
Report To: Audit Committee **Date:** 28.04.09
Report By: Corporate Director
Improvement and Performance **Report No:** AC/14/09/PW/APr
Contact Officer: Andi Priestman **Contact No:** 01475 712251
Subject: INTERNAL AUDIT PROGRESS REPORT – 9 FEBRUARY TO 3 APRIL 2009

1.0 PURPOSE

- 1.1 The purpose of this report is to enable members to monitor the performance of Internal Audit, to discharge their scrutiny and performance monitoring roles and gain an overview of the overall control environment throughout the Council.
- 1.2 This is the Monitoring Report on Internal Audit Activity from 9 February to 3 April 2009. **Appendix 1**
The Monitoring Report is attached as an Appendix to this report since its content is essential to the understanding of the Council's control environment.

2.0 SUMMARY

- 2.1 One internal audit report has been finalised since the last Audit Committee meeting:
- Cash and Banking
- 2.2 This report contains a total of 10 recommendations, categorised as follows:

| Red | Amber | Green |
|-----|-------|-------|
| 0 | 5 | 5 |

- 2.3 The 2008/2009 Audit Plan is progressing well. Reports have been finalised for 8 reviews and fieldwork is now complete for a further 9 reviews, 3 of which are at draft report stage. A further 3 reviews are at planning stage which will be completed over the course of the next 2 months. For business reasons it has been agreed to defer the audit of Corporate Procurement until the Council has approved and implemented the proposed Corporate Procurement Framework. This work will be carried forward into the 2009/10 Plan.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Members note the progress made by Internal Audit in the period from February to April 2009.

Paul Wallace
Corporate Director
Improvement and Performance

4.0 BACKGROUND

4.1 None.

5.0 IMPLICATIONS

5.1 Legal: Relevant action plans will bring processes in line with regulatory and legislative requirements where applicable.

Finance: There are no financial implications arising from this report.

Personnel: There are no personnel implications arising from this report.

Equalities: There are no equalities issues arising from this report.

6.0 CONSULTATIONS

6.1 Relevant officers have been consulted in the preparation of this report.

7.0 LIST OF BACKGROUND PAPERS

7.1 File of completed internal audit reports: By Andi Priestman, Chief Internal Auditor.



**Audit Committee Report
Report on Internal Audit Activity from 9 February to
3 April 2009**

| Section | Contents | Page |
|----------------|---|-------------|
| 1 | Audit work undertaken in the period | 1 |
| 2 | Summary of main findings from reports issued since previous Audit Committee | 2 |
| 3 | Audit Plan for 2008-2009 – progress to 26 September 2008 | 3 |
| 4 | Ad hoc activities undertaken since the previous Audit Committee | 5 |
| 5 | Special Investigations | 6-7 |

1 Audit work undertaken in the period

Reports issued since last update

1.1 Detailed findings and recommendations reported to management are currently graded using the following criteria:

| | |
|--------------|--|
| Red | <ul style="list-style-type: none"> • In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole. • Corrective action must be taken and should start immediately. • Overseen to completion by corporate management team. |
| Amber | <ul style="list-style-type: none"> • In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole. • Corrective action must be taken (some exceptions may be agreed with IA) within reasonable timeframe. • Overseen to completion by Head of Service. |
| Green | <ul style="list-style-type: none"> • In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness. • Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit (IA). • Managed by service owner. |

1.2 One report has been finalised since the December 2008 Audit Committee, which is identified below, together with a summary of the gradings of the recommendations made to management. In Section 2 we have provided a summary of the main findings from the review.

| Reports finalised since previous Audit Committee | Grading | | | Total Recommendations |
|--|----------|----------|----------|-----------------------|
| | Red | Amber | Green | |
| 2008/2009 plan | | | | |
| Cash and Banking | 0 | 5 | 5 | 10 |
| Total | 0 | 5 | 5 | 10 |

Work in progress on the 2008/2009 internal audit plan

1.3 The status of work in progress on the 2008/2009 internal audit plan is detailed in Section 3 of this report.

Other activities

Risk Management

1.5 Risk Management is the subject of separate reporting to Audit Committee and a full report is submitted separately.

1.6 Internal Audit Action Plan Follow Up

The current status of Internal Audit Action plans is set out as an attachment at Appendix 2 to this report.

2 Summary of main findings from reports issued since previous Audit Committee

2.1 We have provided below a summary of the key findings from the final reports issued since 10 December 2008

2008/2009 Plan

Cash and Banking

2.2 All Council income is processed through a computerised cash receipting system which is administered by Finance. Income is received in a number of ways and these are partly determined by the category of income. For example, a high proportion of Council Tax is collected via direct debit whereas Government grants are often received by bank credits. However, debtors' accounts can be paid by cheques received via the post or over the counter at the Wallace Place collection office.

2.3 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls over the key risks faced by Inverclyde Council in relation to Cash and Banking.

2.4 The overall control environment opinion for this audit review was **Satisfactory**. However, areas of control weakness within Property Maintenance were identified as follows:-

Appropriateness of staff access levels to the cash receipting system

A key control over the computerised cash receipting system is that logical access levels for staff correspond to their current roles. Through limited audited testing, we identified some examples of inappropriate access levels to the system as follows:-

- four River Clyde Homes (RCH) staff had the highest access level ("20"). However, this access level allowed RCH staff full system administration access which is not appropriate for non-Council staff;
- some use of generic logons (e.g. "IT"); and
- the access level given to the cash receipting software supplier is not deactivated when access is not required.

Immediate action has been taken by management to reduce the access levels held by the four RCH staff involved.

Security of customer debit/credit card information by FMS Team

As part of the debit and credit card collection process an overnight print is generated of card transactions processed during that day. The printout generated currently records full card details relating to each individual transaction. However, access to the FMS office is not secured when unoccupied, due to fire regulations. We have recommended that the feasibility of producing an electronic file for review instead of a hard copy print be discussed with ICT but management have commented that this is not possible and alternative controls have been investigated and the timing of production of the reports has been amended to late morning when staff are around.

2 **Summary of main findings from reports issued since previous Audit Committee (Continued)**

Security arrangements at the Wallace Place collection office

The review identified a number of weaknesses in the security arrangements at the Wallace Place collection office. In particular, supervisors have not been fully trained in how to use the CCTV system, recordings are not checked on a regular basis and there has been no recent comprehensive review of security involving Police expertise. There is a risk that staff safety and security have not been maximised due to these weaknesses.

Management of Council Bank Accounts & Authorised Signatures

A number of key controls are required to ensure that Council bank accounts and their operation are appropriately controlled. However, through discussions with staff, we have identified some weaknesses in the control environment over managing Council bank accounts. Namely, the absence of written procedures for opening bank accounts and confirming permitted transaction types such as direct debits and standing orders. Also, the Finance authorised signatory list for creditor payments was out of date. There is a risk that bank accounts could be opened by unauthorised staff and the risk of misappropriation increases when permitted transaction types have not been fully confirmed.

Appropriateness of reversal transactions

A key control over the cash receipting process is the segregation of duties between input and amendment of transactions processed. However, through discussions with staff and a review of current access rights to the cash receipting system, we have identified that currently all cashiers have the ability to reverse transactions input by them to the system. In addition, although reports are available from the system which highlight reversal transactions these are not routinely reviewed to confirm the validity of these transactions. We have recommended that the access level for the reversal functionality be set at supervisor level and above. Management have commented that this restriction may have an impact on customer service and therefore an alternative control procedure to retrospectively review reversal transactions will be implemented.

2.5 We have made 10 recommendations, 5 of which we consider to be individually significant. An action plan is in place to address all issues identified by 31 August 2009.

3. Audit Plan for 2008/2009 – Progress to 3 April 2009

| Planned Audit Cover | Planning | TOR Issued | Fieldwork in Progress | Fieldwork Complete | Draft Report Issued | Report Finalised | Reported to Audit Committee |
|---|----------|------------|---|--------------------|---------------------|------------------|-----------------------------|
| Improvement and Performance | | | | | | | |
| Corporate Purchase Cards | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Oct-08 |
| Corporate Complaints | ✓ | ✓ | Deferred to 09/10 to allow Corporate Policy time to bed in. | | | | |
| Cash and Banking | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Apr-09 |
| Debt Recovery | ✓ | ✓ | ✓ | ✓ | | | |
| Creditors | ✓ | ✓ | ✓ | ✓ | | | |
| Corporate Reviews | | | | | | | |
| Business Continuity Management | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Jan-09 |
| Managing Attendance | ✓ | ✓ | | | | | |
| Information Governance and Management | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Regeneration and Resources | | | | | | | |
| Facilities Services | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Oct-08 |
| Libraries and Museums | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Jan-09 |
| Construction Services | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Mar-09 |
| Physical Investment Services | ✓ | ✓ | ✓ | ✓ | | | |
| Community Facilities | ✓ | ✓ | On hold pending decision on key Leisure sites | | | | |
| HR Operations | ✓ | ✓ | ✓ | ✓ | | | |
| Education and Social Care | | | | | | | |
| Control Self Assessment - Schools | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Jan-09 |
| Social Work – Business Support | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Cashless Catering | ✓ | ✓ | ✓ | ✓ | | | |
| School Funds | ✓ | ✓ | ✓ | ✓ | | | |
| Control Self Assessment – Social Care | ✓ | ✓ | ✓ | ✓ | | | |
| Environment and Community Protection | | | | | | | |
| Roads Network – Direct Payments | ✓ | ✓ | | | | | |
| Building Standards | ✓ | ✓ | | | | | |

| | |
|---|--------------------------------|
| Other Work | |
| Statement on the System of Internal Financial Control (co-ordination and challenge) | Input provided by CIA |
| External Audit Action Plans (co-ordination and challenge) | New Reporting Process in Place |
| Statutory Performance Indicators | 2007/2008 Input Completed |
| Grant Claims | Input as required |
| Other responsibilities | |
| Risk Management (active management) | Ongoing process |
| Internal Audit Action Plan Follow up | New Reporting Process in Place |

4 Ad hoc activities undertaken since the previous Audit Committee

- 4.1 From time to time, management will request the assistance of Internal Audit in certain activities that are in addition to the annual Operational Plan. Examples of such activities include investigations of alleged irregularities, review of changes in system procedures etc.
- 4.2 Contingency has been made available in the Operational Plan for such ad hoc activities. Since the previous Audit Committee, ad hoc activity undertaken in the period is as follows:
- Co-ordination of management assurances required for SARA.
 - Provision of control advice for Elections process.

INVERCLYDE COUNCIL INTERNAL AUDIT

**REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
28 FEBRUARY 2009**

Summary: Section 1 Summary of Management Actions due for completion by 28/2/09

14 items were due for completion by 28 February 2009, 12 of which have been reported as completed and 2 of which have missed the deadline set by management.

Section 2 Summary of Outstanding Management Actions Plans at 28/2/09.

At 28 February 2009 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Management Actions Outstanding at 28/2/09.

At 28 February 2009 there was a total of 65 outstanding audit action points.

Section 4 Analysis of Missed Deadlines

At 28 February 2009 there was a total of 25 of the 65 outstanding items where the agreed deadline had been missed.

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)**

**SUMMARY OF MANAGEMENT ACTION DUE FOR COMPLETION BY 28.02.09
SECTION 1**

| Area | No. of Actions Due | No. of Actions Completed | Deadline missed Revised date set* | Deadline missed Revised date to be set* |
|-----------------------------|--------------------------|--------------------------------|---|---|
| Regeneration and Resources | 4 | 3 | 1 | |
| Education and Social Care | 1 | | | 1 |
| Improvement and Performance | 9 | 9 | | |
| Total | 14 | 12 | 1 | 1 |

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

**SUMMARY OF OUTSTANDING MANAGEMENT ACTION PLANS AS AT 28.02.09
SECTION 2**

ACTIONS OUTSTANDING BY SERVICE

| | |
|---|-----------|
| Chief Executive | |
| Due for completion April 2009 | 2 |
| Actions outstanding | 2 |
| Environment and Community Protection | |
| Due for completion March 2009 | 5 |
| Due for completion April 2009 | 3 |
| Due for Completion October 2009 | 1 |
| Completion Date to be advised | 1 |
| Actions outstanding | 11 |
| Regeneration and Resources | |
| Due for completion March 2009 | 11 |
| Due for completion April 2009 | 4 |
| Due for completion May 2009 | 1 |
| Due for completion June 2009 | 1 |
| Due for completion July 2009 | 1 |
| Completion Date to be advised | 1 |
| Actions outstanding | 19 |
| Education and Social Care | |
| Due for completion March 2009 | 4 |
| Due for completion April 2009 | 1 |
| Due for completion June 2009 | 2 |
| Due for completion August 2009 | 2 |
| Due for completion March 2010 | 1 |
| Completion Date to be advised | 4 |
| Actions outstanding | 14 |
| Improvement and Performance | |
| Due for completion March 2009 | 2 |
| Due for completion April 2009 | 1 |
| Due for completion June 2009 | 3 |
| Due for completion July 2009 | 6 |
| Due for completion August 2009 | 4 |
| Due for completion March 2010 | 1 |
| Completion Date to be advised | 2 |
| Actions outstanding | 19 |
| Total outstanding actions: | 65 |

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Chief Executive

| Outstanding Actions | Expected Date |
|--|----------------------|
| Trading Activities (June 2008) | |
| <p>Classification of Statutory Trading Accounts (Amber)</p> <p>The Council will carry out a fundamental review of its arrangements for the Council's significant trading operations with a view to maximising operational performance further. Appropriate evidence will be retained of this review and all subsequent reviews.</p> | 30.04.09 |
| <p>Policy Framework for "Former Trading Activities" (Amber)</p> <p>The Council will carry out a fundamental review of its arrangements for the Council's significant trading operations with a view to maximising operational performance further.</p> | 30.04.09 |

Environment and Community Protection

| Outstanding Actions | Expected Date |
|--|----------------------|
| Trading Activities 2007/2008 (June 2008) | |
| <p>Customer Complaints and Satisfaction Surveys (Amber)</p> <p>Roads will produce an annual report that will identify outcome of surveys and action plans for improvement.</p> | 31.03.09 |
| <p>Vehicle management will review Environmental Services complaints procedures and develop for own use.</p> | 31.03.09* |
| <p>Vehicle Management will carry out annual internal customer satisfaction survey and develop an action plan for improvement.</p> | 31.03.09* |
| <p>Performance Management and Measurement (Amber)</p> <p>Roads will continue to report performance each year through APSE's performance networks and other family member authorities.</p> | 31.10.09 |
| <p>Service standards will be reviewed and reported 6 monthly through the Safe, Sustainable Communities Committee.</p> | 31.05.09* |
| <p>Service will develop measurable service standards to be collated through a fleet management system.</p> | 31.03.09 |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Environment and Community Protection (Continued)

| Outstanding Actions | Expected Date |
|---|---|
| Performance Management and Measurement (Amber) | |
| Service to continue to develop and report service standards and performance through APSE. | 31.03.09 |
| Non-Mainframe Systems – Vehicle Management (Amber) | |
| Service has proposed the acquisition of a fleet management system in its Vehicle Efficiency Review 2008. A report will be submitted for Committee approval on 17 October 2008. | 01.04.09 |
| A new fleet management system will have individual passwords, protected access with passwords changed periodically. | 01.04.09 |
| Payroll and Expenses (July 2008) | |
| Checking of Driving Licences and Insurance Documentation (Amber) | |
| A new Car User Policy will be developed for the post Single Status implementation era. This will include a proportionate response to the issue of evidencing appropriate Insurance and a valid driving licence. | 30.04.09* |
| Thereafter all users will be instructed to comply. | Dependent on completion of above |

Regeneration and Resources

| Outstanding Actions | Expected Date |
|---|----------------------|
| Inverclyde Leisure Trust Risk Management (November 2007) | |
| Risk register & monitoring regime (Red) | |
| If ILT is to meet recognised governance standards for Risk Management, a risk identification and assessment process should be developed and work should be undertaken to develop specific Corporate and operational risk registers for the organisation. In addition a monitoring regime should be developed and implemented to support continuous management of the risks. | 31.05.09* |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Regeneration and Resources (Continued)

| Outstanding Actions | Expected Date |
|--|----------------------|
| Payroll and Expenses (July 2008) | |
| <p>European Working Time Directive (Amber)</p> <p>Consideration will be given to addressing the monitoring of the hours worked by employees to demonstrate compliance with the European Working Time Directive, when the new HR/payroll system is being developed.</p> | 31.07.09 |
| Facilities Services (September 2008) | |
| <p>Retrospective Disclosure Checks (Amber)</p> <p>A report will need to be prepared for CMT with options in respect of retrospective checks as this will involve considerable cost to the Authority and also requirement to consult with unions.</p> | 30.06.09* |
| Project Management (September 2008) | |
| <p>Project Management Framework (Red)</p> <p>A project management framework will be developed which accords with proven best practice in the public and private sector.</p> <p style="text-align: right;">31.03.09</p> | |
| <p>Project Organisation (Amber)</p> <p>An organisation structure will be established for projects. It is acknowledged that there is no single structure that will suit all types of projects, rather each project should have a structure that fits the size and nature of the project.</p> <p style="text-align: right;">31.03.09</p> | |
| <p>Project Planning (Amber)</p> <p>Adequate planning will undertaken at all stages of the project. This will take consideration of any changes to key factors such as the objectives/scope of the project, resources or time and adjust the other factors accordingly.</p> <p style="text-align: right;">31.03.09</p> | |
| <p>Project Documentation (Amber)</p> <p>As a minimum the following documentation will be prepared for all projects:</p> <ul style="list-style-type: none"> - Project Plan - Risk Log - Issue Log - Action Log <p style="text-align: right;">31.03.09</p> | |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Regeneration and Resources (Continued)

| Outstanding Actions | Expected Date |
|--|----------------------|
| Project Management Tools (Amber) | |
| The feasibility of using Microsoft Project for tracking and monitoring of projects will be investigated. Relevant action will then be taken. | 31.03.09 |
| Risk Identification and Assessment (Amber) | |
| A risk identification and assessment process will be established for projects. | 31.03.09 |
| Project Reporting (Amber) | |
| Reporting requirements will be established which are tailored to the type of project. | 31.03.09 |
| Post-Implementation Reviews (Amber) | |
| A post-implementation review (PIR) process will be established for all projects which includes: | 31.03.09 |
| <ul style="list-style-type: none"> • Measuring the benefits that have been realised and the probability of sustainability • Deciding whether the project was within scope • Assessing the final deliverables produced • Reviewing the project against schedule • Comparing the expenditure against budget • Stating the final outcome of the project | |
| Libraries and Museums (December 2008) | |
| The Watt Library: Condition of the Building (Amber) | |
| Action plan prepared to progress the refurbishment of the Watt Library. | 31.03.09 |
| Feasibility study produced by Property Services with input from library staff reviewing uses of the building (extended to include storage issues identified at the McLean Museum and Art Gallery, see number 3 below). | 31.03.09 |
| Meeting to be arranged with Head of Legal & Administration and the Chief Financial Officer to discuss use of Watt Complex Cy-pres scheme for matched funding and recommendations arising from this audit (e.g. Valuation, Storage, Heritage Lottery Fund bid). | 31.03.09 |
| Project Team set up to take project forward. | 30.04.09 |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Regeneration and Resources (Continued)

| Outstanding Actions | Expected Date |
|---|-----------------------|
| <p>The McLean Museum and Art Gallery: Storage Space (Amber)</p> <p>Incorporate a storage solution into the overall feasibility project for the refurbishment of the Watt Library and Museum – to include consideration / costing of the alternative options with involvement of the Physical Investment Services.</p> | To be advised* |
| <p>The McLean Museum and Art Gallery: Insurance Valuations (Amber)</p> <p>Implement valuation.</p> | 30.04.09 |
| Construction Services (February 2009) | |
| <p>All work orders in excess of £1,000 will continue to be approved by the PMO Team Leader or CSM.</p> <p>Property Maintenance staff to be fully appraised of the audit findings and recommendations and copies of the Standing Orders for Contracts and Financial Regulations will be re-issued.</p> <p>Contractor's pink work order forms are to be amended to include a statement that invoices will be rejected if a breakdown of labour, rates and material charges etc is not provided in accordance with the terms and conditions of contract. Contractors to be advised in writing of the change.</p> <p>Copies of all future written quotations received will be retained and appended to the works order copy and filed in the relevant property file held at the Devol Centre.</p> | 30.04.09 |
| <p>New site inspection criteria to be implemented together with improved management controls, monitoring of routine sampling checks.</p> | 30.04.09 |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Education and Social Care

| Outstanding Actions | Expected Date |
|--|-----------------------|
| SEEMIS (April 2008) | |
| <p>Business Continuity Planning (Amber)</p> <ul style="list-style-type: none"> • A Business Continuity Plan, including back up arrangements for the SEEMIS system, should be developed and documented. Supporting operational guidance should be prepared and advised to relevant staff. • Once developed, the Business Continuity Plan should be regularly tested to ensure its ongoing effectiveness and readiness. | 31.03.10* |
| <p>Audit Trail Reporting (Amber)</p> <p>The audit trail reports from the SEEMIS system should be run and reviewed on a regular basis to confirm accuracy and completeness of the file.</p> | To be advised* |
| <p>Ongoing System Development (Amber)</p> <ul style="list-style-type: none"> • Appropriate project management principles should be adopted, including preparation of implementation plans and project milestones in relation to the range of SEEMIS developments still to be delivered. • A development plan should be put in place to link the Education IT systems such as SEEMIS to the corporate and service objectives. | To be advised* |
| <p>Formalisation of the System Administrator Role (Amber)</p> <ul style="list-style-type: none"> • The service formalises the role of the system administrator providing detailed job descriptions, key tasks and responsibilities. • Backup arrangements are made to provide adequate cover for the system administration role. • Removal of any segregation of duties conflict that exist as result of the dual responsibilities of the current incumbent. | To be advised* |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Education and Social Care (Continued)

| Outstanding Actions | Expected Date |
|--|-----------------------|
| Contracts – Compliance with EU Procurement Regulations (April 2008) | |
| <p>Education – Compliance with Financial Regulations and Standing Orders relating to Contracts (Amber)</p> <p>In the case of the transport service provided for consortium study, approval will be sought to undertake a formal tendering process and contract placed in accordance with the Financial Regulations and Standing Orders relating to Contracts.</p> | 31.08.09* |
| Education – Control Self Assessment (October 2008) | |
| Miscellaneous Income (Amber) | |
| <p>Money received will be separated from any correspondence on receipt, recorded in a register and immediately transferred to the appropriate officer for banking.</p> | 31.03.09* |
| <p>Health and Safety (Amber)</p> <p>An assessment will be carried out by Education HQ to look at the appropriateness of forming Health & Safety committees in order to fully represent the health and safety interests of all staff.</p> | To be advised* |
| <p>Cashless Catering and Free Meals (Amber)</p> <p>All users will have individual password protected access to the cashless catering system and passwords will be changed periodically.</p> | 31.03.09* |
| <p>School Funds (Amber)</p> <p>Elections to School Fund committees will be held within 6 months.</p> | 30.04.09 |
| <p>Procedures will be reviewed by Education HQ and School Fund committees advised where separate bank accounts are necessary.</p> | 30.06.09 |
| <p>Procedures will be reviewed by Education HQ and School Fund committees will be advised of signatories required.</p> | 30.06.09 |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Education and Social Care (Continued)

| Outstanding Actions | Expected Date |
|---|----------------------|
| General Security (Amber) | |
| Policy and procedures will be developed setting out the operational need for routine code changes and circumstances when alarm codes must be changed. | 31.08.09* |
| Written procedures will be developed setting out the process for control and monitoring of keys in schools and the responsibilities of key holders. | 16.03.09* |
| Written procedures will be developed setting out visitor registration and badge issuing processes across all schools. | 16.03.09* |

Improvement and Performance

| Outstanding Actions | Expected Date |
|---|-----------------------|
| Firewall Review (May 2008) | |
| Procedural Guidance (Amber) ICTBT will define and document the list of key processes to be documented by senior Network and Infrastructure staff. | 31.03.09 |
| Change Management (Amber) ICTBT has drafted a Change Management procedure, as a result of recommendations from an earlier audit. This procedure has will be reviewed. | To be advised* |
| Configuration of Firewall Servers (Amber) ICTBT will document firewall configurations correctly. | To be advised* |
| Penetration Test Action Plan (Amber) A review process should be introduced to ensure the actions on the penetration test report are monitored and action taken to complete the outstanding tasks. ICTBT will schedule this work into the senior network and infrastructure staff's time to ensure the actions are completed. | 30.06.09 |
| Firewall Log Review (Amber) ICTBT will produce a log review policy and implement a review process. | 31.03.09 |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Improvement and Performance

| Outstanding Actions | Expected Date |
|---|----------------------|
| Allowable Service Lists and Server Configuration (Amber) | |
| ICTBT will progress the action to address allowable service lists and service configuration via the penetration test action plan. | 30.06.09 |
| Rule database definition and exceptions (Amber) | |
| ICTBT will progress the action to address rule database definition and exceptions via the penetration test action plan. | 30.06.09 |
| Payroll and Expenses (July 2008) | |
| Annual Return of Payroll information to Managers in the Services (Amber) | |
| To be reviewed as part of the data migration part of the Human Resources/Payroll system project. | 31.07.09 |
| Payroll Year End Tasks (Amber) | |
| Payroll will monitor HMRC development and progress the procurement of third party software to provide the necessary security as part of the development of the new HR/Payroll system. | 31.03.10 |
| Corporate Purchase Cards (September 2008) | |
| Adequacy of Corporate Purchase Card Policy (Amber) | |
| The Corporate Purchase Card Policy will be reviewed and updated for issues identified by this review. Appropriate consultation will be sought prior to approval. | 31.07.09* |
| Adequacy of Corporate Purchase Card Procedures (Amber) | |
| Corporate Purchase Card procedures will be reviewed and updated to take account of the issues identified by the review. | 31.07.09* |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Improvement and Performance (Continued)

| Outstanding Actions | Expected Date |
|--|---|
| Adequacy of Management Information (Amber) | |
| <p>The Corporate Procurement Manager will;</p> <p>a) identify the management information required in order to fully assess the effectiveness of the Council's corporate purchase card scheme. This will include consulting the bank to identify what information is available, the ability to handle information electronically and the relevance of that the information in achieving the objectives of the corporate purchase card policy;</p> <p>b) arrange for the assessment of corporate purchase card activity information to ensure any problems are both identified and appropriately addressed;</p> <p>c) prepare a plan to produce management information accurately and within reasonable timeframes; and</p> <p>d) arrange for cross-training within the Corporate Procurement Team to ensure that management information is prepared correctly and within set timeframes.</p> | 31.07.09* |
| Cash and Banking (February 2009) | |
| Appropriateness of staff access levels to the cash receipting system (Amber) | |
| <p>Following appropriate consultation with both ICT Services and RCH regarding the underlying issues, proposals and timelines, Finance management will arrange for:</p> <ul style="list-style-type: none"> • A comprehensive process, supported by written procedures, which specifies how users access levels for the cash receipting system are to be authorised, created, amended and deactivated over time. This process will include confirming that each user's access level is directly related to their duties, recording job titles and a joint assessment of access levels by both Service managers and the FMS Team. • a review of existing cash receipting access rights on a rolling annual basis to identify leavers, those changing post and confirming existing users entitlement to access the system. This will be linked to an ongoing review of cashier workstations to ensure that these are allocated appropriately. | <p>31.08.09</p> <p>31.08.09</p> |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 28.02.09**

SECTION 3

Improvement and Performance (Continued)

| Outstanding Actions | Expected Date |
|---|----------------------|
| <p>Security arrangements at the Wallace Place collection office (Amber)</p> <p>Provided that an assessment of the practicalities and costs of the following recommendations does not lead to any insurmountable problems the Principal Service Development Officer will arrange:</p> <ul style="list-style-type: none"> • training for the relevant supervisors at Wallace Place on how to operate the CCTV system; • a monthly check to confirm that CCTV recordings can be viewed, show the correct date and time. A record of these checks will be maintained and initialled by the officer carrying out the checks; • for cashiers to be trained on how they should respond to attempted robberies and the appropriate use of panic alarms; and • a review of the current security arrangements. | 30.04.09 |
| <p>Management of Council Bank Accounts & Authorised Signatures (Amber)</p> <p>The Principal Officer (Exchequer) will prepare written procedures for managing bank accounts. These procedures will cover key areas including;</p> <ul style="list-style-type: none"> • the process to be followed for opening new bank accounts both by Services and within Finance; • permitted transactions type (e.g. standing orders) on existing bank accounts; • arrangements for monitoring accounts, including specifying those responsible for performing regular bank reconciliations whether in Finance or within Services such as Social Work; and • the process to be followed for closing inactive bank accounts. | 31.08.09 |
| <p>The Principal Officer (Payables) will update the authorised signatory list for Finance.</p> | 31.08.09 |

* See Analysis of Missed Deadlines at Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES**

SECTION 4

| Report | Outstanding Actions | Original Date | Revised Date | Management Comments |
|---|---|-----------------|----------------------|---|
| Inverclyde Leisure Trust Risk Management (November 2007) | Risk register & monitoring regime (Red) If ILT is to meet recognised governance standards for Risk Management, a risk identification and assessment process should be developed and work should be undertaken to develop specific Corporate and operational risk registers for the organisation. In addition a monitoring regime should be developed and implemented to support continuous management of the risks. | 01.04.08 | 31.05.09 | A risk register has now been developed at a strategic level. This will be presented for approval by the Board in May 2009. |
| SEEMIS (April 2008) | Audit Trail Reporting (Amber) The audit trail reports from the SEEMIS system should be run and reviewed on a regular basis to confirm accuracy and completeness of the file. | 30.06.08 | To be advised | SEEMIS has been consulted and we have been advised that a blanket auditing solution is impractical. Auditing is provided within selected areas and any extensions would require to be discussed with SEEMIS which would attract a financial cost. The financial systems have a full audit trail. Management are currently reviewing the audit trail requirements. |
| SEEMIS (April 2008) | Ongoing System Development (Amber) Appropriate project management principles should be adopted, including preparation of implementation plans and project milestones in relation to the range of SEEMIS developments still to be delivered. A development plan should be put in place to link the Education IT systems such as SEEMIS to the corporate and service objectives. | 30.06.08 | To be advised | Discussions are taking place on the strategic plans for SEEMIS and there are ongoing discussions with ICT & BT. |

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES**

SECTION 4

| Report | Outstanding Actions | Original Date | Revised Date | Management Comments |
|---|--|-----------------|----------------------|--|
| SEEMIS (April 2008) | <p>Formalisation of the SA Role (Amber) The service formalises the role of the system administrator providing detailed job descriptions, key tasks and responsibilities.</p> <p>Backup arrangements are made to provide adequate cover for the system administration role.</p> <p>Removal of any segregation of duties conflict that exist as result of the dual responsibilities of the current incumbent.</p> | 30.06.08 | To be advised | There are ongoing discussions between Human Resources and Education to address this matter. |
| SEEMIS (April 2008) | <p>Business Continuity Planning (Amber)</p> <ul style="list-style-type: none"> • A Business Continuity Plan, including back up arrangements for the SEEMIS system, should be developed and documented. Supporting operational guidance should be prepared and advised to relevant staff. • Once developed, the Business Continuity Plan should be regularly tested to ensure its ongoing effectiveness and readiness. | 30.09.08 | 31.03.10 | The preparation of a BCP for SEEMIS system will be done as part of the BCM action plan which is being overseen by the Crisis and Resilience Management team. |
| Payroll and Expenses (July 2008) | <p>Checking of Driving Licences and Insurance Documentation (Amber) A new Car User Policy will be developed for the post Single Status implementation era. This will include a proportionate response to the issue of evidencing appropriate Insurance and a valid driving licence.</p> | 31.08.08 | 30.04.09 | This matter is being dealt with by the Vehicle Efficiency Review which is due to be reported to Committee by April 2009. |

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES**

SECTION 4

| Report | Outstanding Actions | Original Date | Revised Date | Management Comments |
|--|--|------------------------------------|-----------------|--|
| Contracts – Compliance with EU Regulations (April 2008) | Education – Compliance with Financial Regulations and Standing Orders relating to Contracts (Amber) In the case of Consortium Study, approval will be sought to undertake a formal tendering process and contract placed in accordance with the Financial Regulations and Standing Orders relating to Contracts. | 31.08.08 | 31.08.09 | Education have reviewed this particular contract and a decision has been taken to give the contract for transportation requirements to SPT to manage. The plan is that SPT will tender and award the contract and manage any OJEU requirements. |
| Trading Activities (June 2008) | Customer Complaints and Satisfaction Surveys (Amber) Vehicle management will review Environmental Services complaints procedures and develop for own use. | 31.10.08 31.01.09 | 31.03.09 | Management are currently reviewing the existing complaints procedures. |
| Trading Activities (June 2008) | Customer Complaints and Satisfaction Surveys (Amber) Vehicle Management will carry out annual internal customer satisfaction survey and develop an action plan for improvement. | 31.10.08 31.12.08 | 31.03.09 | Survey based on APSE guidance has been completed. Analysis and action has not yet been completed. |

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES**

SECTION 4

| Report | Outstanding Actions | Original Date | Revised Date | Management Comments |
|---|--|------------------------------|----------------------|--|
| Trading Activities (June 2008) | Performance Management and Measurement (Amber) Service standards will be reviewed and reported 6 monthly through the Safe and Sustainable Communities Committee. | 31.10.08 05.12.08 | 31.05.09 | Issues have arising in collating some of the data and a full review is now planned. It is anticipated that a report will be provided to the May Committee. |
| Facilities Services (September 2008) | Retrospective Disclosure Checks (Amber) A report will need to be prepared for CMT with options in respect of retrospective checks as this will involve considerable cost to the Authority and also requirement to consult with unions. | 31.12.08 | 30.06.09 | This action has been delayed due to current workload of the service and requirement to carry out costing work. |
| Education Control Self Assessment (October 2008) | Miscellaneous Income (Amber) Money received will be separated from any correspondence on receipt, recorded in a register and immediately transferred to the appropriate officer for banking. | 15.11.08 | 31.03.09 | Operational issues have come to light in High Schools. Options are currently being reviewed. |
| Education Control Self Assessment (October 2008) | Cashless Catering and Free Meals (Amber) All users will have individual password protected access to the cashless catering system and passwords will be changed periodically. | 30.11.08 | 31.03.09 | Education are currently examining the issues around logical access and password controls for the Cashless Catering System. |
| Education Control Self Assessment (October 2008) | Health and Safety (Amber) An assessment will be carried out by Education HQ to look at the appropriateness of forming Health & Safety committees in order to fully represent the health and safety interests of all staff. | 31.12.08 | To be advised | School Support Managers are in discussion with Heads of Establishment. This will take some time to set up. |

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES**

SECTION 4

| Report | Outstanding Actions | Original Date | Revised Date | Management Comments |
|---|--|------------------------------------|----------------------|--|
| Education Control Self Assessment (October 2008) | General Security (Amber) Written procedures will be developed setting out the process for control and monitoring of keys in schools and the responsibilities of key holders. | 31.12.08 31.01.09 | 16.03.09 | SSMs are introducing the new procedures which will be operational in March 2009. |
| Firewall Review (May 2008) | Change Management (Amber) ICTBT has drafted a Change Management procedure, as a result of recommendations from an earlier audit. This procedure has will be reviewed. | 31.12.08 | To be advised | Due to vacancies arising in the ICT team, this item has not been progressed. New team now in place and will take on board action for implementation. |
| Firewall Review (May 2008) | Configuration of Firewall Servers (Amber) ICTBT will document firewall configurations correctly. | 31.12.08 | To be advised | Due to vacancies arising in the ICT team, this item has not been progressed. New team now in place and will take on board action for implementation. |
| Corporate Purchase Cards (September 2008) | Adequacy of Corporate Purchase Card Policy (Amber) The Corporate Purchase Card Policy will be reviewed and updated for issues identified by this review. Appropriate consultation will be sought prior to approval. | 31.12.08 | 31.07.09 | Due to long term staff illness this item has not been fully progressed. Temporary resource is now in place to prioritise this work. |
| Corporate Purchase Cards (September 2008) | Processing of staff Travel Costs (Amber) The revised corporate purchase card policy and procedures will make clear how all staff travel costs are to be processed. This will involve consulting the Chief Financial Officer and Head of Organisational Development & Human Resources in order to clarify a number of issues. | 31.12.08 | 31.07.09 | Due to long term staff illness this item has not been fully progressed. Temporary resource is now in place to prioritise this work. |

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES**

SECTION 4

| Report | Outstanding Actions | Original Date | Revised Date | Management Comments |
|---|--|-----------------|----------------------|---|
| Corporate Purchase Cards (September 2008) | Adequacy of Management Information (Amber) The Corporate Procurement Manager will identify the management information required in order to fully assess the effectiveness of the Council's corporate purchase card scheme. | 31.12.08 | 31.07.09 | Due to long term staff illness this item has not been fully progressed. Temporary resource is now in place to prioritise this work. |
| Education Control Self Assessment (October 2008) | General Security (Amber) Policy and procedures will be developed setting out the operational need for routine code changes and circumstances when alarm codes must be changed. | 31.01.09 | 31.08.09 | The Schools Estate Team have agreed to change alarm codes annually and when operational needs require it. This will be introduced during the summer holidays. |
| Education Control Self Assessment (October 2008) | General Security (Amber) Written procedures will be developed setting out visitor registration and badge issuing processes across all schools. | 31.01.09 | 16.03.09 | Procedures are currently being developed and will be finalised in March 2009. |
| Corporate Purchase Cards (September 2008) | Corporate Purchase Card Procedures (Amber) Corporate Purchase Card procedures will be reviewed and updated to take account of the issues identified by the review. | 31.01.09 | 31.07.09 | Due to long term staff illness this item has not been fully progressed. Temporary resource is now in place to prioritise this work. |
| Corporate Purchase Cards (September 2008) | Appropriateness of Corporate Purchase Card Limits (Amber) The Corporate Procurement Team will review each cardholders monthly expenditure limit against the limit set for them by the Finance Creditors Team and action accordingly. | 31.01.09 | 31.07.09 | Due to long term staff illness this item has not been fully progressed. Temporary resource is now in place to prioritise this work. |
| Libraries and Museums (December 2008) | The McLean Museum and Art Gallery: Storage Space (Amber) Incorporate a storage solution into the overall feasibility project for the refurbishment of the Watt Library and Museum . | 28.02.09 | To be advised | Work in this area is being progressed. Further discussions are taking place with Property Resources and Facilities Management. |