



North Herts District Council  
Audit Committee Progress Report  
1 March 2012

**Recommendation**

Members are recommended to note the Internal Audit Progress Report, approve the amendments to the Audit Plan as at 27 January 2012 and agree removal of implemented high priority recommendations.

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## 1. Introduction and Background

### Purpose of Report

- 1.1 To provide Members with:
- Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Internal Audit Plan for 2011-12 as at 27 January 2012.
  - Findings for the period 10 December 2011 to 27 January 2012 for audits assessed as 'Limited' or 'No' assurance.
  - Proposed amendments to the approved 2011-12 Audit Plan.
  - Implementation status of previously agreed high priority audit recommendations and to agree removal of completed actions.
  - An update on performance management information as at 27 January 2012.

### Background

- 1.2 The 2011-12 Annual Audit Plan was approved by the Audit & Risk Committee in February 2011.
- 1.3 The Finance, Audit & Risk Committee receive periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 16 January 2012.
- 1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

## 2. Audit Plan Update

### Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 27 January 2012, 68% of the 2011-12 Audit Plan days had been delivered. Appendix A provides a status update on each individual deliverable within the audit plan. As has been previously reported the auditor days available for audit work in 2011-12 were significantly reduced as a result of the transition to SIAS. However, it is anticipated that a minimum of 90% of the amended 2011-12 Audit Plan will be delivered by 31 March 2012.
- 2.2 The following 2011-12 reports and assignments have been issued in the period since 9 December 2011:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
Information Sharing (Report provided at Appendix C)	Jan '12	Limited	four high
Equalities & Diversity	Jan '12	Substantial	two medium one merits attention

Treasury Management	Jan '12	Substantial	two merits attention
Internet & Email	Feb '12	Substantial	one medium

### **High Priority Recommendations**

- 2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is Internal Audit's responsibility to bring to Members' attention non-implementation of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.
- 2.4 The standard template schedule attached at Appendix B shows the implementation status of the previously agreed high priority audit recommendations.

### **Proposed Audit Plan Amendments**

- 2.5 The following amendments to the Audit Plan have been agreed with the Officers of the Council and are detailed below for Audit Committee approval:
- Corporate Governance Arrangements – 15 days (delayed to 12-13 when it is expected that an interim chief executive will be in place as this role is crucial to the Council's overall governance framework)
  - Herts Recycling Consortium - 12 days (being considered for inclusion in the 2012-13 audit plan of the lead authority, Welwyn Hatfield Borough Council)
  - Management Information – 8 days (insufficient benefit in proceeding with this audit given overlap with the "Financial Resilience" assessment carried out by External Audit and for which the Council received a 'Green' overall assessment).
- 2.6 At the last FAR Committee meeting on 16 January 2012, approval for the deferral of the Bancroft Redevelopment contract audit was sought and obtained. Members requested that an update on planned timings for this work be brought to this Committee. Management has subsequently advised that contracts will not be let during 2012-13 due to the Heritage Lottery Fund application process. No audit involvement in this project is, therefore, planned for 2012-13.

### **Performance Management**

- 2.7 Annual performance indicators were approved at the SIAS Board meeting on the 7 September 2011. Targets were also agreed by the SIAS Board for the majority of the performance indicators. Targets have not been set for the performance indicators relating to the completion of Planned Days and Planned Projects for 2011-12, given the impact of transition.

- 2.8 The actual performance for North Herts against the targets that can be monitored in year is set out in the table below.

<b>Performance Indicator</b>	<b>Performance Target</b>	<b>Actual to 27 January 2012</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed	N/A for 2011-12	68%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	N/A for 2011-12	55%
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%	100%

- 2.9 In addition, the performance targets listed below are annual in nature; members will be updated on the performance against these targets within the Head of Assurance's Annual Report:

- **5. External Auditors' Satisfaction** – the Annual Audit Letter should formally record whether or not the External Auditors are able to rely upon the range and the quality of SIAS' work.
- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting then the plan should be prepared for the first meeting of the financial year.
- **7. Head of Assurance's Annual Report** – prepared in time to present to the first meeting of each Audit Committee in the financial year.

- 2.10 Developments in the period include:

- The SIAS external partner PWC continues to deliver a proportion of the programme of work to support delivery of the plan by 31 March 2012;
- Audit planning for 2012-13 has been concluded. The outcomes of this exercise are being brought to this committee in a separate report.

**APPENDIX A      PROGRESS AGAINST THE 2011-12 AUDIT PLAN AS AT 27 JANUARY 2012**

**2011-12 SIAS Audit Plan**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Asset Management & Capital Accounting					15	Yes	9	Fieldwork in progress
Asset Management b/f from 2010-11	Substantial	2	7	0	5	Yes	5	Final report issued
Bancroft Redevelopment					2		2	Audit deleted from 2011-12 plan
Benefits Realisation – Office Accommodation Project					8	Yes	7	Fieldwork complete
Careline					10	Yes	1.8	ToR issued – fieldwork to commence March 2012
Community Safety Partnership	Substantial	0	3	2	12	Yes	12	Final report issued
Consultants b/f	Moderate	6	6	2	1	Yes	1	Final report issued
Copyright Act – Software Licensing	Substantial	1	3	0	10	Yes	10	Final report issued
Corporate Business Planning					9	Yes - PWC	1	Terms of reference issued – fieldwork to commence March 2012
Corporate Governance Arrangements					15	Yes	0	Audit deleted from 2011-12 plan
Council Tax					12	Yes	3.3	Fieldwork in progress
Council Tax Benefits & Rent Allowances					15	Yes	14	Draft report issued
Creditors					10	Yes – PWC	8	Fieldwork complete
Debtors					10	Yes – PWC	8	Fieldwork complete
Equalities & Diversity	Substantial	0	2	1	8	Yes	8	Final report issued
Externalisation of Document Management	Substantial	0	1	0	10	Yes	10	Final report issued

**APPENDIX A      PROGRESS AGAINST THE 2011-12 AUDIT PLAN AS AT 27 JANUARY 2012**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Follow Up					20		10.3	On-going
Grants to Voluntary & Community Groups and Individuals	Substantial	0	2	0	10	Yes	10	Final report issued
Herts Recycling Consortium					12	Yes	2.3	Audit deleted from 2011-12 plan
Home Improvement Grants	Substantial	3	5	0	10	Yes	10	Final report issued
Information sharing	Limited	4	0	0	10	Yes	10	Final report issued
Internet & email	Substantial	0	1	0	10	Yes	10	Final report issued
Land Charges	Substantial	1	0	1	10	Yes	10	Final report issued
Leisure Management Contract	Substantial	1	2	3	10	Yes	10	Final report issued
Main Accounting System					12	Yes	11	Fieldwork complete
Management Information					9		1	Audit deleted from 2011-12 plan
Mrs Howard Gardens Redevelopment					10		0.6	Audit deleted from 2011-12 plan
Members' Interests	Substantial	1	2	1	1	Yes	1	Final report issued
NNDR (to include Business Improvement Districts)					10	Yes	1.9	ToR issued. Fieldwork to start March 2012
NNDR b/f from 2010-11	Substantial	1	1	1	0	Yes	0	Final report issued
Parking Services					15	Yes – PWC	2.5	Fieldwork to start March 2012.
Payroll (inc Officers & Members)					15	Yes	14	Fieldwork complete
Risk Management					10	Yes – PWC	8	Fieldwork complete
Risk of Fraud					10		3.6	Audit deleted from 2011-12 plan

**APPENDIX A      PROGRESS AGAINST THE 2011-12 AUDIT PLAN AS AT 27 JANUARY 2012**

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Sun Street	Not assessed				3	Yes	3	Final report issued
Treasury Management	Substantial	0	0	2	8	Yes	8	Final report issued
District Consultancy					10		1.3	On-going
District Consultancy – Grounds Maintenance Contract	Full	1	0	0	0 (see above)	Yes	6	Final report issued
Client Liaison					40		31.2	On-going
SIAS Training					10		10	Complete
<b>NHDC TOTAL</b>					<b>407</b>		<b>276</b>	



**APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
1.	Asset Management & Capital Accounting (2010-11)	The Asset Management Plan & Capital Strategy should be updated to reflect the current situation and be presented to Cabinet for approval.	<p>Due to reductions in funding leading to several rounds of service contraction, this area is in a state of flux. When the longer-term financial situation is clearer, a strategy can be produced.</p> <p>The initial phase of the review and development of the Asset Management Plan will be through the Asset Management Group. The situation will be formally reviewed at the Asset Management Group.</p>	Head of Finance, Performance & Asset Management	March 2012	<p>07/01/12: The longer term financial situation remains unclear, even though this was initially forecast by Government to be resolved by the end of 2011. Nevertheless, work will begin on updating the council's capital strategy and asset management plan shortly. However the completion date may need to slip beyond March due to slippage in the Government's proposals.</p>	The draft 2012-13 Asset Management Plan is due to be taken to the February Asset Management Group.	Continue to monitor.
2.	Asset Management & Capital Accounting (2010-11)	Detailed reports, as required by the Council's Contract Procurement Rules, should be prepared	Full reports will be produced and reported to either the Asset Management Group or Cabinet as	Senior Estates Surveyor	Immediate	07/01/12: Implemented	Reports prepared for current disposal of the Pelican Pub on the Grange	Complete – remove from list.

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No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		prior to any disposal.	required.				Estate.	
3.	NNDR (2010-11)	Remind officers of their authorisation levels to ensure that refunds are authorised as per the authorised signatory listings.	Agreed, email has already been sent reminding staff of their limits.	Revenues Manager	Implemented	07/01/12: Implemented	Email not retained by action owner, however, a sample of refunds will be checked during the 2011-12 NNDR audit for approval levels. Final report due March 2012.	Continue to monitor.
4.	Consultants (2010-11)	Regular reports of total expenditure on consultants should be made to a corporate forum to enable more effective corporate monitoring and management of this element of the Council's expenditure.  Consideration be given to further analysis of expenditure between contracts for services	Reports on the expenditure on consultants should be made to every meeting of the Contracts & Procurement Group.	Head of Finance, Performance & Asset Management	Sep 2011	07/01/12: Implemented	There has not been a meeting of the Contract and Procurement Group since the audit. A meeting has been convened for February and expenditure reports will be brought to this meeting if relevant, however no expenditure on new consultants since September 2011.	Continue to monitor.

**APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		(employed for specific projects) and contracts of service (to make up for deficiencies in in-house staff resources), to provide better and more accurate management information.						
5.	Consultants (2010-11)	All consultancy appointments over £5,000 should be subject to Head of Service approval as required by the Contract Procurement Rules (30.1).  Appointments over £50,000 should be approved by the Corporate	Officers will be reminded of the requirements of Contract Procurement Rules.  This requirement will be considered for inclusion in the next revision of Contract	Head of Finance, Performance & Asset Management	June 2011  Dec 2011	07/01/12: Reminders have been given via the Contracts & Procurement Group and will be factored into training.  07/01/12: No change	There have not been any recent meetings of the Contracts & Procurement Group, however, a meeting is scheduled for February 2012. The Council's Intranet pages have been updated.  Revision of Contract Procurement Rules	Continue to monitor.  Continue to monitor.

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No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		<p>Management Team (or project board if applicable).</p> <p>A pro forma for the approval of commissions over the specified amounts should be introduced. This to be based on the checklist provided at Part H of the Council's Contract Procurement Rules. Copies should also be provided to the Procurement Officer and Group for monitoring purposes.</p>	<p>Procurement Rules.</p> <p>A pro forma will be introduced and commissioning officers instructed to complete it.</p>		Sept 2011	07/01/12: This has been flagged with the Contracts & Procurement Group and will be factored into training.	<p>due in 12-13.</p> <p>Revision of Contract Procurement Rules due in 12-13.</p>	Continue to monitor.
6.	Consultants (2010-11)	All officers involved in the tendering process should be reminded of the correct procedures for the receipt and opening of tenders. It should be emphasised that	Staff will be reminded of the correct procedures to follow and of the need to comply with Contract Procurement Rules in all instances. In the longer-term the	Procurement Officer	August 2011	07/01/12: Reminders have been given via the Contracts & Procurement Group and will be factored into training.	As above, there have not been any recent meetings of the Contracts & Procurement Group. The Council's Intranet pages have been	Complete-remove from list.

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No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		these are applicable to all tenders, including framework contracts.	introduction of e-tendering should mitigate this problem.				updated.  Revision of Contract Procurement Rules due in 12-13.	
7.	Consultants (2010-11)	Commissioning officers must be reminded of the need to comply with the Contract Procurement Rules in all instances.  Officers responsible for procurement must be adequately trained in their responsibilities.	Commissioning officers will be reminded of best practice. Intranet procurement pages will be updated.  Procurement training for staff will ensure that all staff are aware of their responsibilities and the requirements of Contract Procurement Rules.	Procurement Officer	August 2011	07/01/12: Reminders have been given via the Contracts & Procurement Group and will be factored into training.	The Council's Intranet pages have been updated.  Revision of Contract Procurement Rules due in 12-13.	Complete-remove from list.
8.	Consultants (2010-11)	Full documentation of all significant decisions and appointments relating to consultants should be produced and maintained.	Project management controls should be applied to all significant appointments, as laid down in the Council's approved procedures.  Commissioning officers	Head of Finance, Performance & Asset Management	June 2011	07/01/12: Reminders have been given via the Contracts & Procurement Group and will be factored into training.	The Council's Intranet pages have been updated.  Revision of Contract Procurement Rules	Continue to monitor.

**APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		<p>Evidence of compliance with Contract Procurement Rules and (where applicable) EU Regulations must be produced.</p> <p>All legal documents relating to the appointment of consultants should be securely retained within Legal Services.</p> <p>Reporting lines and responsibilities for the commissioning of work and the supervision of consultants should be in place and transparent.</p> <p>Full consideration should be given to the likelihood that a</p>	<p>will be reminded of the correct procedures to follow.</p> <p>See rec. 6 above.</p> <p>This should be outlined from the beginning and form part of the pro-forma report required to be produced as part of the approval process.</p>				<p>due in 12-13.</p>	

**APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		<p>small initial commission could lead on to a much larger piece of work with appropriate procurement arrangements being instituted at the beginning of the process and clear decision points being determined at appropriate stages.</p>						
9.	Consultants (2010-11)	<p>The Performance &amp; Risk Manager should be consulted prior to any appointment to ensure that adequate insurances are in place and in order to comply with the Council's Contract Procurement Rules (30.2).</p> <p>Further guidance is given in Part H and in the Council's</p>	<p>Commissioning officers will be reminded of best practice. Intranet procurement pages will be updated as necessary to reinforce this requirement.</p> <p>Contract documents should make explicit the requirement to maintain professional indemnity insurance.</p>	Procurement Officer & Contracts Solicitor	August 2011	07/01/12: Reminders have been given via the Contracts & Procurement Group and will be factored into training.	<p>There have not been any recent meetings of the Contracts &amp; Procurement Group, however, a meeting is scheduled for February 2012. The Council's Intranet pages have been updated.</p> <p>Revision of Contract</p>	Continue to monitor.

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No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		Procurement Guide. Commissioning officers should be reminded of this requirement.					Procurement Rules due in 12-13.	
10	Copyright Act – Software Licensing	Record details of software held by the Council in the IT Asset Register.	I.T is developing an in-house software package which can accommodate both hardware and software assets. Phase 1 of this is complete and the I.T Business Team are currently carrying out a full audit of hardware assets and once this is complete software assets will be tagged against the asset.	ICT Manager	Phase 1 – Software written  Phase 2 – Physical floor walk Asset Audit which is due to be completed by end September  Phase 3 – Commences mid October	09/01/12; Completed	No comment for this report.	Continue to monitor
11	Home Improvement Grants	Grant application files should be held securely pending transfer to Northgate for scanning.	Revised storage arrangements to be put in place.	Strategic Housing Manager	End Aug 2011	27/01/12: Completed - grant files have been moved to a locked storage area pending their	All files now sent to Sale for scanning.	Complete – remove from list.



**APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
						transfer to Northgate on 02/02/12.		
12	Home Improvement Grants	Access to open case files should be restricted to relevant officers.	Cabinet to be locked and access to the key restricted to officers who work on case files.	Strategic Housing Manager	End Aug 2011	27/01/12: Completed - open case files are stored in a locked cupboard, with access to the key restricted to those who work on the files.	Cabinet now locked.	Complete – remove from list.
13	Home Improvement Grants	The Housing Strategy & Renewals team should seek and retain evidence from Land Charges that confirms a charge has been placed over the property.	Revised process to be agreed and implemented.	Strategic Housing Manager	End Sep 2011	27/01/12: Completed - Land Charges confirm each registration by stamping and returning the 'request for registration memo' to the HS&R team.	New process agreed and implemented.	Complete – remove from list.
14	Land Charges	The files containing the grants should be checked to ensure that all grants have been entered onto	Files have been checked and 2 missing grants have now been entered into the register. No searches	MSU Manager	July 2011	N/A	New process agreed and implemented.	Complete – remove from list.

## APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		<p>the Land Charges Register.</p> <p>Once this has been undertaken the system should be interrogated to ensure that all future charges are visible in the register.</p>	<p>were carried out against the property.</p> <p>Automation of this process is underway by utilising the spatial capabilities.</p>		Oct 2011			
15	Leisure Management Contract	A performance bond, as required under the conditions of contract should be obtained and filed with the signed contract documentation for all three contracts.	<p>Performance bonds have now been obtained for the Hitchin and Royston contracts.</p> <p>The Council is to review the need to obtain a bond for the extended period of the Letchworth contract and to consider other options to protect the Council's interests.</p>	Head of Leisure & Environmental Services / Contract and Projects Manager	<p>Implemented</p> <p>31 Dec 2011</p>	N/A	No comment for this report	Continue to monitor.
16	Members' Interests (2010-11)	The spreadsheet of parish councillors should be cross-	Spreadsheet records to be checked and adjustments made	Corporate Legal	Dec 2011	N/A	No comment for this report	Continue to monitor.

**APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 27 January 2012	Status of Monitoring by SIAS
		checked to the listing of parish councillors to ensure it represents a complete record.	where required.	Manager				
17	Grounds Maintenance Contract	For future tender exercises, the final version of a specification must be thoroughly checked prior to it being released to potential tenderers.	Whilst the Head of Finance can oversee the checking process, this task will need to be performed by a number of staff involved in the process. For example, Accountancy should be involved in assisting the project manager with the preparation of schedules and the Project Manager/Service lead, Procurement Officer and Legal Officer should check their relevant areas before the document is released.	Head of Finance, Performance & Asset Management	This will be an ongoing process for each Tender exercise arising.	N/A	Part of agreed procurement process which is reinforced through involvement of Procurement Officer.	Complete – remove from list.



**APPENDIX B: AUDIT REPORTS ISSUED IN THE PERIOD WITH 'LIMITED' OR 'NO' ASSURANCE.**

1. Information Sharing



## **Final Internal Audit Report**

# **Information Sharing**

**23 January 2012**

**Issued to:** Strategic Director of Finance, Policy & Governance  
Head of Revenues, Benefits & IT  
ICT Manager  
ICT Business Manager

**Copied to:** Risk & Performance Manager

**Report issued by:** SIAS Audit Manager

**Report Status:** Final – Private and Confidential

**Reference:** N1540/11/001

**Overall Assurance:** Limited



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## 1. EXECUTIVE SUMMARY

### Introduction

- 1.1 This audit derived from the 2011-12 Annual Audit Plan as approved by the Audit & Risk Committee in February 2011.
- 1.2 Information sharing relates to how the Council handles information flows both internally amongst service areas and employees and externally with customers and partners. There are significant risks associated with information sharing and the Council retains full responsibility for ensuring the security of the data and the way in which it is stored and used.
- 1.3 The Council has some information sharing protocols in place, the most significant being between the Council and Hertfordshire Constabulary for the purpose of preventing and reducing crime and anti-social behaviour.

### Overall Audit Opinion

- 1.4 Based on the work performed during this audit, we can provide overall **Limited Assurance** that there are effective controls in operation for those elements of the risk management processes covered by this review.
- 1.5 This level of assurance reflects the need for the Council to ensure effective and consistent management of information flows is achieved, through a system of centralised control and monitoring.
- 1.6 Please see definitions for the overall assurance levels at Appendix B, as well as the Assurance by Risk Area below.

### Summary of Recommendations

- 1.7 We have made 4 recommendations, all classified as 'High' priority, to further strengthen the internal controls and management / audit trail.

The high priority recommendations relate to an overarching policy on information sharing, assessment of information flows, central record of data flows and awareness of data protection implications.

- 1.8 Please see Management Action Plan at Appendix A for further detail.

### Annual Governance Statement

- 1.9 This report provides limited levels of assurance to support the Annual Governance Statement.



## 2. ASSURANCE BY RISK AREA

2.1 Our specific objectives in undertaking this work, as per the Terms of Reference, were to provide the Council with assurance on the adequacy and effectiveness of internal controls, processes and records in place to mitigate risks in the following areas:

<b>Risk Area</b>	<b>None</b>	<b>Limited</b>	<b>Moderate</b>	<b>Substantial</b>	<b>Full</b>
Information sharing framework					
Information sharing protocols					
Awareness of Data Protection implications					
<b>Overall</b>					

2.2 See definitions for the above assurance levels at Appendix B.

No.	Finding / Associated Risk	Priority	Recommendation	Management Response	Target Date
1.	<p><b>Corporate Guidance</b></p> <p>There is no overarching information sharing protocol setting out the agreed standards to be followed.</p> <p><u>Risk</u> There is a lack of consistency and leadership over data sharing activities across the Council and potential data security breaches.</p>	High	Produce an overarching guide on information sharing requirements to inform staff, members, partners and contractors of their responsibility for effective data management.	<p>It is possible to write an overarching information sharing protocol. This will be a very high level document as the current data sharing protocols are very different due to the type of data that is involved and with what company/authority the data is being shared with.</p> <p><b>Responsible Officer:</b> IT Business Manager</p>	31 March 2012

No.	Finding / Associated Risk	Priority	Recommendation	Management Response	Target Date
2.	<p data-bbox="181 268 734 491"><b>Information Flows</b></p> <p data-bbox="181 347 734 491">No assessment has been undertaken of information being shared both between service areas and externally with partners / contractors.</p> <p data-bbox="181 531 734 746"><u>Risk</u> Sensitive and personal information is shared when not appropriate for service needs leading to a breach of the Data Protection Act and potential fines for the Council.</p>	High	Identify data sharing flows taking place across the Council and assess the sensitivity of the data.	<p data-bbox="1442 347 1883 491">Work has started in this area. Attendance at team meetings to discuss the process and frequency of shared data.</p> <p data-bbox="1442 531 1883 675">This will provide details of which services are currently sharing data with external organisations.</p> <p data-bbox="1442 715 1883 930">Email audit is in progress to identify types of personal information that is currently leaving the Authority. From this new processes will be written and implemented.</p> <p data-bbox="1442 970 1883 1042"><b>Responsible Officer:</b> IT Business Manager</p>	31 March 2012

No.	Finding / Associated Risk	Priority	Recommendation	Management Response	Target Date
3.	<p data-bbox="181 268 734 491"><b>Data Sharing Protocols</b></p> <p data-bbox="181 341 734 491">There is no central register recording information sharing protocols in existence and when they are due for review.</p> <p data-bbox="181 528 734 746"><u>Risk</u> There is no central control and monitoring of information sharing protocols leading to inconsistency and potential areas of weak data security going undetected.</p>	High	Record information sharing flows in a central register. Indicate whether a protocol has been produced and if so, the date of next review.	<p data-bbox="1442 341 1883 491">Central Register to be created and monitored for existing and new Information Sharing Protocols.</p> <p data-bbox="1442 528 1883 603"><b>Responsible Officer:</b> IT Business Manager</p>	31 March 2012

No.	Finding / Associated Risk	Priority	Recommendation	Management Response	Target Date
4.	<p data-bbox="181 268 734 560"><b>Data Protection Act</b></p> <p data-bbox="181 344 734 560">Awareness of the requirements of the Data Protection Act in relation to information sharing is not consistent across the Council and no record exists of decisions taken whether to share information or not.</p> <p data-bbox="181 603 734 815"><u>Risk</u> Information sharing may not comply with the requirements of the Data Protection Act leading to potential fines by the Information Commissioners Office.</p>	High	Implement a process to ensure information sharing activities are monitored for compliance with the Data Protection Act and decisions whether or not to proceed are recorded.	<p data-bbox="1442 344 1883 703">Following the team meetings and email audit it will be possible to create a record of information that leaves the Authority. The Data Protection Officer will then be in a position to monitor this information to make sure that it complies with the Data Protection Act.</p> <p data-bbox="1442 751 1883 890"><b>Responsible Officer:</b> IT Business Manager and Head of Revenues, Benefits and IT</p>	31 March 2012

## APPENDIX B DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITIES

Levels of assurance	
<b>Full Assurance</b>	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives. No weaknesses have been identified.
<b>Substantial Assurance</b>	Whilst there is a largely sound system of control, there are some minor weaknesses, which may put a limited number of the system objectives at risk.
<b>Moderate Assurance</b>	Whilst there is basically a sound system of control, there are some areas of weakness, which may put some of the system objectives at risk.
<b>Limited Assurance</b>	There are significant weaknesses in key control areas, which put the system objectives at risk.
<b>No Assurance</b>	Control is weak, leaving the system open to material error or abuse.

Priority of recommendations	
<b>High</b>	There is a fundamental weakness, which presents material risk to the objectives and requires urgent attention by management.
<b>Medium</b>	There is a significant weakness, whose impact or frequency presents a risk which needs to be addressed by management.
<b>Merits Attention</b>	There is no significant weakness, but the finding merits attention by management.