Appendix 3: Update on Issues/Risks identified in Statement of Internal Control for 2005/06

Risk identified	Action included in SIC	Progress Update	Responsibility	Outstanding actions still needed	Date
A need to increase audit coverage to achieve requirements of Accounts and Audit Regulations 2003. Whilst improvements were made in 2005/06 this was still raised as a concern by our external auditors in the Annual Audit and Inspection letter.	Coverage in 2006/07 is planned to increase by 100%. Closer working arrangements with external audit are in place and a joint working agreement will be agreed by the end of May 2006.	Joint working agreement agreed and in place. Internal Audit received a favourable review by the Audit Commission as part of the Annual Governance Report in September 2006	Audit Manager	None	n/a
Poor performance on housing benefits continued through 2005/06.	The 2006/07 budget approved growth to increase staffing in order to both improve the management structure and processing speeds. BFI Improvement plan in place and integrated with Overview & Scrutiny task group recommendations	Speed of processing continued to improve throughout 2006/07, but remains bottom (fourth) quartile performance.	Benefits Team Leader	Fundamental review of structure and processes to be carried out in 2007/08 – by external specialists. *(Remains an Issue reported in the 2006/07 SIC.)*	July 2007

Risk identified	Action included in SIC	Progress Update	Responsibility	Outstanding actions still needed	Date
Annual Audit & Inspection Letter raised concerns about collection rates for Council Tax and NNDR in 2005/06. In year collection for both was below targets set and District Council Top Quartile figures	Collection rates in 2005/2006 for NNDR were up on 2004/2005. A Recovery Action Plan has been produced to improve collection rates for both Council Tax and NNDR, and performance indicators will be reported and monitored on a monthly basis.	Early improvements in 2006/07 were not sustained and the 2006/07 annual collection figures place the Council in the third quartile for performance.	Recovery Team Leader	Fundamental review of structure and processes to be carried out in 2007/08 – by external specialists. *(Remains an Issue reported in the 2006/07 SIC.)*	July 2007
Change control documentation to support computer programme amendments needs improvement.	ITIL - (Information Technology Infrastructure Library – industry standard) protocols being introduced into the ICT Team, to improve change control. Change Control procedure in operation within the software development area will be reviewed by Internal Audit early in 2006, and a full audit of change control will be conducted in the 3rd quarter of 2006/2007.	ITIL protocols introduced. All ICT staff required to achieve basic ITIL qualification within one year (or one year of appointment) Due to delays in implementing ITIL, no audit was undertaken of change management. An audit has now been programmed for 2007/2008.	ICT Team Leader	Change control practices need to be embedded and this will be assessed through the audit process. Audit to be undertaken by outsourced IT Audit supplier as part of agreed 2007/2008 audit plan. *(Remains an Issue reported in the 2006/07 SIC.)*	September 2007

Risk identified	Action included in SIC	Progress Update	Responsibility	Outstanding actions still needed	Date
Although a Business Continuity Plan was approved in March 2006, the disaster recovery plan remains outstanding.	Disaster Recovery Plan contract will be let by end of June 2006. Disaster Recovery Plan will be fully tested and operational by end of October 2006.	Disaster Recovery Plan in place, fully operational and tested by February 2007.\n\nAudit of Business Continuity and Disaster Recovery carried out. Improvements identified and action plan agreed.	ICT Team Leader\n\nCMB	Action Plan to be implemented	N/a\n\nMarch 2008
No formal Human Resources Strategy in place.	Draft Human Resources Strategy produced for officer consultation in March 2006. Will go forward to Committee for approval in July 2006.	Human Resources/People Strategy approved by Personnel, Licensing and Administration Committee in July 2006.	HR Team Leader	None.\n\nImplementation of Strategy now driven through HR Service Plan.	N/a
Limited evidence was identified that orders placed are recorded as committed expenditure on the Main Accounting System or alternative local monitoring system.	The business case for obtaining a purchase ordering system is to be reviewed in the first half of 2006/2007.	Review delayed pending decision on unitary status	Section 151 Officer	Business case for purchase-order-processing to be prepared by March 2008.\n\nThorough implementation of existing ordering and commitments process to be carried out.\n\n*(Remains an Issue reported in the 2006/07 SIC.)*	March 2008\n\nSeptember 2007

Risk identified	Action included in SIC	Progress Update	Responsibility	Outstanding actions still needed	Date
A review of Main Accounting System user access rights identified a significant number of users who had either multiple access rights, inappropriate super-user access or they belonged to staff no longer employed by the Council.	All system user access rights are to be reviewed to ensure they are adequate and appropriate.	This action has been built into the workplan of the Systems Administrator. There is still outstanding work to complete on reviewing user access rights.	Chief Accountant	Original action still stands. *(Remains an Issue reported in the 2006/07 SIC.)*	July 2007
There is a lack of clear, documented procedures for dealing with VAT and the preparation of VAT returns.	The Finance Team will produce clear and comprehensive guidance notes, to be circulated to all appropriate officers of the Council.	When the new creditors system was implemented, VAT documentation was created; this is on the Bulletin Board. The re-organisation of the Finance section strengthens the structural control of VAT. The Documentation of the whole of the VAT process is in the 2007-08 workplan.	Chief Accountant	Original action still stands. *(Remains an Issue reported in the 2006/07 SIC.)*	September 2007

Risk identified	Action included in SIC	Progress Update	Responsibility	Outstanding actions still needed	Date
Reconciliations have not been prepared or reviewed for a number of key systems and the Main Accounting System. Regular bank reconciliations have not been prepared or reviewed in the financial year.	The Finance Team will work with the operators of key feeder systems to ensure they are reconciled on a regular basis. Bank reconciliations will be performed on a monthly basis, in accordance with approved financial regulations.	A schedule of recommendations has been produced, and all key systems were reconciled as part of the year-end process. Regular reconciliations were not performed throughout the year.	Chief Accountant	The schedule of reconciliations needs to be firmly embedded into the working practices of the Finance Team, which should be facilitated by the proposed new structure. *(Remains an Issue reported in the 2006/07 SIC.)*	March 2008