Governance, Risk and Best Value Committee

2.00pm, Wednesday 23 September 2015

Internal Audit follow-up arrangements: status report from 1 April 2015 to 30 September 2015

Item number	7.4
Report number	
Executive/routine	
Wards	None

Executive summary

This report provides an overview of the process adopted by Internal Audit for following up the status of audit recommendations. It also identifies all the open audit recommendations at 30 June 2015 that are past their initial estimated closure date.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Report

Internal Audit follow-up arrangements: status report from 1 April 2015 to 30 September 2015

Recommendations

1.1   It is recommended that the Committee notes the status of follow-up actions and determine with which, if any, officers they want to discuss the status.

Background

2.1   Where follow-up actions in response to Internal Audit recommendations have not been taken by management in relation to critical, high and medium risks, escalation is to the Corporate Leadership Group (CLG) and GRBV.

Main report

3.1   At the end of each calendar quarter, Internal Audit prepares a complete listing of all open recommendations and shares these with Management on a divisional or line of service basis. Internal Audit then invites management to identify which recommendations they consider to have been addressed or which are no longer relevant.

3.2   Internal Audit will review Management's supporting evidence for recommendations that Management consider to be closed and feedback their view on whether this is the case. Recommendations that are agreed as closed; have their status updated in Internal Audit's records.

3.3   There are 3 high recommendations and 14 medium recommendations that remain open past their due date at 30 June 2015. These are split as follows:

Grading	Reported to GRBV in Jun 2015	Closed	Management now tolerating risk	Newly overdue	Total
High	3	-	(3)	3	3
Medium	10	(6)		8	12
Total	*13*	*(6)*	*(3)*	*11*	*15*

The details of these recommendations are shown in Appendix 1, with the 5 items previously reported to GRBV separately identified.

3.4   Management have taken the decision to tolerate the risks identified in 3 high internal audit findings reported as 'overdue' at the June GRBV Committee. These findings all relate to the ICT environment and will resolve with the implementation of the new ICT contract. Management have taken the decision not to undertake any ameliorative action to cover the interim period and tolerate the risks identified. These are set out in Appendix 2.

Measures of success

4.1   The implementation and closure of Internal Audit recommendations within their initial estimated closure date. Where recommendations are not closed within this time period, the Committee can determine whether action to date is acceptable or if further action is required.

Financial impact

5.1   Not applicable.

Risk, policy, compliance and governance impact

6.1   If Internal Audit recommendations are not implemented, the Council will be exposed to the risks set out in the relevant detailed Internal Audit reports. Internal Audit recommendations are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon compliance and governance.

6.2   To mitigate the associated risks, the Committee should review the status of overdue recommendations presented and challenge responsible officers where there is concern that limited or no action has been taken.

Equalities impact

7.1   Not applicable.

Sustainability impact

8.1   Not applicable.

Consultation and engagement

9.1 An overview was provided at the Corporate Leadership Group (CLG) and each Director was made aware of responsibilities to implement and agreed internal audit recommendations.

Background reading/external references

Not applicable.

Richard Bailes

Chief Internal Audit and Risk Officer

Links

Coalition pledges	PO30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Status report: Outstanding Recommendations Detailed Analysis
	Appendix 2 – Outstanding Recommendations previously reported to the Governance Risk & Best Value Committee where management have now decided to tolerate the risk identified by Internal Audit

No	Review and Risk Level	Initial Finding & *Recommendation*	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
Children and Families					
1	Access Controls for SEEMIS CF1406 ISS.2 Medium	The testing of the 2014 revalidation of SEEMiS users performed by schools has not been completed. This was due to be completed in August 2014 but was still in progress in February 2015. *Sufficient time and resources should be made available to complete the monitoring of school revalidations of Seemis users*.	This is now under way for the current school year. We have put in place a process to select 17 schools at random each year (within given sector parameters) and to make contact with each of these schools individually requesting that they check and confirm all their users' profiles. In future years this activity will be scheduled for the end of August or the beginning September, to coordinate with the HR leavers' list being distributed for checking and action at that time.	ICT Development Manager 30 May 2015	Instructions to schools covered by this exercise will be included with the normal SEEMiS update and news communication which is issued to schools at the beginning of term or early September.
2	Access Controls for SEEMIS CF1406 ISS.3 Medium	38 out of the 604 members of staff at schools who left in 2014 have not been removed from SEEMiS. This equates to 6% of all leavers covering a total of 24 schools. *Training should be given on the importance of ensuring that users have appropriate access and changes to access rights are made in a timely manner. It should also be ensured that the appropriate individuals know how to generate a listing of users and can remove their access.*	The audit has identified that the 6% of staff leavers not marked as such on SEEMiS comes from just 24 schools. To address this we will contact those schools individually, remind them of the process required to remove staff leavers and the importance of so doing. In addition, we will make guidance available for all schools on the Orb. We don't consider a training course as such is required or appropriate – the information needed on marking staff leavers is minimal and can be communicated specifically to offending schools and in general by placing guidance on the Orb and within relevant other mailings (for example ScotXed).	ICT Development Manager 30 June 2015	As a result of the 2015 SEEMiS audit recommendations and our subsequent investigations into how schools record staff in SEEMiS, a number of unexpected scenarios have come to light. For example, some schools are creating generic staff accounts – they can only do this if they create made up NI numbers. Also, there are some staff records that are clearly non-CEC staff – Police Officers (presumably school based community police officers), nuns (in RC schools), duplicate staff records for the same person (with the same name, date of birth, postal address etc.) but with two different NI numbers recorded against each. We need to consider these anomalies and develop policy guidance for schools. Also, there are a number of SEEMIS records where the employee number does not match that contained in their HR records. There are a number of possible reasons for such mismatches and some work is needed to correct them.
Health & Social Care					

No	Review and Risk Level	Initial Finding & *Recommendation*	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
3	Personalisation & SDS - Stage 2 RS1245 ISS.2 High	The Swift system has the capability to support authorisation controls, however, the cost threshold is currently set at £20K per week, potentially equating to £1.04M a year. This is such a high level that in effect, there is no authorisation process operating within the Swift system to prevent a service being attached to a client without approval. ***A control mechanism be introduced within the Swift system (or the new Adult Integration System) which ensures that no package of care service can proceed to conclusion within the Swift system without the appropriate approval being met.*** ***Exception Reports should be produced which highlight any services that have been attached to the system, which do not have the appropriate approval.***	A new Financial Approval Procedure will be produced which will ensure that all requests for care and support are approved before progressing to Business Services to be input to SWIFT. The Procedure will detail: 1 who can authorise what placement/ service/budget and their level of authorisation; 2 the mechanism through which authorisation will take place; 3 the monitoring and quality assurance measures to be put in place to ensure compliance with the procedure; and 4 Reports will be developed and tested to ensure staff comply with the procedure. 4-weekly automated payment reports will also be updated to include details of the Budget that has been approved on SWIFT and who authorised the spend along with the payment amount.	Business Services Manager 30 June 2015	A review of the business requirements for the SWIFT system has been undertaken; following which it has been agreed that full use should be made of the budget management facilities within SWIFT. This work is being taken forward through the transformation programme put in place as a result of the work undertaken with KPMG. The SWIIFT element of this work is expected to be complete by June 2016 and is being overseen by the SWIFT Governance Group which was established in July 2015.
4	Personalisation & SDS - Stage 2 RS1245 ISS.4 High	Our audit testing sample was extracted from the report titled "Services 1 – All Open Services (AB) 19.09.13". Analysis of this report highlighted that a number of the fields within a number of client records were either noted as 'Not recorded' or had the following entered ", ()". Additional analysis of the 'Service Actual Start Date' showed that: - 1 The earliest 'Service Actual Start Date' entered was 26 April 1963. This particular service was classified as 'Older People with Support Needs', however the client's date of birth is 12-Apr-1947 suggesting that the client was 16 when the service commenced; and 2 The latest 'Service Actual Start Date' noted was 16 April 2016, roughly two years seven months from the date of the 'open services' report. ***Data should be classified in order to establish information which is 'critical' to each stage of the process. All essential data should be cleansed. Data quality control checks should be established and undertaken on a regular basis. Highlighted issues should be incorporated into the service area's training and awareness programme.***	The need to identify critical data items and agree how these will be recorded has already been identified. A key part of this work will also be determining the quality assurance measures required in relation to key data. As part of this exercise the wide range of data quality reports that already exist will be reviewed with a view to removing reports that are no longer required, developing new reports if necessary and amending others. At the completion of this exercise a document will be produced detailing all data quality reports available and in respect of each report: 1 the purpose of the report; 2 where the report is located; 3 how the report is accessed; 4 who is responsible for maintaining the report; 5 who is responsible for running the report and at what frequency; 6 who is responsible for actioning the report and at what frequency; and 7 quality assurance arrangements in terms of monitoring that the report has been actioned and escalation arrangements if it has not.	Business Services Manager 30 June 2015	Work to identify essential data and means of ensuring data accuracy, via reports or SWIFT functionality, is being taken forward through the review of SWIFT overseen by the SWIFT Governance Group. The key action is to produce and implement a data quality strategy and implementation plan. The Data Quality Strategy is expected to be complete by December 2015; development of supporting procedures re identification and resolution of data anomalies is expected to be complete by January 2016.

No	Review and Risk Level	Initial Finding & *Recommendation*	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
5*	Care Plan Reviews HSC1302 ISS.7 Medium	A review should be scheduled for all open case files. Initial reviews occurring 4 to 6 weeks after service commencement should be followed up 6 months later. All cases should be reviewed at least once a year. We tested a sample of 30 cases with a service start date of June 2013. We found that no future review date was recorded for 15 of the cases tested. Review was overdue for 6 of those 15 cases. *A future review should be recorded on Swift when the previous review is closed off.*	The Business Development manager will take responsibility for checking the 30 cases that Internal Audit have identified and investigate why 15 of these cases did not have a future review date recorded.	Senior Manager Assessment & Care Management North 31 March 2015	Information on reviews will be part of the essential data set being identified through actions taking place in response to item 5 above.
6	Care Plan Reviews HSC1302 ISS.8 Medium	The service start date, assessment date, review date, and future reviews should be documented on Swift, along with client and care details. We tested a sample of 30 case files with a service start date of June 2013. We found that records were variously recorded on Swift, the G: drive and e-Assess. We understand further case notes may also be stored in hard copy. Due to incomplete and inaccurate data on Swift, we were unable to complete our planned testing of case review documentation. *All care events should be documented accurately and completely on Swift.*	The implementation of the AIS assessment tool should bring about standard recording of reviews on SWIFT. It is also planned that all clients will only have one assessment recorded on SWIFT with all subsequent re-assessments being recorded as reviews.	Business Development Manager (Sector Services) 31 March 2015	Following the implementation of the new outcome focused assessment tool on SWIFT/AIS in April 2014, all new assessments and reviews are recorded on SWIFT/AIS only. The process for recording is documented in SWIFT processes. No new records are recorded on eAssess. Until a Corporate electronic document management system is implemented (time-scale currently unknown), documents relating to case records will have to be retained on the G drive.
7	Procurement RS1225 ISS.1 Medium	The relationship between the Contracts Team and Planning & Commissioning teams for monitoring is not formally defined. While the Contracts team and Planning & Commissioning teams work in conjunction to monitor service provision, separate responsibilities with regard specifically to the monitoring process are not clear. *The roles and relationships between the separate teams covering contract monitoring and service provision monitoring should be clearly defined and communicated to all key staff.*	Scheduled for discussion/response at December 2013 Senior Management Team	Contracts Manager 30 June 15	This action point remains 'Ongoing' as the roles and the responsibilities will be defined as part of the current infrastructure review. The report on the Infrastructure review proposals have not yet been made available and require approval. It is expected that he proposals will be available by the end of August 2015
8	Personalisation & SDS - Stage 2 RS1245 ISS.5 Medium	The audit review highlighted a lack of awareness of the type of management information and / or exception reports which are available to 'operational managers'. It was also established that there is no management information for some types of care packages which are 'spot' purchased. In addition, there is an inconsistency in approach for a number of the Swift reports which are produced in respect of the type and frequency of checks being carried out. *Management Information / exception reports held within the Swift and Business Object systems are reviewed to ensure that the right people are receiving the right information at the right time to allow managers to make informed decisions over key controls / processes such as the monitoring of care package costs.*	Management information requirements will be reviewed in the light of the implementation of self-directed support and reporting requirements identified. As part of this exercise existing reports will be reviewed and a decision made in each case as to whether they should be retained, amended or dropped; any requirement for new reports to be developed will also be identified. At the completion of this exercise a document will be produced detailing all management information reports available.	Business Services Manager 30 June 2015	The lack of data in relation to spot purchased care will be addressed through budget management via the SWIFT workstream detailed in the response to action 4 above. As an interim measure, Finance colleagues have developed a suite of reports, which combine data from SWIFT with Oracle budget data which is provided to sector managers on a weekly basis, to support them in budget management. Training has been provided to relevant managers in how to interpret these reports.

No	Review and Risk Level	Initial Finding & *Recommendation*	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
9	Personalisation & SDS - Stage 2 RS1245 ISS.6 Medium	Packages of care are currently not checked against the relevant financial budgets during the approval process. *Financial budgets should be considered at authorisation stage for packages of care. Any costs which will exceed approved budget levels should be agreed by senior management prior to approval.*	A new budget structure is currently being developed in response to the changes required by the Self-directed Support Legislation. Work around the implementation of this structure will include a review of authorisation levels, responsibilities and process.	Head of Older People & Disability Services 30 June 2015	A review of the business requirements for the SWIFT system has been undertaken. Following which it has been agreed that full use should be made of the budget management facilities within SWIFT, including budget authorisation with the ability to view impact on overall budget. This work is being taken forward through the transformation programme put in place as a result of the work undertaken with KPMG. The SWIFT element of this work is being overseen by the SWIFT Governance Group established in July 2015 and is expected to be complete by April 2016. As an interim measure, Finance colleagues have developed a suite of reports, which combine data from SWIFT with Oracle budget data which is provided to sector managers on a weekly basis, to support them in budget management. Training has been provided to relevant managers in how to interpret these reports.
Services for Communities					
10	Key IT Systems Access Control CG1307 ISS.16 High	No logging is carried out for Northgate. Whilst it is possible to establish if a specific record has been accessed it is not possible to determine if any updates/changes have been made or by whom. This applies to both normal user and super user activity. The system privileges afforded super users make this of particular concern for these users. *1. Clarification is sought from the system vendor (Northgate) on what logging functionality is available.* *2. Clarification is sought from BT as to what logging functionality is currently enabled and if any review thereof is carried out.* *3. A risk based assessment of Northgate system access and activity be conducted and aligned with the logging functionality required to address the identified risks. With the resulting logs requiring to be appropriately reviewed.*	We agree with these recommendations and will seek to establish what logging processes can be put in place.	Operational ICT Programme Manager, Business Improvement Team, Services for Communities 30 June 2015	Clarification is currently being sought from BT and Northgate as to what activities are logged and auditable.

No	Review and Risk Level	Initial Finding & *Recommendation*	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
11	School Meals CF1402 ISS.4 Medium	For the in-house service, the full cost of provision of all meal types is agreed between Services for Communities (SfC) and Children & Families (C&F). Historically, an annual inflationary increase has been applied based on RPI, however for 2013/14 and 2014/15, no agreement has been reached, therefore current costs recharged are still per charges in place as at April 2012. ***Senior Management within SfC and C&F need to formalise the budget and recharge arrangements going forward to allow future planning.***	The Head of Corporate Property, Finance Managers from SfC and C&F will seek to formalise the recharge process going forward.	Acting Head of Corporate Property 30 April 2015	This action remains open.
12*	Review of Controls Around Fuel Storage at Depots RS1246 ISS.5 Medium	City Fleet and Road Services do not have clearly defined roles and responsibilities for Council fuel resilience. Roads Services and Fleet Maintenance are not aware of any policy, procedure or strategy documentation in relation to fuel resilience. The Roads Manager stated that the fuel storage level which triggers the ordering of fuel has been significantly increased since the last fuel crisis. Fleet Maintenance are currently undergoing a rationalisation review which will consider fuel supplies and are working on a new Fleet Strategy which will include the provision of fuel supplies. ***A fuel resilience procedure should be drawn up by the division in liaison with the Corporate Resilience Unit.***	City Fleet and Roads Services will seek to work with the Corporate Resilience Unit to develop a central approach to fuel resilience.	Fleet Services Admin & Finance Controller 31 March 2015	Work has concluded to incorporate the fuel management system in Bankhead Roads Depot, into Fleet Services existing system and then the Fleet inspection regimes. Work is still ongoing between Fleet services, Business Continuity and the Emergency Planning Officer on the development of a policy to ensure resilience of fuel stocks. Estimated completion 31 August 15.
13*	Property Rationalisation SFC1306 ISS.2 Medium	From a review of the IPD report and controls discussions, it was noted that the quality of information which is presented to the Property Rationalisation Unit is not always adequate to make informed decisions about property rationalisation. The data from each asset varies in quality, meaning that the council cannot fully assess the expenditure and income from revenue streams operating within each property. The reports which are received require further work before information is of sufficient quality for decision making. This makes it hard to track performance and to get reliable data for all assets held by the council. ***We recommend that the method of reporting on asset usage be updated to ensure that a clear Property Rationalisation Strategy can be developed. This will support better data sharing and more efficient performance reporting on buildings.*** ***Where required, the systems should be updated or reporting methods changed to ensure that the same information can be presented for all properties to allow direct comparisons to be made, ensuring that the strategic plan is correct and making best use of the Council's properties.***	The Council's new Computer Aided Facilities Management (CAFM) system for property data is currently being introduced to improve access to data at individual property level. This will enable us to capture all data required to report real time for all KPI's. The CAFM solution will also provide asset management, asset tracking and trend analysis functionality and the ability to report on historical data	Asset Strategy Manager 31 October 2014	Phase 1 of CAFM is now expected to be completed by 31 August 2015.

No	Review and Risk Level	Initial Finding & *Recommendation*	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
14*	CAFM - Corporate Property SFC1406 ISS.2 Medium	There are only two buildings from the Council's estate currently using CAFM meaning that for majority of the buildings within the Council, the AS400 system is still being use. The intention is to migrate the remaining property assets into the CAFM system as part of Phase 2 along with the implementation of new modules. The delivery of the CAFM solution is behind schedule, however, the implementation team anticipate that given the correct resource requirements and investment, the CAFM will progress and be delivered within the revised timelines ***The Council should ensure that Phase 1 of the CAFM project is completed within the revised timetable.***	We will close out all outstanding issues relating to Phase 1 and ensure Head of Service signs off phase 1 as complete.	Management Information Officer 31 March 2015	The timetable has slipped further and it is now expected that phase 1 will be completed by 31 August 2015
15	CAFM - Corporate Property SFC1406 ISS.3 Medium	Although the Facilities Management (FM) Managers have been trained to use CAFM, update training is required before CAFM is implemented for all buildings managed by FM. This update training has been prepared, but does not include any specific written guidance on areas where there are likely risks of errors, or specifically what the FM manager is to look at when reviewing a works order. ***FM managers training should include information on risky areas and common errors, as well as giving them guidance on what they should look for when approving a works order. Some form of checklist or lessons learned document should be used to advise them on likely errors.***	We will produce an agreed training plan for all Corporate Property staff and ensure that the correct resource is made available to roll out the training, including areas of risk, governance and reporting.	Management Information Officer 30 May 2015	Systems Administration training has been provided. The Training plan for the overall roll out has still to be drafted.

Actions where Management have chosen to accept the risk

No	Review and Risk Level	Initial Finding & *Recommendation*	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update

1	ICT - Disaster Recovery
	
	CG1301
	
	ISS.1
	
	High
		The Corporate Business Continuity Plan (BCP), covers all identified essential services which the Council requires to be resume within 72 hours. The Service BCPs details the critical ICT systems and services that underpin the delivery of these services. However the Council does not have an ICT Disaster Recovery Plan (DRP) which could be invoked in the event of the existing ICT infrastructure becoming un-available.
		
		A formal ICT DRP is developed and approved which includes coverage of the following:-
		  - Clearly identifies all the critical ICT requiring to be recovered.
		  - Prioritisation of critical systems to enable the most critical to be recovered first and the timescales involved in doing
		so.
		  - The roles and responsibilities for plan implementation.
		  - Incident Management procedures.
		  - Contact details in case of emergency.
			The ICT Contract with BT does include elements of disaster recovery. These are expressed in terms of particular desired outcomes for each system under BT's management. A formal ICT DRP will be created covering the areas highlighted. This information already exists in different locations, but it will be amalgamated into one document that will be signed off by all relevant parties.	Chief Information Officer
				
				31 January 2015
					Given that the BT contract is coming to an end, the costs and benefits are not considered to be proportionate. This risk will be addressed for the future ICT solution being provided by the new ICT contract / provider

2	ICT - Disaster Recovery CG1301 ISS.3 High	It is not centrally known what user data and systems software back-up arrangements or Disaster Recovery (DR) provisions are in place for services or applications sourced outwith the contract with BT. *The DR contingency arrangements of all critical services and applications sourced outwith the BT contract are identified and included in the Information Asset Register (IAR).*	The IAR will be refreshed to include any newly identified 'critical' systems.	Chief Information Officer Governance Manager 31 January 2015	Given that the BT contract is coming to an end, the costs and benefits are not considered to be proportionate. This risk will be addressed for the future ICT solution being provided by the new ICT contract / provider
3	Key IT Systems Access Control CG1307 ISS.12 High	The Northgate Suite of applications includes Council Tax, Council Tax Benefit, Housing Benefit and Non-Domestic Rates (NDR). A shared database sits behind two different versions of the applications, with Corporate Governance currently using V6 and Services for Communities (SfC) using V5 with plans to upgrade to V6 later this year. Corporate Governance and SfC run separate Helpdesk Services, each administering system access independently of each other through different helpdesk software packages which do not interface with each other (Corporate Governance utilise 'Kayako', with SfC having adopted the 'JITBIT' system). This approach has given rise to control weaknesses in relation to the overall management of the user population and system access control. There is also a disparity of good practice between the two Helpdesk Services, for example, in the way access requests are processed and recorded. *Consideration is given to unifying the Helpdesk Services into one operation with standard processes and clearly defined responsibility in relation to user administration and control.*	As part of the restructuring initiative, an Internal Shared Services Centre is expected to be created. It is anticipated that these two helpdesks will be merged into the shared service centre.	Director of Corporate Governance 30 June 2015	This action has not been undertaken and will now be addressed as part of the implementation of the new ICT contract.