

AUDIT SERVICES MONITORING REPORT: THIRD QUARTER 2006/07

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1.0 AUDIT WORK IN THE THIRD QUARTER 2006/07

1.1 FINAL REPORTS ISSUED

- IT Network Controls 2006/07
- Freedom of Information Act 2006/07
- Cash Receipting 2006/07

1.2 Issues arising

The key recommendations are given in Appendix A.

The main issues related to:

IT Network Controls [Draft report submitted to IT User Group September 2006]

This was the first time this area had been audited. An external specialist computer auditor was used to carry out the technical audit tests. The main findings were:-

- over-reliance on one experienced employee was the main issue, so there was a need to formally document policies, procedures, network set ups / changes and to ensure that other IT employees were given both on-the-job and external training to develop their skills in this area.
- the Disaster Recovery Plan needs to include network servers, personnel and critical stationery and what was required of employees. The plan then needs to be tested.
- access to the server room should be by card [not keypad lock] to tighten security and the chiller unit needed to be urgently repaired or replaced. [This was actioned immediately]
- Health and Safety arrangements for IT employees working alone, particularly after hours, needed to be in place.
- software needed to be adequately insured.
- access to the network needs to be regularly reviewed, particularly in terms of temporary or fixed term contract employees and for those using remote access facilities.

Freedom of Information (FOI)

This was the first time this area had been audited. A requirement of the FOI Act is to have in place information management systems and practices that will allow Copeland to know what information it holds, know where that information is and be able to retrieve and distribute information in a timely and efficient manner. There is an awareness of the National Archives Records Management Model Action Plan. However, there has been limited implementation of the requirements.

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To comply with statutory requirements:-

- outstanding work re records management should be identified and resources identified to implement the requirements. This should include a review of document structure to facilitate compliance with the publication of information.
- the Publication Scheme needs to be updated to specify the manner in which information of each class is, or is intended to be, published.

Cash Receipting

A new cash receipting system had been introduced in March 2006. We, therefore, carried out a more in-depth audit this year, to give an assurance about the controls in the system and the new operating procedures. A number of recommendations are detailed at Appendix A.

1.3 FOLLOW-UP AUDITS

- National Non-Domestic Rates (NNDR) 2005/06

A running progress report is kept of all Priority 1 and 2 recommendations outstanding, since the first formal follow-ups were carried out in January 1997. Details of these are given at Appendix B. [The only additional recommendations to those reported last quarter will relate to those from the NNDR 2005/06 follow up audit.]

1.4 Issues arising from outstanding recommendations

- The implementation of recommendations is still being slowed down by competing priorities. Audit has fallen behind with the planned follow ups because of a staff vacancy and long term sickness.

2.0 EXTERNAL AUDIT

2.1 The Governance Report 2005/06 was reported to the Audit Committee on 28 September 2006.

2.2 No other external audit reports have been issued in the third quarter.

3.0 INTERNAL AUDIT PERFORMANCE AGAINST AUDIT PLAN 2006/07

3.1 Internal Audit achieved 67% of planned audit work as at 31 December 2006, compared to the target of 90%. A summary of the audit performance measures for the first quarter is attached at Appendix C. See also the comments at 4.2 and 4.3 below.

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4.0 STAFFING ISSUES

- 4.1 The Senior Auditor resigned, with effect from 29 September 2006. This post was not filled until 3 January 2007. The part time Audit Technical Officer has also been on sick leave since 19 October. This has left only 1.5 Audit Technical Officers and the Audit Manager in post. The 1.5 Audit Technical Officers also attend an AAT college course one day per week.
- 4.2 This has seriously impacted on performance because the audit plan is based on the expectation that we will have a certain number of staff in post all year. Efforts will need to be concentrated on completing the audits of the main financial systems. Work on Loans and Investments started in January. [Still to be started: Main Accounting System, Creditors, Sundry Debtors and the Budget Process]. Other audits will be deferred until these are completed.
- 4.3 Audits to be deferred include:-
- Procurement Arrangements
 - Contract Management (Public Buildings)
 - Renovation Grants
 - Enforcement
 - E.Government Arrangements
 - Crime & Disorder Act compliance
 - Evaluating whether service objectives have been met
 - Evaluation of Business Continuity plans
 - Partnership developments

These deferred audits will be rolled forward to 2007/08, following the annual review of risks.

5.0 OTHER AUDIT WORK

- 5.1 The audit section also undertook work in the third quarter on:-
- Implementation of the M3 computer system for Planning [a briefing note was issued to the relevant manager, rather than an audit report];
 - Payroll
 - Benefits
 - National Non-Domestic Rates {NNDR}
 - Disabled Facilities Grants

Final reports for these audits will be issued in the fourth quarter.

The Audit Manager also attended the Financial Management System (FMS) Project meetings, in preparation for the implementation of the new computer system.

6.0 CONCLUSION AND RECOMMENDATION

- 6.1 There has been serious slippage against the Audit Plan due to a staff vacancy and long term sickness. The external auditor has been informed of this and extended deadlines have been agreed for the main financial systems work. These deadlines will be met.

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6.2 It is recommended that Members note this report.

List of Appendices: [Appendix A – Key Findings Quarter 3 2006/07](#)
[Appendix B – Outstanding Key Recommendations](#)
[Appendix C – Performance Indicators for 3rd Quarter](#)

Background papers: Audit Plan file 2006/07: Audit systems files

Officers Consulted: Corporate Team

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