assessing Risks, which is undertaken in accordance with the approved scoring methodology. Service risks are included in annual service plans with strategic risks being recorded in the strategic risk register, which is subject to annual review, by lead officers in consultation with the Governance and Performance Accountant.

Provision exists for identification of new risks, which are assessed against the methodology and through consultation with the Governance and Performance Accountant.

The Council's Performance Management System, TEN is utilised to monitor performance and risk, with all risks grouped together for each service area. Each risk has a designated risk owner.

Where gaps in existing controls have been identified, mitigation plans are stated. These are also recorded on TEN and are subject to quarterly review by the risk 'owners'.

The Council has set its risk appetite for reporting risks as those which score six or more, as assessed in accordance with the Council's Methodology to Assessing Risk. Risks scoring six or more are included in the Governance report, which is reported through a quarterly reporting cycle to Performance Clinic, Corporate Management Team (CMT), Executive Board, Audit Committee and Cabinet. The performance clinics are again highlighted as a good practice, as it affords the opportunity for those charged with governance (including the Chief Executive and Leader of the Council) to challenge management as to the level of performance within individual services.

A recommendation was raised in BRK/10/01 – Corporate Governance and Risk Management audit undertaken in May 2009 with regard to providing Risk Management training to officers and members. Despite documenting evidence that this recommendation is in progress, we still consider it outstanding. As part of the cyclical follow up process on outstanding recommendations, a revised implementation date of 31<sup>st</sup> March 2010 has been agreed.

No recommendations have been raised as a result of this audit, as confirmed below.

<b>Adequacy and Effectiveness Assessments</b>	<b>Area of Scope</b>	<b>Adequacy of Controls</b>	<b>Effectiveness of Controls</b>	<b>Recommendations Raised</b>		
				<b>High</b>	<b>Medium</b>	<b>Low</b>
	Governance – Local Code of Corporate Governance	Green	Green	0	0	0
	Governance Core Principle	Green	Green	0	0	0
	Risk Management	Green	Amber**	0	0	0
<b>Total</b>				<b>0</b>	<b>0</b>	<b>0</b>

\*\*At the time of writing the audit report, one medium priority recommendation remained outstanding from BRK/10/01 – Corporate Governance and Risk Management for 2008/09.

**Audit No. BRK/10/15 – Final Report issued 10 March 2010**

**Audit Report on Receipt, Handling and Banking of Remittances**

**This area was assessed as high risk in the Annual Audit Needs Assessment for 2009/10 and was identified for review on a 2-yearly cycle.**

**Audit Opinion**

Adequate assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.
- There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
- This system has not previously been audited by Deloitte and, therefore, there is no comparison possible with previous findings. Hence, no direction of travel indicator can be given.

**Summary of Findings**

**Policies and Procedure**

Policies and procedures have been documented for cash receipting processes, although we noted that in some instances discrepancies between the procedural guidance and current working procedures were evident.

Customers are made aware of their payment options via details contained on official invoices and Council Tax bills, with further payment options detailed on the Council's website.

**Physical Security**

Secure arrangements exist for receipt and opening of post, and processing of remittances, including adequate segregation of duties.

Access to internet payments, the Council's cash receipting system CRS2000 and relevant remittance records is restricted to authorised personnel.

Remittances are securely held and are banked daily using a courier service that collects direct from the Council offices at Dereham.

Segregation of duties was observed throughout testing, although written guidance needs updating to reflect this more clearly.

The Council has insurance arrangements in place with Zurich Municipal to cover loss of income.

Staff responsible for processing remittances have not completed declarations of interest and are not restricted from processing payments on accounts belonging to friends or family members.

## **Receipting**

Each payment is accompanied by a unique payment reference number. For cheque payments that cannot be processed immediately, a register is maintained and updated once the relevant service department has confirmed the payment can be processed.

Internet and telephone payments are automatically updated into CRS2000 via a daily download from CAPITA.

Cheques received that have insufficient detail to process are sent back to the relevant bank. Payments that are not recognised by the system as having a valid reference number are allocated to suspense. The suspense accounts were reviewed as part BRK/10/10 – Accountancy Services audit undertaken in January 2010. Two recommendations were raised with regard to clearing historic items and future maintenance.

On-line and telephone payments provide instant receipts to customers. Receipts are issued for any miscellaneous payment received (cash or postal order) and for cheques upon the request of the relevant service department or at the request of individuals if the payment relates to Non- Domestic Rates. Receipts are not produced for Council Tax customers if paid by cheque, as this is not deemed cost effective. However, payments that are queried can be traced either through Council records or with the payee's bankers. Income is banked daily. Remittances waiting to be processed are held within a secure safe within the Cashiers office.

## **Posting of Income**

Payments are posted to the cash receipting system via unique customer reference numbers, of which the first two digits are linked to the fund type, thereby ensuring correct allocation to the ledger code. Whilst there were no post dated cheques held at the time of review, they are held only if they can be processed within five working days. Each cheque will be logged and will be processed once the due date has been reached.

## **Reconciling Income**

Monthly bank reconciliations were reviewed as part of BRK/10/10 – Accountancy Services audit undertaken in January 2010. One recommendation was raised in relation to the procedure document for undertaking reconciliations. Despite this, the Accountancy Services audit established that controls were operating as expected.

## **Performance Information**

No performance indicators are used by the Council specifically for remittances and no suitable indicators were identified for consideration as a result of this review.

## **Risk Management**

Following the recent transfer of Central Admin team from Customer Services to Finance, the risk identified for the Central Admin team relating to the cash receipting printer system still falls under Customer Services on the Council's Performance Management system.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Policies and Procedure	Green	Amber	0	0	1
	Physical Security	Green	Amber	0	1	0
	Receipting	Green	Amber	0	0	0
	Posting of Income	Green	Green	0	0	0
	Reconciling Income	Green	Amber	0	0	0
	Performance Information	n/a	n/a	0	0	0
	Risk Management	Green	Amber	0	0	1
<b>Total</b>				<b>0</b>	<b>1</b>	<b>2</b>

#### High Priority Recommendations

We have raised no high priority recommendations as a result of this audit

Management have accepted all recommendations raised.

**Report No. BRK/10/18 – Final Report issued 15 December 2009**

**Audit Report on Software Licensing**

**This area was assessed as a medium risk in the Computer Audit Needs Assessment for 2008/09 to 2010/11, and was identified for review on a 4-yearly cycle.**

**Audit Opinion**

Adequate assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that:

- While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.
- Although there is one medium and one low priority recommendation, software licensing arrangements appear to be well managed. Recommendations have been predominantly raised to lift existing controls to a good/leading practice standard; hence we have been able to provide an adequate level of assurance

**Summary of Findings**

**Software Policies** – Good controls were noted in this area although there is a weakness in terms of communicating policies to all staff. The Council has just approved funding to implement an e-learning tool that they intend to use to undertake such communication and a recommendation to ensure the implementation of that system was raised in the General IT Controls Audit (BRK0917) undertaken in February 2009. Hence, no repeat of that recommendation is being made here, however, this has been taken into consideration in the overall assurance level.

**Software Inventory** – Good controls were noted here in that there are good records being kept of all licenses purchased, be they in electronic or in paper form. It was noted that the controls in place are largely under the control of Steria, who provide the IT support service for the Council. However, no regular review of the software inventory is currently being undertaken and we have raised a housekeeping recommendation to that effect.

**Security of Software** – Good controls were found in that both software licenses and any original disks that have been received are kept securely at the Thetford office behind card key operated doors within the Steria working environment.

**Software Copyright** – The Council operates a strong preventative control against the unauthorised installation of software in that all 'normal' users are not given the ability to install software on their own machines. Authorised IT staff are the only ones with that authority. There is a software audit tool in place (Belarc), however, this is not used to review software installations and we have cross-referenced to the recommendation linked to the "Software Inventory" section above.

**Software License Procurement** – The Council has centralised its software license procurement function and all such requests are required to be authorised by the Head of ICT prior to its purchase. It was noted that not all requests made receive approval.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Software Policies	Amber	Amber	0	0	1
	Software Inventory	Amber	Amber	0	1	0
	Security of Software	Green	Green	0	0	0
	Software Copyright	Amber	Amber	0	0	0
	Software License Procurement	Green	Green	0	0	0
<b>Total</b>				0	1	1

### High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management have accepted both recommendations raised.

**Report No. BRK/10/20 – Final Report issued 27 January 2010**

**Audit Report on IT Security, Procurement and End User Controls**

**This area was assessed as high risk in the Computer Audit Needs Assessment for 2008/09 to 2010/11 and was identified for review on a 3-yearly cycle.**

**Audit Opinion**

Adequate assurance given

**Rationale supporting award of opinion**

The audit work carried out by Internal Audit indicated that while there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk.

Although there is a total of six medium priority recommendations and one low priority recommendation, a number of controls were found to be in place and operating effectively. Recommendations have been raised to lift these existing controls to a good/leading practice standard, and help mitigate against risks where the controls were seen to be weak.

**Summary of Findings**

**ICT Security Policies** – Whilst it was noted that an updated ICT Security policy has been drafted and is undergoing review there are weaknesses within the document that have been raised by previous audits but not acted upon (Specifically report BRK0802 – IT Security), therefore no further recommendation has been raised, although this has been considered in the Audit opinion.

**Access Controls to Council Offices and Sites** – The Council operates effective physical security measures in that all non-public areas are secure behind electronic proximity locks that require a door card to gain entry. CCTV is also installed and covers the parking areas at Dereham and a portion of the internal office space at Thetford.

**Practices for the securing of IT Hardware** – We found that the Council does not provide locking devices for its laptops and a recommendation has been raised. Other than the laptop weakness noted above, good controls exist in this area.

**Hardware Asset Lifecycle Management** – In general, good controls are in place in this area, although Steria's annual asset checking process has not yet been dealt with for 2009 due to resource constraints. There are processes in place that allows the Council to record and remove assets into and out of the Belarc monitoring system, which is also used as a software auditing application. There is presently no formal replacement policy in place, although it is recognised that the current ICT strategy sets out plans for an IT refresh using Cloud and thin client technologies, which is expected to be implemented imminently. A recommendation on drafting a formal replacement policy that covers the aftermath of the IT refresh exercise has been raised.

**Inventory Recording and Asset Numbering** – Sample testing of a small number of IT assets suggested that IT assets are tagged, albeit only with the asset number allocated to the device. A recommendation that suggests enhancements to the tagging system has been raised, which will help the Council follow best practice in this respect.

**Hardware Decommissioning** – Steria have a process in place for managing hardware decommissioning although there was little opportunity to evidence the process in action because it has not been required, except for some exceptional circumstances where individual devices have been formatted and transferred to third parties (for example, other parties within the Anglia Revenues Partnership). To date, unused devices have been kept in storage and reused wherever possible.

**IT Procurement (Hardware and Software)** – Good controls were noted in this area although there is no formal agreed hardware standard in place that guides the procurement of new devices, thus helping to ensure that only those devices that meet the Council's requirements are procured. Offsetting the weakness is the fact that there is ongoing informal discussion between Council management and Steria around the most appropriate devices to purchase.

**Mobile Device Security and Encryption** – Until recently the Council has been using Smartphone technology, but has chosen to move towards implementing a Blackberry Enterprise solution, which was still in trial mode at the time of the audit. The solution provides greater ability to comply with Government Connect requirements, which was the reason for the decision to use Blackberry devices. The implementation is a work in progress and recommendations have been raised to ensure the work progresses to completion. A recommendation on drafting a removable media policy has also been raised as no such document existed at the time of the audit. Management are currently working towards implementing an appropriate solution for managing end point security that fits into their existing infrastructure and they expect to be able to draft an appropriate policy when a decision on the most appropriate solution has been made.

**User Training** – There is a lack of user training around ICT security other than at induction. Whilst there is general knowledge about ICT security, especially resulting from the recent Government Connect work, the lack of a formal training programme exposes the Council to the risk that it will not be able to demonstrate that it trains its staff adequately in this respect. This could result in punitive or reputational damage. A recommendation on this issue has not been raised in this report as it has already been raised in a previous audit (BRK0820 – Remote Access). It was also noted that the recommendation remains outstanding.

**Health and Safety** – The Council operates an “exception-based” workplace assessment process whereby staff are given education opportunities and can request additional workplace assistance as required. Annual Portable Appliance (PAT) Testing is also in place.

**Screen Savers** – Screensaver controls are managed via Active Directory. The implemented controls were found to be adequate and in line with good practice.

The following number of recommendations has been raised:

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
				0	0	0
	<b>ICT Security Policies</b>	Amber	Amber	0	0	0
	<b>Access Controls to Council Offices and Sites</b>	Green	Green	0	0	0
	<b>Practices for the securing of IT Hardware</b>	Amber	Green	0	1	0
	<b>Hardware Asset Lifecycle Management</b>	Amber	Green	0	1	0
	<b>Inventory Recording and Asset Numbering</b>	Green	Amber	0	1	1
	<b>Hardware Decommissioning</b>	Green	Green	0	0	0
	<b>IT Procurement (Hardware and Software)</b>	Amber	Amber	0	0**	0
	<b>Mobile Device Security and Encryption</b>	Amber	Amber	0	3	0
	<b>User Training</b>	Amber	Amber	0	0	0
	<b>Health and Safety</b>	Green	Green	0	0	0
	<b>Screensavers</b>	Green	Green	0	0	0
<b>Total</b>				<b>0</b>	<b>6</b>	<b>1</b>

\*\*See recommendation 2 covering the replacement policy

### High priority recommendations

No high priority recommendations have been raised as a result of this audit

Management have accepted all recommendations raised.