

# Angus Council Internal Audit



## Update Report

Scrutiny & Audit Committee

27 September 2016

Allan Munn  
Audit Manager  
Chief Executive's Unit

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## Introduction

This report presents the progress of internal audit activity within the Council up to end of August 2016 and provides an update on:

- Progress with the 2016/17 Internal Audit Plan;
- Progress with implementing internal audit recommendations;

## Audit Plan Progress Report

### 2016/17 Internal Audit Plan – Progress update

The table below summarises progress as at end of August 2016.

Audits	Planned	In course (fieldwork + review)	Draft report	S&A committee date / ( <i>target in italics</i> )
<b>Corporate Governance</b>				
Corporate Governance annual review – 2015-16				<i>21 Jun 2016</i>
Risk Management	Aug 2016			<i>7 Mar 2017</i>
Agile Working	Jan 2017			<i>22 Jun 2017</i>
Review of Corporate Culture	Oct 2016			<i>22 Jun 2017</i>
Health & Social Care Integration	Sep 2016			<i>To be scheduled by Lead Auditor</i>
Information Governance – Information Management	Aug 2016			<i>22 Nov 2016</i>
Strategic and Operational Planning	Jul 2016			<i>27 Sep 2016</i>
Culture & Leisure Trust - Monitoring	Nov 2016			<i>7 Mar 2017</i>
<b>Financial Governance</b>				
Schools' Funds - Governance	May 2016			<i>23 August 2016</i>

Audits	Planned	In course (fieldwork + review)	Draft report	S&A committee date / (target in <i>italics</i> )
Corporate Budgeting and Financial Accounting	Jul 2016			<b><i>24 Jan 2017</i></b>
NNDR (National Non- Domestic Rates)	Sep 2016			<b><i>24 Jan 2017</i></b>
Payments Processing – Service Redesign	Jul 2016			<b><i>24 Jan 2017</i></b>
<b>IT Governance</b>				
IT Change Management	Aug 2016			<b><i>22 Nov 2016</i></b>
IT System Development	Nov 2016			<b><i>7 Mar 2017</i></b>
IT User Access Management	Jul 2016			<b><i>27 Sep 2016</i></b>
<b>Internal Controls</b>				
Absence Management	Sep 2016			<b><i>7 Mar 2017</i></b>
Staff Development and Appraisal	Aug 2016			<b><i>24 Jan 2017</i></b>
Development of CAATs (Computer Audit Assisted Techniques)	Jul 2016			<b><i>22 Jun 2017</i></b>
<b>Asset Management</b>				
Stocks (year end)	Mar 2016			<b><i>21 Jun 16</i></b>
IT Asset Management	Jun 2016			<b><i>23 Aug 16</i></b>
Fleet Management	Aug 2016			<b><i>22 Nov 2016</i></b>
<b>Legislative and other compliance</b>				
LEADER - European Maritime Fisheries Fund (Rural Funding)	Aug 16			<b><i>22 Nov 2016</i></b>
Carbon Reduction	Jan 17			<b><i>22 Jun 2017</i></b>
Interreg (European Funding)	Jan 17			<b><i>22 Jun 2017</i></b>

## Transforming Angus Programme Boards

Staff continue to attend meetings of the Agile Working Board. Due to staff movements staff representation on the TA Boards is currently under review.

## Summary findings of internal audit reviews

This section provides a summary of the material findings of internal audit reviews concluded since the last meeting. It also provides information on the number of recommendations made. Recommendations are ranked in order of importance, with level 1 being the most material. Discharge of recommendations is followed up by Internal Audit and reported to this Committee.

Members are asked to consider the following summaries and provide any commentary thereon.

The following reviews are summarised in this paper:

- Strategic and Operational Planning
- IT User Access Management

### Strategic and Operational Planning

<b>Level 1</b>	-	<b>Level 2</b>	5	<b>Level 3</b>	-
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Strategic and operational plans are key elements in determining the direction of change for the organisation. These consider the organisation's current position and set organisational goals and objectives for the future. These also reflect the means by which the goals will be delivered and how during the period of change, the progress will be measured. These measurements will be key indicators of success in managing change.

The audit sought to provide assurance that appropriate controls are in place to evaluate how the Council plans for both short and medium term planning incorporating changes brought about by legislation and service transformation.

The areas examined included:

- Strategic and operational plans which set out the short, medium and long-term objectives for the Council.
- Alignment of Council Strategic and operational plans with the aims of Transforming Angus Programme.
- Consultation with relevant stakeholders, including where appropriate members of the public, Council Members, staff and other directorates.

- The established specific and measurable objectives and targets with lead officers identified for each one.
- The monitoring arrangements in place to assess progress in delivering the plans.

Five (Level 2) recommendations were made. These recommendations relate to the updating of operational plan guidance, consistent reporting, identifying measurable actions and the monitoring and completion of actions on the Council’s corporate “Covalent” system.

## User Access Management – Carefirst Application

Level 1	3	Level 2	2	Level 3	-
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Carefirst is one of the leading social care case management systems. As the system holds sensitive information related to Social Work activities, it is imperative that access to the system is well managed to ensure all personal records are held securely and the controls prevent unauthorised access to confidential information. It is also important that system users have the appropriate access level assigned to them. Control weaknesses in these areas will increase the risk of data theft or loss and the consequences of such could include a significant financial penalty imposed by the Information Commissioner’s Office as well as adverse publicity that would affect the Council’s reputation.

The objective of the audit was to provide assurance that the system user administration is appropriately managed and that the levels of access applied to users of the system is in accordance with operational requirements.

The areas examined included:

- Application access controls, to review security options available.
- User account management, to ensure only authorised users have access.
- User access levels, to ensure the levels of access are appropriate and that there is adequate segregation of duties in relation to the administration and operation of the system.

Five recommendations (3 “level 1” and 2 “level 2”) were made to improve the control environment.

# Implementation of internal audit recommendations

## Background

The quarterly summary report is presented below in accordance with the agreed reporting schedule.

## Summary of Progress

The recommendations classed as outstanding are those where the required action has not been completed by the original completion date. In some cases revised completion dates have been agreed with management. The classification of outstanding includes the recommendations with the agreed revised completion dates and also those which are in progress/partially completed.

The figures presented in the table below have been obtained after analysis of both the Internal Audit system (MKI) and the corporate action recording and monitoring system, "Covalent". The processes and means by which the systems are updated and the analysis of progress is carried out remains under review as the current processes are not straightforward. It is our intention to continue to drive forward improvements in how the information is updated and how the updates are communicated to Internal Audit.

The information presented below reflects the position at the end of August 2016. The EMT is now receiving and reviewing detailed quarterly reports on the outstanding level1 recommendations.

- Table 1 below shows progress with implementing internal audit recommendations across each Directorate.
- Table 2 details outstanding recommendations by Directorate, year and grade.

Members are asked to note the position in implementing internal audit recommendations.

**Table 1 – Outstanding recommendations per Covalent**

	<b>Chief Executive</b>	<b>Communities</b>	<b>Children and Learning</b>	<b>Resources</b>	<b>Total</b>
Recommendations complete since last update	2	7	4	33	<b>46</b>
Complete pending evidence	2	2	3	1	<b>8</b>
<b>Total overdue</b>	<b>7</b>	<b>1</b>	<b>8</b>	<b>35</b>	<b>51</b>



**Table 2 - Outstanding recommendations by Directorate, year and grade**

Directorate	Year	Level 1	Level 2	Level 3	Grand Total
Chief Executive	2015/16	-	6	1	7
					<b>7</b>
Communities	2015/16	-	1	-	1
					<b>1</b>
Children and Learning	2016/17	6	2	-	8
					<b>8</b>
Resources	2011/12	1	-	-	1
	2012/13	-	-	-	-
	2013/14	-	5	-	5
	2014/15	-	4	-	4
	2015/16	1	4	1	6
	2016/17	4	13	2	19
					<b>35</b>
Grand Total					<b>51</b>

