



Internal Audit

2008-09 Progress Report

Final Accounts & Audit Committee 30th September 2008

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Chief Auditor: Steve Memmott

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INTERNAL AUDIT PROGRESS REPORT

Introduction

1. This progress report presents members of the Committee with the following:
 - an overview of the actual position reached at 31 August 2008, in delivering the agreed Audit Plan for 2008-09, and a projection of the expected final outturn against the original Audit Plan
 - brief details of the more significant current issues relating to audit work carried out to date.

Overall progress against the Audit Plan 2008-09

Productive Audit Days

2. We base our Audit Plan for the year on being able to achieve an estimated number of productive audit days throughout the year, and thereby deliver a range of planned audit work. Taken to the end of August 2008, our actual performance against the overall plan was as set out in the following table:

	No of Audit Days
Total Audit Plan for 2008-09	2,000
Target productive days to 31 August 2008	800
Actual productive days to 31 August 2008	801

3. This shows that progress through the first half of the year has run according to plan, and therefore given our current staffing resources I would expect our final outturn for the year to be in line with the plan in terms of overall productive days delivered.

Current Issues Arising

4. A summary of the more significant current issues relating to audit work in the year to date is set out in the following paragraphs.

One Council for Wiltshire

5. This represents a major element of our overall plan for the year. We have undertaken work in a number of specific areas in relation to the One Council Programme as follows.

Business Management Programme (BMP)

6. The implementation of the BMP and the SAP system within it are recognised as being fundamental to the success of the One Council programme as a whole. The Blueprinting phase ran from May to August 2008, and we have had a detailed involvement in this work throughout its duration. Our work focussed on reviewing each of the draft Business Process Definition (BPD) documents, and ensuring our views and feedback were adequately reflected in the final documents. A high number of issues have been highlighted and carried forward from Blueprinting, and we will continue to monitor to ensure all issues are resolved.
7. Our involvement will continue and increase as the next phase, Realisation, progresses. Realisation includes the migration of data from existing systems (eg employee and creditor details), and it is essential that this data is migrated in a controlled manner to prevent inaccurate and/or fraudulent records being created. Realisation also requires extensive user account management for users of SAP. We are assessing both these processes. We will also be involved in the review of Transaction User Guides to ensure the required controls around key areas of authorisation, verification, authentication and accuracy are in place.
8. In conjunction with BMP and CICTU colleagues, we have visited Logica's secure site in South Wales, where our SAP system will be hosted. We reviewed their physical security arrangements and confirmed they are excellent. We have also assessed their site security policy and agreed an appropriate back up regime to ensure our data is adequately protected.

Transitional Issues and Risks

9. In addition to data migration for SAP purposes, there is a vast amount of data held electronically by the five existing authorities. Staff in the new authority will need access to this data, and it is therefore essential that the data is identified, collated, organised and managed in a controlled way. This will ensure accurate information is available to only authorised staff. We are carrying out a review to assess how the business is addressing this process, and the risks to confidentiality, integrity and availability.

10. With regard to the safeguarding of physical assets in preparation for the handover to the new Wiltshire Council, we are setting up an audit to confirm physical existence of a sample of assets and ensure appropriate records of ownership exist. We will also co-ordinate similar work across each of the district councils.

Joint Working with District Council Auditors

11. In order to ensure we widen expertise across the combined audit resources in readiness for the new Council, we have taken the following steps:

- We took over the management of Kennet District Council's Internal Audit function from 1st July 2008, and are committed to ensuring that its 2008-9 Audit Plan is properly delivered
- As part of our programme of assessing schools against the Financial Management Standard, we held a training session for district council audit colleagues. Following this they have begun to help with some assessment work and this will be extended over the rest of the year. In return, during the second half of this year members of our own team will help in the completion of district-based audits.

Internal Audit for Wiltshire Council

12. The workstream to establish an Internal Audit service for Wiltshire Council is now well underway, incorporating a range of specific tasks. Good progress has been made in the following areas:

- In conjunction with district colleagues, we have a working group reviewing current internal audit working methods, and identifying best practice to be adopted by the new audit team. This includes making optimal use of the IT facilities now available, including mobile and home/remote working
- We have worked with district colleagues to identify and risk assess all of the potential areas for audit work in the new Council, using information sources which include risk registers maintained by all five authorities. This work will enable us to have an audit plan in place and agreed in time for the start of the new year.

Other Work

Child Protection

13. A detailed follow-up audit has been carried out to review progress against a range of audit recommendations from 2007. This is the subject of a separate report to the Final Accounts and Audit Committee.

Financial Management Standard in Schools (FMSiS)

14. Our programme of reviewing schools against the FMSiS continues in accordance with our agreed programme. Assessments completed so far have confirmed that 26 secondary and 61 primary schools are meeting the Standard. This programme of work will continue in order to meet the Department of Schools, Children and Families deadline of assessing all schools against the Standard by 2010.

Tender Opening

15. In accordance with the current Constitution, Internal Audit at present attends all tender openings. Our experience over the year to date has revealed a lack of familiarity with laid down procedures, on the part of departmental staff involved in the process. We have summarised our findings in a brief report for the Corporate Procurement Unit (CPU), and will be carrying out further work to review tender opening procedures, in order to inform the working party responsible for developing new Contract Regulations, which is being led by the CPU.

Reactive Work

16. We have undertaken a number of investigations during the year to date, in response to matters referred to us. These have included:
- requested investigations at two youth establishments, involving cheque theft and attempted forgery, as a result of which we gave advice on steps needed to improve controls
 - inappropriate use of school laptops, one of which involved an issue of child protection
 - potential breaches of information security relating to the sharing of network usernames and passwords of WCC staff
 - requests for internet logs or email usage in connection with potential misuse of facilities.

Current Audits

17. A number of audits are currently in progress and nearing completion. Those worthy of specific mention are:
- **Steria IT Contract:** Our review of the current Steria contract has focussed on compliance with the contract terms by both Steria and the County Council, with particular attention to Service Level Agreements and the maintenance of accurate records. We will be discussing a draft report with the CICTU and Steria management during October.

- **Use of Agency Staff:** The County Council has a framework agreement in place for the engagement of agency staff, which is monitored by the Corporate Procurement Unit. In the light of the wide range of projects currently in progress, we are reviewing the methods of recruitment and periods of employment of temporary staff across the Council, to assess the extent of compliance with the framework agreement.
- **Care First:** An audit of the CareFirst system has been carried out to ascertain whether the intended benefits of the system have been achieved in practice. We were looking to see improvements in the use of CareFirst as an electronic social care record, thus achieving savings in time and avoidance of data duplication from more effective use by practitioners. The audit has included an evaluation of whether the customer focus aspects of the CareFirst system are being optimised. The degree to which teams are utilising the system was assessed by visits to a number of different teams and locations.

18. The outcomes of these audits will be included in our next Progress Report to the December meeting of the Final Accounts and Audit Committee.
