

London Borough of Islington

Internal Audit Annual Report

2014/15



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1. Introduction

1.1. Purpose of this report

This report summarises the work that Internal Audit has undertaken during the financial year 2014/15 and provides details on the high risk and priority issues which could impact on the effectiveness of the internal control environment across the Authority.

1.2. The Role of Internal Audit

The role of Internal Audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal Audit is therefore a key part of the Council's assurance cycle and is just one of the sources of assurance available to the Council and Audit Committee.

Each year, we seek to adapt and enhance our approach in order to take in to account the Council's risk profile and changes in the system of internal control to ensure that our work remains focused on the areas of high risk and seeks to avoid duplication of effort, where there are other sources of assurance in operation, for example, external audit and Ofsted.

1.3. Overview of the Internal Audit Approach

The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit provides an annual audit opinion and report that can be used by the organisation to inform its governance statement. As such, this report also presents the annual opinion in respect of the adequacy and effectiveness of the organisation's system of internal control. The opinions provided in this report are based on the work completed by the in-house team across the Cross Council Shared Audit Service (with Camden) and our internal audit contractor, PWC.

We generally undertake individual projects with one of two objectives in mind:

- **Assurance Reviews:** The majority of projects are geared towards providing assurance to management on the operation of the Authority's system of internal control.
- **Specific Advice reports:** Other projects are geared more towards the provision of specific advice and support to management to enhance the efficiency, effectiveness and economy of the services and functions for which they are responsible.

We also undertake:

- **Compliance Audits:** We assist in the review of financial related regulations that the Council needs to comply with. This includes establishment audits (e.g. Schools, Tenant Management Organisations) and grant audits.
- **Proactive Anti-fraud and Forensic Reviews:** The internal audit work covers investigations into "internal" instances of suspected fraud, proactive anti-fraud work, and other activities, such as CAATs analysis, National Fraud Initiative (NFI) support, and training and awareness. The work delivered supplements investigative work undertaken by dedicated housing benefit and blue badge fraud teams in the council.

All audit reports include recommendations and actions agreed with management that will, if implemented, further enhance the control environment and the operation of the controls in practice. We formally follow up all of our work within 12 months of issuing a final report to monitor the levels of implementation of agreed actions.

1.4. Overview of work done in the year

The original Audit Plan for 2014/15 was approved by the Audit committee in April 2014. We have continued to communicate closely with senior management to ensure that the audit reviews undertaken represent a focus on high risk areas, in the light of new and ongoing developments in the authority to ensure the most appropriate use of our resources. The final number of projects delivered was 35 after taking into account projects which were cancelled or deferred to 2015/16, requests for new (unplanned) projects by service management, and Internal Audit support given to Fraud and Risk colleagues. The results of the key performance indicators measuring the performance of the internal audit section for 2014/15 can be found on page 9.

1.5. Internal Audit Opinion

The Head of Internal Audit is satisfied that the work undertaken during 2014/15 enables him to form a reasonable conclusion on the Council's control framework, risk and governance arrangements. For the year ended 31st March 2015, it is the Head of Internal Audit's opinion that the adequacy and effectiveness of the Council's arrangements is as follows:

<p>OVERALL OPINION</p>	<p>Moderate Assurance – overall the Council's systems for control, risk and governance are generally adequate with some improvement required. Medium risk rated weaknesses identified in individual assignments are not significant in aggregate to the system of internal control, high risk rated weaknesses identified in individual assignments are isolated to specific systems or processes, and none of the individual assignment reports have an overall classification of critical risk*. This opinion has been derived from consideration of the detail below.</p>
<p>CONTROL</p>	<p>Generally, the Council has sound systems of control in place. 22 (69%) of the 32 audits undertaken in the year with an assurance rating opinion, provided positive messages with 'substantial' or 'moderate' levels of assurance as to the adequacy and effectiveness of the internal control environment, while the number of reports providing a 'limited' or 'no' assurance was 10 (31%). In comparison, our 2013/14 annual report also gave positive assurance in 69% of reports with controls opinions, and negative assurance in 31% with 'limited' or 'no' assurance ratings.</p> <p>Action plans agreed by management to implement audit recommendations are expected to result in control improvements and progress against these plans will be tested in scheduled follow up reviews which will be reported to future Audit Committees in the 2015/16 year.</p> <p>Our findings on the key themes in 2014/15 are set out below.</p>
<p>RISK</p>	<p>In 2014/15, a refreshed council-wide approach to risk management was designed and implemented to proactively identify threats that need to be minimised and opportunities that should be maximised in a consistent and proportionate manner. This has resulted in a new framework capturing key strategic, operational and programme/ project risks resulting in a more enterprise-wide and dynamic approach. Key aspects of the new approach have included the development of a top-down (CMB-owned risks) and bottom-up approach (service-owned risks) to risk management including the identification of 11 key principal risks facing the Council as identified by CMB and senior management across each Department. Further advancements have included aligning transformational programmes with industry standard programme risk management to help optimise the success of any change initiatives as well as ongoing support to various parts of the Council in terms of risk awareness training. Going forward, tools for training for all officers will be made available and risk reviews will take place each divisional management team every six months prior to CMB and Audit Committee to help integrate and embed effective risk management within the culture of the Council.</p>
<p>GOVERNANCE</p>	<p>Our work within Departments and through attendance at the Audit Committee over the year has not identified any significant issues with the Council's overall governance framework.</p>

*The "no assurance" report detailed 2.2 was subsequently increased to "limited" on follow up (see detail at page 7)

1.6. Report Assurance Ratings by Service Area

Service Area	Substantial Assurance	Moderate Assurance	Limited Assurance	No Assurance	Not Rated (Mgmt Letters)	Total
Cross-Cutting/Corporate Review	1	2	3	-	1	7
Chief Executive's Office	1	1	-	-	-	2
Environment and Regeneration	-	2	-	-	-	2
Housing and Adult Social Services (HASS)	-	2	2	-	-	4
Children's Services (Non-Schools)	-	1	-	-	2	3
Children's Services (Schools)	-	7	3	1*	-	11
Finance and Resources (including DST)	-	5	1	-	-	6
Total	2	20	9	1*	3	35

* follow up of recommendations subsequently undertaken now shows control environment to be indicative of limited assurance – see p7.

2. Key themes identified in 2014/15

2.1. Fundamental and Key Financial Systems

Each year Internal Audit carries out reviews of the Council's fundamental financial systems. This process allows External Audit (KPMG) to place reliance on the work performed by Internal Audit. It also allows Islington to limit External Audit fees spent on reviewing the authority's activities.

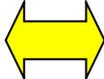
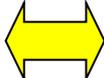
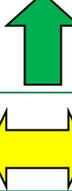
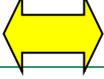
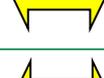
In the 2014/15 year we have expanded our understanding of the processes currently scheduled for testing by refreshing our knowledge of the authority's key financial systems to ensure we are addressing the risks faced at the current time. We did this by holding workshops for all of the key financial areas listed below, remapping and reconfirming key controls with management.

The key financial systems reviewed during this audit were:

- Cash Management
- Payroll
- Accounts Payable
- Accounts Receivables – Sundry Income
- Housing Benefits
- Council Tax & NNDR
- Parking
- Abacus (Home Care Payments)
- Estates Parking
- Treasury Management
- Softbox

The systems above represent the Council's fundamental financial systems. Council Tax, NNDR, Parking and Sundry Income represent a large component of the Authority's revenue; whilst Payroll, Accounts Payable and Housing Benefit represent the most significant proportion of the Authority's revenue expenditure.

The 2014/15 overall opinion rating for the fundamental systems was 'moderate' assurance, which is an improvement from the assurance opinion of "limited" in 2013/14. Generally, the key controls in the Council's key financial systems continue to operate effectively based on the sample testing performed. The direction of travel across the systems can be summarised as follows:

Department	Overall Opinion – 2014/15		Overall Opinion – 2013/14		Direction of Travel	
Accounts Payable	Limited Assurance		Limited Assurance			Assurance not increased to moderate due to two high priority findings raised in 2013/14 which have not been addressed (see below)
Payroll	Moderate Assurance		Moderate Assurance			One high rated control design finding relating to payroll system access was raised in the review (see below)
Accounts Receivables – Sundry Income	Substantial Assurance		Moderate Assurance			
Estates Parking	Substantial Assurance		Moderate Assurance			
NNDR	Substantial Assurance		Substantial Assurance			
Housing Rents	Substantial Assurance		Substantial Assurance			
Treasury Management	Substantial Assurance		Substantial Assurance			
Cash Management	Substantial Assurance		Substantial Assurance			
Housing Benefits	Substantial Assurance		Substantial Assurance			
Council Tax	Substantial Assurance		Substantial Assurance			
Parking	Substantial Assurance		Substantial Assurance			
Abacus (Home Care Payments)	Substantial Assurance		Substantial Assurance			
Softbox	Moderate Assurance		Not tested in prior year			

Further detail can be found on page 14.

2.2.No Assurance Reports

a) Thornhill Primary School

The original audit was completed in February 2015 and attracted a 'no' assurance rating with 18 recommendations (two critical, seven high, eight medium and one low priority) made and accepted by management. Findings related to:

- The purchase of alcohol using the school disbursement account and excessive use of the schools debit card;
- Collection of Nectar card reward points for personal use
- Design and management of the staff reimbursement process;
- Use and control of cheque payments;
- The recording and collection of school income;
- Letting and management of contracts;
- Debit card expenditure and operation, and
- Debt management and collection arrangements.

A follow up exercise was completed in June 2015. It should be noted that the recommendations have been followed up within a shorter timeframe in order to assess the progress the school has made in addressing the control weaknesses previously identified. As a result of the rate of implementation of recommendations, the level of is now indicative of a '**limited**' assurance rating, which suggests that the control environment, in relation to the specific areas covered by this audit, has improved on follow up. Internal Audit will undertake a second follow-up exercise during the 2015/16 Autumn Term to assess the extent to which the one outstanding and four partially implemented recommendations have been implemented. Additionally, the two previously unassessed recommendations will be examined to establish the extent of implementation.

3. Management's response to implementing audit recommendations

3.1.Non-IT follow Ups

Progress in implementation of recommendations made in 2013/14 reports has been monitored by completion of follow up audits on all high risk recommendations made. This exercise has confirmed that of the 41 high priority recommendations made in 2013/14, 36 have been either fully or partially addressed and controls improved where appropriate. The remaining five outstanding high priority recommendations relate to Planning/S106/Building Control detailed below.

Out of 41 follow ups undertaken, 13 related to reports which were originally rated as limited assurance. Of these 13, audit follow up testing concluded that due to the high level of implementation of recommendations, the assurance level could be increased to moderate for eleven reports:

- Purchase Cards
- Cash Management
- Bribery Act
- Parking E-Permits
- Trade Refuse
- Accessible Transport
- Legal Proceedings
- No Recourse to Public Funds (NRPF) Service
- Ambler Primary
- St Andrew's Primary
- Islington Boat Club

The following two reviews remained at limited assurance:

Department	2013/14 Audit Title	Original Assurance Rating	Revised Assurance Rating	Outstanding Recommendations
E&R	Planning/S106/ Building Control	Limited	Limited	<p>Follow up of reports originally issued in 2011/12. Originally 31 recommendations were made, of which 15 were high priority, 13 medium and 3 low). All three areas remain limited, with the following remaining outstanding:</p> <ul style="list-style-type: none"> • 5 high priority recommendations • 2 medium priority • 2 low priority <p>The outstanding recommendations relate to, or are associated with, the M3 system in place preventing adequate management information allowing effectiveness in the process and monitoring of planning/building control applications.</p>
HASS	Braithwaite TMO	Limited	Limited	<p>Of the twelve medium recommendations made, eight remain outstanding. Revised target dates were March 2015; HASS management ascertaining current position.</p>

The 2015/16 audit plan approved by the Audit Committee in March 2015 included a detailed follow up plan which will track and report on progress made in implementation of all 2014/15 audits completed. Internal Audit will be implementing a new software programme, Traction, from August 2015 which will automate part of the follow up process and provide real time management information on the status of outstanding recommendations.

3.2. IT Follow Ups

During 2014/15, Internal Audit completed the IT follow up reviews in the following areas:

- IT Asset Management
- Change Management
- Third Party Management
- Server Management
- Network Security
- Service Desk and Delivery
- Network Starters and Leavers (from 2012/13)

At the time of follow-up (April 2015), Internal Audit identified a number of “not implemented,” or “partially implemented,” agreed actions from the original reports, including four high priority findings not implemented and three high priority findings partially implemented. Further details can be found in the table below.

Service management have engaged positively and worked closely with Internal Audit to arrive at the most effective route to mitigating the risks identified in audit work.

The underlying root cause for the non-implementation of findings is that management took a decision to re-design the suite of IT management policies and procedures during 2014/15 in order to align these with the internationally recognised ISO27001/2 information security standards and effect a culture change within Digital Services to move to a policy-led approach, supported by continuous auditing to promote sustainable compliance. Thus the control frameworks in place have changed from the time of our original audits. This work has included engaging with a third party consultant to look at existing policies and procedures, comparing against IT Infrastructure Library (ITIL) industry best practice for service management and re-designing the applicable control frameworks. Associated with this re-design has been the appointment of a Network Security Manager/Information Security Adviser and a new compliance monitoring role within Digital Services.

The current status of this project overall is that whilst re-designed policies have been approved by the Council, only exemplars have been translated into formalised processes and procedures to be followed by staff. Therefore, many of the improvements have not yet been fully implemented in practice and the risks and recommendations identified in our original audit reports have not been fully addressed. Management are aware of this and are working towards this as part of the implementation of the new policies. Foundation work is complete: a policy approval framework has been established; new policies have been approved through Digital Service Management Team, Corporate Governance Group and Corporate Management Board; Digital Services have implemented a ISO9001 Quality Management System to manage all its policies and procedures including annual reviews; a local auditing system is in place and; regular local audits against policies have commenced.

Internal Audit will revisit the outstanding recommendations in Q3 2015/16 to establish the subsequent level of implementation following the embedding of the redesigned policies.

Title	Original Assurance Rating	Findings Not Implemented			Findings Partially Implemented			Findings Implemented		
		High	Med	Low	High	Med	Low	High	Med	Low
Change Management	Limited			2	1	3			1	
3 rd Party Management	Limited	3								
Network Security	Limited	1			1				2	
IT Asset Management	Moderate					2			1	2
Server Management	Moderate		4							
PARIS Upgrade	Moderate				1					
Network Starters & Leavers (12/13)	Moderate					4				
Service Desk & Delivery	Moderate								5	
Total		4	4	2	3	9	0	0	9	2

4. Review of the Effectiveness of Internal Audit

The internal audit service operates in line with the PSIAS and the service is measured against a number of key performance indicators as reported below.

The Internal Audit Charter was presented to Audit Committee in September 2014 and no changes were required to the Charter at that time.

KPI Target	Results
% of the annual audit plan completed compared to what was planned. Target 90% (draft reports) by 31st March 2015; 100% (final reports) by 30th April 2015	The audit plan was 90% complete to draft report stage (90% target) on 31 March 2015 and 85% complete to final report stage (100% target) on 30 April 2015. 90% of 2014/15 was completed by 30 th June 2015, with 100% completed as at August 2015; KPI has been affected due to working closely with management priorities. In addition, several unplanned special reviews have been undertaken at management's request.
% of Audit applicable reports followed up within financial year. Target 100%	100% achieved. 49 applicable audit reviews relating to 2013/14 required follow up in 2014/15.
Audit areas where the level of assurance has risen at the follow-up stage: 90%.	90% achieved. For the thirteen 'limited' assurance follow ups completed, the assurance level for eleven reviews improved from 'limited' to 'moderate' (excluding IT follow Ups – see p8).
Customer Satisfaction results	100% very good or good response from clients.

5. Service Summaries: Reports Issued 1st April 2014 – 31st March 2015

5.1. Cross-Cutting Reviews

Report Title	Assurance Rating	Critical	High	Medium	Low	Key issues arising
Finsbury Park Community Hub	Limited	0	1	3	2	The high priority finding related to the reconciliation of the Hub's income and expenditure and the storage arrangements for the associated supporting documentation. Further audit work is ongoing in this area.
Leaseholder Service & Major Works charges (Partners)	Limited (increased to Moderate at following up in June 2015)	0	1	7	1	The original report issued in March 2015 was rated at Limited Assurance, with the high priority finding relating to arrears recovery. Subsequent follow up in June 2015 highlighted that six recommendations (including the high priority) have been fully implemented and three recommendations have been partially implemented with full implementation due July 2015. As a result of the rate of implementation of recommendations, the level is now indicative of 'moderate' assurance, which suggests that the control environment, in relation to the specific areas covered by this audit, has improved on follow up.
Leaseholder Service & Major Works charges (Direct Services)	Moderate	0	0	4	0	
CCTV	Moderate	0	0	5	1	
Customer Transformation	Substantial	0	0	0	14	
Right to Buy	Limited	0	2	3	5	High priority findings were identified relating to assessment and acknowledgement of eligibility for Right to Buy and the valuation of Right to Buy properties.
Performance Monitoring	Management letter issued; assurance statement not created. Internal Audit provided input into the revised corporate performance monitoring arrangements in light of a number of changes to the corporate suite of performance indicators and the creation of the Islington Commitment as a replacement to the previous corporate business plan. Five risks were highlighted relating to the corporate plan, Islington Commitment, performance indicator interdependencies, identification of cross cutting themes and smart corporate indicators.					

Public Health - Follow up of recommendations made in 2013/14. Risk workshops have been delivered and a risk assessment devised in line with the Council's new risk management framework. The follow up of previous audit recommendations indicated a good level of implementation.

Data Protection/ICO Audit - Follow up of recommendations made in 2013/14. Management letter issued; assurance statement not created. Key findings were: two high priority and one medium recommendation were fully implemented prior to the ICO inspection. The remaining recommendations (one high, three medium) were partially implemented and related to Information Asset Register, compliance report escalation and Subject Access Requests. Work is ongoing in correlation with the ICO outcome

Programme Management will be undertaken as an extended follow up in 2015/16.

5.2. Chief Executive's Office

Report Title	Assurance Rating	Critical	High	Medium	Low	Key issues arising
Review of Starters & Leavers Processes	Substantial	0	0	2	1	The control environment in place for the recruitment and vetting of individuals is generally sound; no significant issues were identified during the audit. Two medium and one low priority recommendations were made regarding leavers' access to LBI sites, the completion and monitoring of mandatory training and the use of leavers checklists. An audit of temporary agency workers and consultants is planned to be undertaken as part of the 2015/16 internal audit plan which may result in further recommendations
Refugee Therapy Centre	Moderate	0	0	5	1	Medium priority recommendations related to safeguarding policy, governance and reporting structure, register of interest, management committee skills and training and reporting and monitoring of performance.

At the request of management, the planned audit of Impact of budget cuts on crime, disorder and community tension has been deferred to the audit plan for 2015/16 to cover the new legislation surrounding Anti-Social Behaviour and include input from other Council departments involved in this area.

The review of Third Sector Organisation Solace was cancelled, as assurance over the monitoring controls was sufficient through a review completed in 2013/14 of the Supporting People Service in which Solace was selected within the sample.

5.3. Environment and Regeneration

Report Title	Assurance Rating	Critical	High	Medium	Low	Key issues arising
Planning Notification Procedures and Consultation	Moderate	0	1	3	2	The high priority finding relates to accuracy and completeness of planning application validation dates.
Open Spaces/Parks Management	Moderate	0	0	5	7	Medium priority recommendations related to equipment maintenance, pre-start checks, fees charged, asset management and processing of payments.

CCTV is listed under cross-cutting reviews. Planned audits of Waste Management and Libraries have been deferred to 2015/16. Transport Planning & Strategy was cancelled at management's request.

5.4. Housing and Adult Social Services

Report Title	Assurance Rating	Critical	High	Medium	Low	Key issues arising
Brunswick TMO	Limited	0	2	8	1	Due to the TMO's current banking arrangement, it was not possible to determine the surplus position as no separate surplus account is held and no surplus is reported, which is not in line with requirements under the MMA agreement. Several inconsistencies were determined in the Tenant Management Team's risk assessments. As a result, there is limited reliance that can be placed on the risk assessments.
Taverner & Peckett TMO	Limited	0	1	11	4	One high priority finding related to the lack of segregation of duties as the same accountant is both bookkeeper and external auditor for the TMO.
Pleydell TMO	Moderate	0	0	9	3	
Repairs/Stock Procedures	Moderate	0	0	2	3	The medium risk findings related to the accuracy and completeness of stock management information and the procedure in place for van stock takes.

It was agreed that Finsbury Park Community Hub and Right to Buy would be treated as cross cutting reviews and are listed on page 10. Planned audits of Housing Allocations, Occupational Health, Direct Payments, and Safeguarding Adults were deferred to 2015/16 at management's request due to the work being undertaken by the department in 2014/15 in relation to the Care Act. Reviews of ASC Client Reviews, Supported Discharge Rehabilitation Scheme and Legal Repairs Surveying Team were cancelled in consultation with management and the audit resource applied to other priority areas.

5.5. Children's Services

Report Title	Assurance Rating	Critical	High	Medium	Low	Key issues arising
Local Education Partnership	Moderate	0	1	3	0	The high priority finding related to annual performance reporting; the LEP had not produced an annual report for 2014/15.
High Needs SEN (addition to plan)	n/a - Management Letter	0	1	2	1	It is not currently clear at which point young people with an EHCP will make the transition to the adult social care system and which service area will take the lead role during the transition.
Stronger Families PbR Claim	Internal Audit have provided on-going assurance during 2014/15 regarding the grant claim.					

The planned review of Children's Centres was deferred to 2015/16 as a result of change in Early Year's management during 2014/15. The planned review of Assurance Mapping was cancelled in consultation with management and the audit resource applied to other priority areas (see additions to original plan). School Admissions and Personal Budgets were deferred to 2015/16.

5.6. Children's Services (Schools)

School	Assurance Rating	Critical	High	Medium	Low	Key issues arising
Thornhill	No Assurance (increased to Limited at following up in June 2015)	2	7	8	1	See detail at page 7
Holloway	Limited	0	3	6	3	The high priority findings relate to the purchase of alcohol; transparency of income records and payroll.
St. Peter's & St. Paul's	Limited	0	3	2	2	The high priority findings relate to expenditure, HR and Payroll (regarding reimbursements to staff), and the control environment surrounding purchasing and payments.
Hugh Myddelton	Limited	0	2	9	3	The high priority findings relate to DBS clearances and references for new starters and documentation for external consultants.
Ashmount	Moderate	0	1	4	3	The high priority finding relates to receipting of non-invoiced income.
Prior Weston	Moderate	0	1	8	1	The high priority finding related to payroll reports not being signed by a second signatory increasing the risk of staff authorising their own payroll due to a lack of separation of duties.
Richard Cloudesley	Moderate	0	1	7	1	The high priority finding relates to instances identified where the school was unable to provide evidence that external consultants and self-employed individuals held valid DBS clearances and Public Liability insurance.
Yerbury	Moderate	0	0	5	6	
St Mary's	Moderate	0	0	3	4	
Copenhagen	Moderate	0	0	4	4	
Duncombe	Moderate	0	0	6	3	

Canonbury Primary has been deferred to Summer Term 2015 at the school's and Children's Services management's request

5.7. Finance and Resources

Report Title	Assurance Rating	Critical	High	Medium	Low	Key issues arising
Continuous Auditing/KFS Audits	Moderate	<p>Internal Audit raised three new control design issues (one high rated, two medium rated) during the process mapping and controls design assessment stage. The high rated design issue relates to the payroll system whereby a payroll system access review is not undertaken by management and cases were identified where access to the system could contravene segregation of duties controls. The additional two medium rated design issues relate to controls in place around the Softbox system which has not been included previous reviews.</p> <p>In the previous period (2013/14) ten control design recommendations were made which have been followed up this period. Implementation of these recommendations is as follows:</p> <ul style="list-style-type: none"> • Six recommendations have been implemented (one high rated, one medium and four low rated) • Four recommendations have not been implemented (two high rated, one medium rated and one low rated). <p>The two high priority findings that have not been implemented correspond to the accounts payable system. The findings relate to invoice validation and the lack of independent verification of new suppliers prior to set up. Management have undertaken their own sample testing during the year to identify any anomalies. However there is still scope to strengthen both preventative and detective controls in these areas, including developing the Fiscal data analytics tool, which enables a set of analytics and tests to be designed which will help mitigate the risk exposures in relation to payments and suppliers. Further improvement work is ongoing in this area which will be followed up by Internal Audit in due course.</p>				
Enforcement Agents (non-Parking)	Moderate	0	0	2	2	
VAT	Moderate	0	0	3	2	
DST						
Sharepoint	Limited	0	2	2	0	Periodic disaster recovery exercises are not performed on SharePoint to ensure that services and data can be restored in a disaster event. Weaknesses were identified in the design of controls regarding review and approval of content prior to this being published on the intranet and internet.
IT Capacity Management	Moderate	0	1	2	0	The high priority finding related to there being no capacity management plan setting out the Council's future capacity needs in order to support IT resources and growth
Abacus	Moderate	0	0	3	2	

The planned reviews of the Finance Function New Model of Operation, Grant Claim Preparation, Data Centre and Master Data Management have been cancelled in consultation with management and the audit resource applied to other priority areas. Reviews of PSN, Softbox, and IT Strategy & Governance have been deferred to 2015/16.

Key to Assurance Levels

Level of Assurance	
Substantial 	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.
Moderate 	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
Limited 	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
No Assurance 	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

Recommendations

Risk rating	
Critical 	<p>Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc</p> <p>Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers.</p> <p>Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members & SMBs are required to intervene</p> <p>Major financial loss – Significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; Critical breach in laws and regulations that could result in material fines or consequences</p>
High 	<p>Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff.</p> <p>Significant impact on the reputation or brand of the organisation ; Scrutiny required by external agencies, external audit etc. Unfavourable external media coverage. Noticeable impact on public opinion</p> <p>Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome med – term difficulties</p> <p>High financial loss Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences</p>
Medium 	<p>Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff.</p> <p>Moderate impact on the reputation or brand of the organisation ; Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage.</p> <p>Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required.</p> <p>Medium financial loss - Small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences</p>
Low 	<p>Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale</p> <p>Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation</p> <p>Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines.</p> <p>Minimal financial loss – Minimal effect on project budget/cost. Minor breach in laws and regulations with limited consequences</p>