

## INTERNAL AUDIT – AUDIT UPDATE

### SUMMARY:

This report describes the work carried out by Internal Audit for quarter 4 and an overview of the work delivered for 2017/18.

### RECOMMENDATION:

Members are requested to:

- i. Note the audit work carried out in quarter 4.
- ii. Note the overall deliverables for 2017/18.

## 1 Introduction

1.1 This report is to provide Members with:

- An overview of the work completed by Internal Audit for quarter 3.
- An overview of the audits completed for 2017/18 inline with the agreed audit plan.

## 2 Resources

2.1 The resources within the internal audit team have altered through out 2017/18. An Audit Manager was permanently appointed in September 2017. The newly appointed Audit Manager is currently on maternity leave and an interim cover for this position was in place.

2.2 At the end of March, the interim Audit Manager found alternative work leaving the post vacant. Contractors continue to be utilised to provide assistance for the delivery of the Internal Audit Plan.

## 3 Audit work – Q4 17/18

3.1 The following audit work has been carried out within quarter 4:

Work	Status
FMS and Bank reconciliation	A <b>reasonable assurance</b> opinion has been given to this area. Findings are detailed within appendix A.
Purchase Ledger	This audit is still at draft report stage as some queries have been identified with the findings within the report, which need to be reviewed further prior to providing an assurance opinion within this area.

NNDR Billing and Collection	A <b>substantial assurance</b> opinion has been given to this area. Findings are detailed within appendix A.
Payroll	A <b>substantial assurance</b> opinion has been given to this area. Findings are detailed within appendix A.
IT Equipment	A <b>limited assurance</b> opinion has been given to this area. Findings are detailed within appendix A.
Community Asset follow up	A follow up was carried out on the recommendations made from the Community assets audit carried out in 2016/17. The findings from the follow up has changed the assurance opinion within this area from limited assurance to <b>reasonable assurance</b> . Findings are detailed within appendix A.
IT Network Security follow up	A follow up was carried out on the recommendations made from the IT network security audit carried out in 2016/17. The findings from the follow up result in a <b>reasonable assurance remaining</b> . Findings are detailed within appendix A.
Parking Machine Income follow up	This follow up was deferred until 2018/19 to allow for the new parking machines to be in place.
Depot (Capital project)	This audit is still in progress and will be carried forward to be completed within 2018/19.

### 3.2 Other deliverables:

Internal Audit have provided input and advice as part of the Risk Management Group which is overseeing the reconstitution of the Council's risk management processes and development of strategic and operational risk registers.

Input has also been provided to continuing work to ensure that the Council is set up to comply with the new General Data Protection Regulations (GDPR), which replaces the existing Data Protection Act from May 2018.

An investigation into allegations of a potential breach of data was also undertaken which concluded that there was no evidence that a breach by Council staff had occurred.

## 4 Overview of audit work carried out in 2017/18

### 4.1 The following audits and follow up's have been carried out within 2017/18:

<b>Audit/ follow up</b>	<b>Assurance</b>
FMS & Bank Reconciliation (Key financial system)	Reasonable
Purchase Ledger (Key financial system)	Draft report stage
NNDR Billing & collection (Key financial system)	Substantial
Payroll (Key financial system)	Substantial
Purchase of land & property	Limited
Contract letting & tendering	Reasonable
Transparency code	Limited
Cyber security	Reasonable
Card payments	Reasonable
Activation Aldershot (C/f from 2016/17)	Reasonable
IT portable equipment	Limited
HMRC follow up	Limited
External tenants follow up	Reasonable
Capital projects follow up	Reasonable
Farnborough & Aldershot markets follow up	Substantial
Community Assets follow up	Reasonable
IT network security follow up	Reasonable

- 5.2 From the table above the following audits/ follow up's were added to the 2017/18 audit plan during the year.

<b>Audit/ follow up</b>	<b>Reason for adding to the audit plan</b>
Card payments	This was reviewed as a result of a customer complaint received.
IT portable equipment	Concern was raised as to the asset management of IT portable equipment.
IT network security follow up	Follow up missed off of the original plan.

- 5.3 It was originally thought that the following audits could also be carried out within 17/18:

<b>Service</b>	<b>Audit/ follow up</b>	<b>Notes</b>
Planning	Planning applications	No concerns have been raised in this area.
Community	Weekly refuse and recycling collection contract	The waste contract has recently been renewed. Therefore, deferring this review until the next financial year would allow time for the contract to be fully implemented prior to review.
Finance	Financial borrowing	The risk associated with this area would be low as the current level of borrowing is minimal and has only recently been utilised.

However, due to resource limitations, as detailed in section 2, and the additional higher risk audits and follow ups being carried out within 2017/18 as detailed above in 5.2, these were not commenced.

- 5.4 It should be noted that sufficient audit coverage has still been achieved within 2017/18 to enable the Audit Manager to provide an overall assurance opinion (AUD 18/03 report)

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**HEAD OF SERVICE:** Amanda Fahey

**References:** *Internal Audit – Audit Plan* report, presented to the Committee on the 27<sup>th</sup> March 2017

<http://www.rushmoor.gov.uk/CHttpHandler.ashx?id=17541&p=0>

*Internal Audit – Update report*, presented to the Committee on the 26<sup>th</sup> June 2017

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CId=166&MId=256&Ver=4>

*Internal Audit – Update report*, presented to the Committee on the 25<sup>th</sup> September 2017

<https://democracy.rushmoor.gov.uk/documents/s2990/September%202017%20-%20Audit%20update.pdf>

*Internal Audit – Update report*, presented to the Committee on the 29<sup>th</sup> January 2018

<https://democracy.rushmoor.gov.uk/documents/s3505/Item%207%20Internal%20Audit%20update.pdf>

## Appendix A

<b>Audit Title</b>	<b>Financial Management System (FMS) &amp; Bank Reconciliation</b>	
<b>Year of Audit</b>	2017/18	
<b>Assurance given</b>	<b>Reasonable</b> - <i>Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.</i>	
<b>Overview of findings</b>	There continues to be sound controls in place in respect of the Council's FMS and bank reconciliation. Recommendations have been made relating to the improvement of documented procedures, budget monitoring and strengthening user access management processes. Two recommendations from the previous audit review remain outstanding in respect of streamlining supporting records to the system and bank reconciliations and Managers complying with the need to provide notifications of internal staff changes that may affect system access requirements.	
<b>Priority</b>	<b>Key findings</b>	<b>Way forward agreed</b>
Low	<p><b>Security of Data</b> All manual files are held in filing cupboards which are lockable however there is no system in place for locking these at night and holding the keys elsewhere.</p>	<p>This has been reviewed as part of the corporate GDPR project and a key safe with combination lock has now been introduced in the department.</p> <p>The Finance Manager is responsible for ensuring relevant staff have the code for the safe and are locking filing cabinets each evening.</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)</i></p>
Medium	<p><b>Procedures</b> Currently procedures are in place for some of the key functions such as bank reconciliations but not for others, such as VAT.</p>	<p>Review procedures and ensure key processes are documented</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)</i></p>
Medium	<p><b>Review of Integra Users</b> There is no formal review of Integra users to check whether access still required or set at the appropriate level.</p>	<p>Investigate the possibility of designing a Crystal report to pick up user, authorisation limits and menu access for annual review by Heads of Service</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)</i></p>

Medium	<p><b>System Access</b> A user authorisation form signed by the relevant Head of Service was not on file in all cases to support the current list of users. The form had not been subject to revision for some time and did not reflect current access levels available on the system.</p>	<p>Form to be updated for future use Ensure signed form on file for all users</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)/ Morag McVey (Payments &amp; Insurance Manager)</i></p>
Low	<p><b>System Access</b> The User Authorisation form completed by Heads of Service is outdated and does not reflect current user access rights available in Integra.</p>	<p>User Authorisation forms to be updated in line with current user access rights.</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)</i></p>
Low	<p><b>Miscoding of VAT</b> The VAT accountant, in the main, takes responsibility for correcting VAT miscoding rather than passing back to the service to rectify.</p>	<p>Where appropriate, provide feedback to managers where miscoding takes place to aid their understanding.</p> <p><i>Officer responsible: Rebecca Caldicott (Accountant)</i></p>
Low	<p><b>VAT</b> Some services use standard templates, which may be pre-populated with the incorrect codes, for raising regular invoices and this may be the cause for the incorrect coding of VAT.</p>	<p>Accept risk. Monitor for error and feedback to Manager as appropriate.</p> <p><i>Officer responsible: Rebecca Caldicott (Accountant)</i></p>
Medium	<p><b>VAT Procedure Notes</b> There are no documented procedure notes regarding the monthly check of VAT codes using the Crystal report and one Accountant has expert knowledge regarding all matters relating to VAT.</p>	<p>Procedure notes to be written. Another accountant to be trained to shadow the VAT return process and the monthly check.</p> <p><i>Officer responsible: Rebecca Caldicott (Accountant)</i></p>
Low	<p><b>Holding Accounts</b> One holding account selected for review had not been signed off at year-end.</p>	<p>All holding Accounts to be subject to sign off</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)</i></p>

Low	<p><b>Suspense Account Balance</b> Suspense account 9336 contains a number of historic balances which are unlikely to be cleared.</p>	<p>Aged, unidentified items should be cleared. However, this will not improve accuracy of budget monitoring as it is unlikely that we can now identify the correct coding for these balances. All new suspense items are cleared on a regular basis to the correct codes.</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)/ Morag McVey (Payments &amp; Insurance Manager)</i></p>
Medium	<p><b>Timeliness of Reconciliations</b> Three out of eight reconciliations between April and December 2017 had been undertaken in excess of 20 working days after the last day of the previous month end and one independent sign off had taken place 34 days after the reconciliation.</p>	<p>Timing of reconciliations to be reviewed – major reconciliations to be identified and carried out in a timely manner (two weeks) but balance risk of accuracy against size of account/scale of risk. Recognition that some quarters may have other work pressures, and a longer time-frame may be acceptable, however final quarter always to be completed in a timely manner for final accounts deadline.</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)</i></p>
Low	<p><b>Budget Monitoring</b> There is currently no standard format for Budget Managers and Accountants to follow during their monitoring meetings or a template that needs to be completed/ signed to demonstrate that specific requirements have been met and any errors identified and amended.</p>	<p>All Budget Holders are supplied with budget monitoring reports and salary data in the same format. Heads of Service agree final reports at CLT. Longer term project to automate part of the monitoring process could contain some sort of sign off process and standardised working but this is not a priority for the service given the low level of risk.</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)</i></p>

Previous audit recommendation	<p><b>Supporting Records</b> Some progress has been made to streamline the reconciliation supporting records to electronic format, although there remains scope in this area, primarily for cash receipting and bank reconciliations.</p>	<p>Low risk level – not high priority for the service.</p> <p><i>Officer responsible: Alan Gregory (Finance Manager)</i></p>
Previous audit recommendation	<p><b>Staff Changes</b> Service managers were not always notifying the Payments and Insurance Manager of staff changes which affected their system access.</p>	<p>HR provide a list of starters and leavers/changes to the Payment and Insurance Manager who then takes appropriate action</p> <p><i>Officer responsible: Morag McVey (Payments &amp; Insurance Manager)</i></p>

<b>Priority key for way forwards</b>	
High priority	A fundamental weakness in the system/area that puts the Authority at risk. To be addressed as a matter of urgency.
Medium priority	A moderate weakness within the system/area that leaves the system/area open to risk.
Low priority	A minor weakness in the system/area or a desirable improvement to the system/area.



<b>Audit Title</b>	<b>NNDR Billing and Collection</b>	
<b>Year of Audit</b>	2017/18	
<b>Assurance given</b>	<b>Substantial</b> - <i>Key controls designed to achieve the system/function/process objectives are in place. There are opportunities to enhance/strengthen these controls.</i>	
<b>Overview of findings</b>	<p>A substantial assurance audit opinion reflects that the system continues to operate effectively with sound controls in place. This encompasses key areas such as annual billing, collection of monies owed, refunds, reconciliations and submissions to Central Government.</p> <p>The NNDR processes are in the early stages of a 'systems thinking' review and processes and procedures will be updated to reflect the outcomes of this.</p> <p>The systems thinking approach has also recently been applied to the inspections process to ensure that they are effectively focussed and risk-based so that income is maximised for the council. The review has just been completed and the updated approach is ready to be implemented.</p> <p>A number of minor recommendations have been made to strengthen processes further.</p>	
<b>Priority</b>	<b>Key findings</b>	<b>Way forward agreed</b>
Low	<p><b>Local Taxation Manual</b> The Manual is in place but with recent structure changes the processes detailed may not be up to date.</p>	<p>Council Tax Core Team has a revised manual which is based around their core procedures.</p> <p>Once system thinking reviews have been completed for business rates and the inspection process then the manual will be overhauled.</p> <p><i>Officer responsible: David May (Principle Revenues and Benefits Officer)</i></p>
Medium	<p><b>Systems Thinking Review</b> A systems thinking review is due to be completed for</p>	Now that we have the key staff in place we can move forward with the review.

	<p>NNDR but there is no formal timetable setting out key stages, milestones, etc.</p>	<p>A timetable will be put together with key milestones and a structured framework.</p> <p><i>Officer responsible: David May (Principle Revenues and Benefits Officer) &amp; Erin Edwards (Business Rates Technical Officer)</i></p>
Low	<p><b>iWorld System Access</b> There are Council Tax officers with unnecessary full access to the NNDR system, from a time when they were part of the Core Team.</p>	<p>Officers in the Council Tax Core Team will have their access to NNDR (Business Rates) system as view only.</p> <p>They still need access to view in case they do receive any calls from Business Rates customers that they can answer.</p> <p><i>Officer responsible: David May (Principle Revenues and Benefits Officer)</i></p>
Medium	<p><b>End / Review dates</b> Our testing of reliefs and exemptions identified that End / Review dates were not recorded for most accounts and these accounts will not appear on future weekly 'Events' list for each relevant officer and prompt follow up / action.</p>	<p>We have carried out an review exercise where we targeted certain types of discounts/reliefs and visited these properties or carried out a paper review.</p> <p>Officers are responsible for their own cases and should have diary events to monitor their cases. However, we will incorporate this into our NNDR review.</p> <p><i>Officer responsible: David May (Principle Revenues and Benefits Officer) &amp; Erin Edwards (Business Rates Technical Officer)</i></p>

Medium	<p><b>Inspections</b></p> <p>a) A Systems Thinking review has just been completed to provide a more focussed and risk-based approach, in particular in view of the future 100% retention of rates proposed by Central Government. Although processes for this new approach will evolve, procedures need to be produced to support these.</p>	<p>The review has been completed and we are now monitoring performance to ensure the new process is working for us. For example, generating income and mitigating losses – once satisfied, procedure notes will follow.</p> <p><i>Officer responsible: David May (Principle Revenues and Benefits Officer) &amp; John Corrie (Revenues Inspector)</i></p>
Medium	<p>b) There is no standard inspection routine for all NNDR reliefs and exemptions including empty properties. There were a few accounts sampled that held the narrative ‘inspection outstanding’ on the iWorld system</p>	
Low	<p><b>Credit Balances</b></p> <p>There is currently no formal monitoring of credit balances although the largest account (£91,300) had been identified for action.</p>	<p>A review will be carried out on the remaining credit balances on account.</p> <p><i>Officer responsible: Erin Edwards (Business Rates Technical Officer) &amp; Susan Willmott (Local Taxation Officer)</i></p>
Low	<p><b>Suspense Account</b></p> <p>There is good monitoring of the current year’s items but once the financial year is complete, there is no further review and balances remain. It was identified that there were various values dating back longer than 10 years.</p>	<p>From now on, we will check the suspense account for previous years.</p> <p>However, when the previous year has passed, receipts won’t be posted to previous years so all we will be able to check is payments that we have previously been unable to identify to see whether any further information has come to light.</p> <p><i>Officer responsible: Erin Edwards (Business Rates Technical Officer)</i></p>

<b>Audit Title</b>	<b>Payroll</b>	
<b>Year of Audit</b>	2017/18	
<b>Assurance given</b>	<b>Substantial</b> - <i>Key controls designed to achieve the system/function/process objectives are in place. There are opportunities to enhance/strengthen these controls.</i>	
<b>Overview of Findings</b>	<p>Testing demonstrated that good audit trails with clear supporting documentation were found to be in place for starters, leavers, payroll amendments, payments processing and reconciliations.</p> <p>Since the previous audit review, a new on-line process for claims for overtime and car mileage has been introduced which has strengthened the control environment. Responsibility now lies solely with managers to assess and approve claims on-line.</p> <p>Although, sickness records continue to be submitted manually, it was noted that from April 2018 sickness would be recorded on-line with Manager approval.</p> <p>A number of minor recommendations have been made to strengthen processes further.</p>	
<b>Priority</b>	<b>Key findings</b>	<b>Way forward agreed</b>
Low	<p><b>Procedure Notes</b> Procedures have/are being developed by the Payroll function. These could be more detailed in the areas suggested in the audit report.</p>	<p>Notes continue to be developed as process changes and following feedback.</p> <p><i>Officer responsible: Julia Gower (HR &amp; Payroll Officer) &amp; Di Cordina (HR &amp; Payroll Officer)</i></p>
Medium	<p><b>Diary System for Future Actions</b> Currently a manual diary is used for recording future amendments to be made in CHRIS, as there is currently no facility in CHRIS to set up automatic reminders.</p>	<p>Explore the use of the HR calendar in Outlook and investigate Chris to see if end dating temporary contracts / other temporary changes are feasible.</p> <p><i>Officer responsible: Estelle Rigby (Principal HR Officer)</i></p>

Low	<p><b>Grade Change</b> Amendments testing highlighted that, in one case, where a grade increase had been applied, there had been incorrect action taken regarding an existing honorarium and new entitlement to an essential car allowance.</p>	<p>On implementation of a grade change, any standing amendments to current pay such as allowances and honorariums will be reviewed to ensure that overpayments are not made.</p> <p>Develop and introduce a change form for completion by the manager to inform of changes to pay.</p> <p><i>Officer responsible: Estelle Rigby (Principal HR Officer)</i></p>
Low	<p><b>Amendments to Standing Data</b> The records retained which show updates made to standing data in CHRIS are not signed to indicate who made an independent internal check of the data entered/amended.</p>	<p>The records retained which show updates to standing data in CHRIS will be signed and dated to indicate who made an independent internal check of the data entered/amended.</p> <p>Tax &amp; NI checks at the start of the financial year, checks on L code, K code, and NI letters A &amp; C.</p> <p><i>Officer responsible: Julia Gower (HR &amp; Payroll Officer) &amp; Di Cordina (HR &amp; Payroll Officer)</i></p>
Medium	<p><b>BACS Submission Rights</b> Currently only the two Payroll Officers have BACS submission rights.</p>	<p>An additional member of staff to be identified from Finance who could submit BACS in absence of the payroll officers.</p> <p><i>Officer responsible: Estelle Rigby (Principal HR Officer)</i></p>
Low	<p><b>Submission of Expenses</b> The Way Forward from the 2015/16 audit relating to the timely submission of staff expenses has not been addressed fully in that, although a reminder had been issued, a timescale had not been agreed and communicated.</p>	<p>A communication to go out to all managers / staff with recommended timescales for submitting staff expense claims.</p> <p><i>Officer responsible: Estelle Rigby (Principal HR Officer)</i></p>

<b>Audit Title</b>	<b>IT Equipment</b>	
<b>Year of Audit</b>	2017/18	
<b>Assurance given</b>	<b>Limited</b> - <i>Minimal controls designed to achieve the system/function/process objectives, are in place. Significant improvements are required if key controls are to be established.</i>	
<b>Overview of findings</b>	<p>A limited assurance opinion reflected that controls in place for asset managing mobile phones assigned to staff were in need of significant improvement. Records held by the IT Service Desk and the phone network provider did not always reflect current users with a number of phones referenced against ex-employees. This is in part due to historical inaccuracies in the records transferred to the Service desk and Departments not complying with the Mobile Phone Policy in terms of recycling existing phones through IT. The Council does however use a mobile device management system to monitor and locate smartphone devices.</p> <p>Controls relating to the issue of tablet devices and laptops were operating effectively.</p> <p>Recommendations have been made to carry out a full inventory check on Council phones, reconstitution of the database of users and correction of on line billing references. The Mobile Phone Policy also needs to be updated and issued to all new and existing users.</p>	
<b>Priority</b>	<b>Key findings</b>	<b>Way forward agreed</b>
Medium	<p><b>Inventory Check</b></p> <p>A full physical inventory check should be undertaken by IT Service Desk of all mobile phones owned by the Council. The database of users and assets held by IT should be reconstituted referencing each phone to an individual and accurate sim record. Some form of annual review should also be undertaken to ensure that phones issued were still required and assigned to the right user.</p>	<p>Full inventory check &amp; database reconstituted as recommended.</p> <p><i>Officer responsible: Nigel Swan (IT Technical Services Manager)</i></p>
Low	<p><b>Updating Vodafone Billing Reference</b></p> <p>Once an inventory check has been undertaken and the database of phones reconstituted, phone references for Vodafone itemised billing should be</p>	<p>This will be implemented following inventory check and reconstitution of the database.</p> <p><i>Officer responsible: Nigel Swan (IT Technical</i></p>

	updated online against the correct employee and maintained.	<i>Services Manager</i>
Medium	<b>Return of Mobile Phone</b> The former employee should be contacted to return the phone that was issued with immediate effect	Employee to be contacted to return the phone or be invoiced for the market value of the phone.  <i>Officer responsible: Nick Harding (Head of IT and Facilities)</i>
Low	<b>Leavers Checklist</b> As part of the leaver process, HR should add an entry to the existing leaver's checklist prompting the return of assigned equipment if applicable.	<b>Actioned per recommendation</b>  <i>Officer responsible: Rachael Gray (HR Manager)</i>
Medium	<b>Mobile Phone Policy</b> The Mobile phone policy should be reviewed and updated to reflect current requirements	Mobile phone policy will be updated and reviewed.  <i>Officer responsible: Nigel Swan (IT Technical Services Manager)</i>
Low	<b>Mobile Phone Policy Issue</b> The Mobile phone policy should be issued to all existing users of a Council mobile phone and with all newly issued mobile phones	Agreed. This will be implemented following revision of the Mobile Phone Policy referenced above.  <i>Officer responsible: Nigel Swan (IT Technical Services Manager)</i>

<b>Audit Title</b>	<b>Community Assets follow up</b>		
<b>Year of Audit</b>	2017/18		
<b>Assurance given at time of the audit</b>	<b>Limited</b> - <i>Minimal controls designed to achieve the system/function/process objectives, are in place. Significant improvements are required if key controls are to be established.</i>		
<b>Assurance given at time of the follow up</b>	<b>Reasonable</b> - <i>Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.</i>		
<b>Overview of findings</b>	Audit work carried out in April 2016 identified a number of isolated issues where issues had occurred between departments in respect of the management of community assets. Subsequent to this review, recommendations made to strengthen compliance appear to have been adhered to with no subsequent issues occurring although there had been few changes in lease arrangement since the original audit. Two outstanding actions remain from the original audit report, which relate to the location of the budgets for community assets and which department should be the custodian.		
<b>Priority</b>	<b>Way forward agreed</b>	<b>Follow up findings</b>	<b>Recommendation status</b>
	'Community, Legal and Finance will agree, at the start of the lease/lease changes/new tenant, the requirements'. The details agreed will be documented and held by Legal Services'.	On enquiry, this continues to operate as agreed.	Completed
	'Legal Services will hold all relevant documentation relating to Community Assets and the leases/maintenance'.	Legal Services hold details when they are made aware of who is the building. Community have notified Legal Services of all the leases/maintenance that are in operation.	Completed
	'Changes to the scheme of delegation would be required so that the Head of Community and Environment in conjunction with Estates and Financial Services can agree leasing community assets'.	The Solicitor of the Council has authority under the scheme has delegated powers to agree leases. This would be sufficient if Legal Services were to be designated custodians of community assets as recommended.	Completed



	‘The booking forms and legal agreements for letting out facilities will be reviewed by Legal Services’.	The Head of Community & Environment confirmed that all forms and legal agreements are sent to Legal Services for review.	Completed
	‘The Head of Community and Environment and the Solicitor to the Council agreed that Legal Services would be better suited as the Custodians of the community assets so that all are reported under Corporate Services’.	Finance will follow up with the Head of Community & Environment and the Solicitor to the Council to see exactly which budgets will need to be moved. As the 2018/19 budget process is nearly complete, any changes will be considered after the Council has approved the budget in February, as this could involve not just moving the budgets between cost centres but also between portfolios in the summary budget reports.	Underway
	‘The Head of Community and Environment will work with the Head of Financial Services to review the community assets budgets and income with a view to potentially passing the budgets to Building Services’.		Underway

<b>Audit Title</b>	<b>IT Network Security follow up</b>		
<b>Year of Audit</b>	2017/18		
<b>Assurance given at time of the audit</b>	<b>Reasonable</b> - Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.		
<b>Assurance given at time of the follow up</b>	<b>Reasonable</b> - Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.		
<b>Overview of findings</b>	Four recommendations were made as part of the original audit review issued in March 2017. Of these, one recommendation has been fully implemented relating to the strengthening of patch management application to the network to address potential vulnerabilities. Progress has been made in addressing the three other recommendations the most notable of which was to schedule and test the recovery of critical applications. The Council is currently finalising the design and implementation of a new backup solution with encrypted data being stored in a cloud environment. Once this has been completed, testing of data recovery and security incident plans can be undertaken. This is expected to be achieved by the end of June 2018. Work is also underway to review the Acceptable Use of IT Policy as recommended.		
<b>Priority</b>	<b>Way forward agreed</b>	<b>Follow up findings</b>	<b>Recommendation status</b>
	A number of older Microsoft patches (2015/16) have yet been deployed. A secondary control should be devised to catch MS patches not managed via WSUS.	The Council has procured the <i>Nessus</i> tool, which is a piece of detective software that is able to run a check across an estate of systems/servers to identify if any security vulnerabilities are present. It then informs IT Services what patches are missing from the servers in question so that action can be taken to remove the exposure.	Completed
	The Acceptable Use of IT Policy (AUP) and all connected IT appendices should be updated to include a revision date. Subsequent review to be performed	The Network Manager with input from the HR Manager is currently finalising a review of the AUP. Once a review has been completed, it is intended to develop a system of employee sign off as acceptance that they have read and	Underway

		understood the requirements of the policy.	
	Critical application data restore testing to be implemented. Regular (i.e. quarterly) data restore testing to be scheduled.	a solution is near completion using Veeam Enterprise. The solution entails data backups with long-term lifespans being encrypted and stored in a cloud environment. The detailed design is almost complete and the solution is due to be finalised in early April. Upon completion critical application testing can be scheduled and tested.	Underway
	A Security Incident Response Plan should be reviewed and tested prior to February 2018.	In terms of business continuity, a desktop exercise is planned for April in conjunction with the Council's risk management lead.	Underway