Audit Committee, 16 March 2016

Internal audit – Review of recommendations

Executive summary and recommendations

At its meeting on 29 September 2011, the Committee agreed that it should receive a paper at each meeting, setting out progress on recommendations from internal audit reports.

Most of the information in the appendix is taken from the wording of the internal audit reports. The exception is the 'update' paragraph in the right-hand column, which provides details of progress.

Recommendations which have been implemented have been removed from this report. The original numbering of recommendations has been retained.

Decision

The Committee is requested to discuss the paper.

Background information

Please refer to individual internal audit reports for the background to recommendations.

Resource implications

None

Financial implications

None

Appendices

None

Date of paper

7 March 2016

Recommendations from internal audit reports

Core Financial Systems – Payroll (report dated September 2011 – considered at Audit Committee 29 September 2011)

Assurance on effectiveness of internal controls: Substantial Assurance

Recommendations summary

Priority	Number of recommendations
Fundamental	None
Significant	None
Housekeeping	3

Risk 3: Financial losses arising from fraud or error, inefficient processing or inappropriate activity (such as ghost employees, payment of staff who no longer work at the Council, authorised payments, etc)

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
2	*Observation:* Finance receive an HR Pack on a monthly basis which includes the HR Summary spreadsheet and relevant supporting documentation detailing starters; leavers; contractual variations; acting-up allowances; changes to address etc. Whilst our review confirmed that this information was received by Finance, in a timely manner and before the deadline of the 15th of the month, as there is currently no direct interface between the HR Systems and Sage, the information has to be entered again on to Sage. It is noted that a review of the HR system is planned to be undertaken. *Risk:* Holding two databases with staff details	As part of the planned review of the HR system, consideration should be given to a more effective interface between the HR and Payroll systems to avoid duplication in entry of data.	Housekeeping	Project proposal to review HR & partners information systems, including link to payroll to be submitted to Executive team in November 2011. If agreed will form part of 2012/13 project plan.	Director of Finance/ HR Director. **Update** 16/03/2016 - we have reconsidered the option of using the supplier of the HR and partners system, and have conducted an information security audit on their systems, with satisfactory results. We are currently in negotiation with the supplier over contract terms. **Previous updates**: 26/11/2015 - On track, no change

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	and duplication of data entry are unlikely to be an efficient use of resources.

Errors are more likely to arise where data is re-keyed. | | | | from 17/6/15 update

08/09/2015 – On track, no change from 17/6/15 update

17/06/2015 – The payroll service offered by the supplier of the new HR and Partners system is not appropriately certified for information security, so we are reviewing other options for the contracted out payroll service, expecting to conclude by the end of 2015-16. We still intend and expect the new HR system to better integrate with payroll, whichever option for payroll is chosen.

10/3/2015 – We have started discussions with the supplier of the HR and Partners system to identify whether their integrated payroll service would be suitable for our needs.

09/10/2014 – The HR and Partners system build business case was approved by EMT to enter the start-up phase on 9 September. A supplier has been identified.

24/06/2014 – Still pending the HR & Partners project. Bids from suppliers have been received and are being assessed but no contract yet awarded so the |

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
					project has not yet entered the build phase. 20/03/2014 - HR & Partners Systems Review phase is due to end on 31 March 2014. The project will then enter the build stage.

Disaster Recovery / Business Continuity Planning (report dated October 2013 – considered at Audit Committee 28 November 2013)

Assurance on effectiveness of internal controls: Substantial Assurance

Recommendations summary

Priority	Number of recommendations
Fundamental	None
Significant	None
Housekeeping	1

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ Responsibility
6.2	Observation: The Business Continuity Plan is centrally controlled and managed by the Head of Business Process Improvement but is distributed as a paper document to 52 different people or locations. This makes it possible for uncontrolled documentation that may be outdated to still be held. Anecdotal evidence suggests that this has been the case on a number of occasions. There would be benefits with using an alternative method for managing how the plan is accessed such as improved version control and distribution. Potential alternatives include managing access via a central storage point i.e. secure internet or intranet location, cloud-based service or distributed by secure USB device.	HCPC should consider alternative methods of version control and distribution for the BCP, i.e. via secure internet/intranet, cloud service or secure USB key..	3	The Executive consider technology based solutions for the update and distribution of the BCP every year as part of the project prioritisation process and budget discussions. To date other statutory requirements have reached a higher priority than this project. This item remains on the long list of important projects until actioned. This project will be considered again in the project prioritisation process and budget discussions taking place in December and February for the	Head of Business Process Improvement **Update** 16/03/2016 - The Shadow Planner application was demonstrated to EMT following the Council Away Day. We are now awaiting a beta version that will be compatible with the latest Blackberry devices that we are obtaining for the organisation. **Previous updates**: 26/11/2015 - A demonstration was provided to EMT in October on HCPC Blackberry devices, and the restructure of the plan has been made to fit the online delivery model. All plan data has now been input to the supporting secure website, and we will be training EMT and CDT / Heads of Department on maintenance of the plan for their areas of

				forthcoming (2014/15) budget year.	responsibility over the next few months.
	Risk: Plans may lack effective version control which may cause people to refer to old or out-dated version of the Business Continuity Plan causing delays in recovery.				08/09/2015 - Implementation work is under way with the supplier. Some editing of content layout is required to fully utilise the format options available, and this is in progress.
					17/06/2015 - Licence PO is in progress for the software and service selected. Development of our service will commence shortly
					19/03/2015 - A successful test with the preferred supplier has taken place and the procurement exercise is completing
					09/10/2014 – BPI are meeting a potential external supplier on 02/10/2014. Options will be reviewed following this. If the external option is perused a procurement process will be run.
					24/06/2014 – BPI plan to investigate if an in house system could be used instead of an external procurement.
					20/03/2014 – This project has been provided for within the 2014-15 BPI budget. The ability to produce paper versions will remain as a contingency