FINANCE & IT

Internal Audit Section

Annual Report

2003-04

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Chief Auditor: **Steve Memmott**

Date of Report: **September 2004**

INTERNAL AUDIT
ANNUAL REPORT 2003-04

Introduction

1.   Internal Audit is an assurance function that provides an independent and objective evaluation of the internal control environment of the County Council. Its objective is to review, appraise and report upon the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. In pursuing this objective, Internal Audit is concerned with:

  - supporting the County Treasurer in the discharge of his duties

  - contributing to and supporting the Finance and IT Department's objective of ensuring the provision of, and promoting the need for, sound financial systems

  - facilitating and supporting the corporate risk management process.

2.   Reporting on the results of its work is an important part of the audit process. The purpose of this Annual Report is therefore to present an overview of the following:

  - Internal Audit's performance and findings for the operational year ended 31 March 2004

  - the key issues and developments, both within the authority and throughout local government audit generally, which will have a significant impact upon the future work of Internal Audit.

Review of Internal Audit Performance 2003-04

Overall Performance Statistics

3.   In order to present an overview of Internal Audit's performance for 2003-04, the following tables summarise certain key targets against which we measure our achievements.

Area	Target	Actual	Change	Comments
Analysis against Wiltshire County Council Audit Plan				
Number of audit days	1,911	1,867	-2%	Long-term sickness of one team member
Cost per audit day charged	210	211	<1%	Effectively on target
Gross expenditure less external income As % WCC Gross exp	402,000 0.092%	393,000 0.090%	-2%	Increased external income

Area	Target	Actual	Change	Comments
Analysis of time (% of total excluding leave) - Average for all staff				
Chargeable time	78%	76%	-2%	Sickness (see table above)
Development / management/support	12%	12%	-	Target achieved
Total productive time	90%	88%	-2%	
Non productive time	10%	12%	+2%	

Area	Target	Actual	Change	Comments
Performance on Schools Audits				
Timely presentation: Reports issued within 4 weeks of audit	80%	66%	-14%	Based on 101school audit reports issued in the year
Client satisfaction: Audits rated 'Good' or 'Very Good'	80%	85%	+5%	Target exceeded (based on 75 client feedback forms received)

Factors Influencing Performance

4.   The slight shortfall on productive audit days was caused by a higher than anticipated level of sickness absence, principally due to a spell of long-term sick leave in respect of one team member. This also had a bearing on us narrowly missing our percentage target for chargeable time, set at the level which we had achieved the previous year.

5.   We achieved a saving against our overall estimated costs, thanks in the main to additional external income which was generated from audit work carried out on behalf of the Learning and Skills Council. The nature and outcome of this work has been included in the following section on audit findings for 2003-04.

6.   Whilst we are pleased to have again exceeded our target on client satisfaction arising from schools audit feedback, our performance on timely reporting fell short of what we should have achieved (66% against a target of 80%). This has caused us to look closely at our working procedures for producing reports, and we have introduced certain improvements for the current year. It is encouraging to note that these changes are having the desired effect, since over the first five months of 2004-05, we have issued 40 schools audit reports, all of which have met the target timescale, without any adverse impact upon client satisfaction.

Review of Audit findings 2003-04

Planned Audits

7.   Our previous reports have drawn attention to the need to audit core financial systems in sufficient depth to enable our external auditors, the Audit Commission (AC), to take assurance as to the integrity of these systems. For 2003-04 we agreed a timetable for this work, which meant that it was completed in time for the AC to maximise its reliance on what we had done, and thereby gain sufficient assurance regarding core systems, without having to carry out extra audit work themselves. The results of individual audits are included under each department in the 'Core Audits' section of the Appendix.

Reactive Work

8.   Whilst we agree an Audit Plan at the start of the year and aim to work to this, we need to allow a certain degree of flexibility in order to accommodate the inevitable spate of unforeseen issues which arise and need to be dealt with during the course of the year. The trend appears to be for this type of work to be on the increase. Some of the more high-profile examples of this type of audit work during 2003-04 were as set out below.

Learning and Skills Council – funding of 6th forms

9.   Following a request from the Learning and Skills Council (LSC), we carried out a programme of work at a sample of five 6th form schools on their behalf. The aim was to verify course numbers to provide assurance to the LSC, in order to support the level of its funding of the 6th forms in those schools. This was part of a national audit initiative in which we had volunteered to take part, and the work generated additional external income for us. The LSC subsequently visited to review our files and working papers, and said they are entirely satisfied with the quality of the work we did for them.

Internet-related Investigations

10.   Last year we referred to the widening availability of access to the Internet, and the increasing volume of e-mail 'traffic' which was being experienced. This had started to give rise to a number of instances where on-line facilities were being abused, and which we were required to investigate. Inevitably, in an organisation as large as the County Council, with an increasingly complex IT network, the attendant problem of occasional inappropriate use of the Internet remains.

11.   Cases have continued to be referred to us where we have needed to carry out investigations into allegations of abuse of on-line facilities, by both our own staff and the general public. We used IDEA audit software to extract data from the various logfiles and produce evidence which was both intelligible and comprehensive, and which has been used in disciplinary action where necessary.

12.   Whilst such instances continue to occur from time to time, it is reassuring to note that our monitoring and control systems are picking them up, and that we are then able to investigate them thoroughly and pursue them to an appropriate conclusion.

Risk Management

13.   We have continued our work in helping to establish a framework for effective risk management throughout the County Council. During 2003-04 we held four risk workshops attended by service managers from all departments, in order to help the process of integrating risk management into the County Council's service planning.

14.   Further progress on implementing the County Council's risk management strategy will now be reported separately to the Standards Committee.

Audit Opinion on Internal Control

15.   Brief summaries of the results of individual audits for all departments are given in the Appendix to this report. This year, we have also included an opinion on the internal control environment for each department, so as to inform the review of internal control which must now be established for the County Council as a whole. This is necessary in order for the Statement on Internal Control to be prepared and signed by the Chief Executive and Leader of the Council – an annual requirement for the County Council in common with all other local authorities with effect from 2003-04.

16.   For this first year, our audit opinion has been based entirely on the evidence available to us from the specific audits carried out. However, for future years our reporting process must include an opinion on the overall adequacy and effectiveness of the County Council's internal control environment, therefore we must carry out overall review work for this purpose with effect from 2004-05.

17.   With this in mind, the County Council has established a working group on internal control, whose key objective will be to review and obtain sufficient assurances on internal control throughout the rest of this year, in order to prepare the Statement on Internal Control for 2004-05.   As Chief Auditor, I am a member of this working group and therefore my role within the group will be to ensure that its work is sufficiently focussed to address the key elements of internal control, and thus provide evidence which will support our overall opinion.

18.   The summarised results of individual audits given in the Appendix represent a complete picture of all audits undertaken throughout the year. The findings of a number of these audits have already been summarised and presented to the Standards Committee as part of the Internal Audit Progress Report prepared early in 2004. For completeness, these are included again as part of this Annual Report.

Future Audit Strategy – Key Developments

Current Year

19.   The most important and significant development of the past year, which influences our audit planning henceforth, is the new CIPFA Code of Practice for Internal Audit in Local Government. This new Code is now recognised as representing 'proper internal audit practices' as required by the Accounts and Audit Regulations, making compliance with its various standards mandatory for internal audit across local government.

20. Our Audit Plan for the current year 2004-05 has been prepared with a view to moving towards a wider risk-based audit approach, as required by the new Code of Practice. As an example, we have included within this year's plan an allocation of time to review aspects of the County Council's child protection arrangements, in order to provide a wider assurance that such arrangements are in place and operating satisfactorily.

Future Years

21. The new Code of Practice has been prepared in order to bring local government internal audit more in line with other public sector standards for internal audit. It places greater focus on governance, risk and control, and emphasises the wider scope of internal audit work within this context. The Audit Commission (AC) recently carried out their annual review of our work, and this time used the new Code of Practice as a benchmark to measure our current performance.

22. The AC report arising from their review recognises that we have so far met the professional standards required of us in providing internal audit, and sets out a series of measures which need to be taken to move us towards full compliance with the new Code of Practice. These include:

   • developing further our risk-based audit planning for 2005-06
   • extending performance measurement across all our audits
   • enhancing our internal quality assurance arrangements
   • strengthening our reporting procedures.

23. We are currently taking practical steps to improve our working procedures in these areas, and thereby make progress in complying more fully with the new Code. In common with internal audit sections in authorities up and down the country, this represents a challenging but achievable agenda for us. I will therefore ensure that progress towards our overall objective is given a high priority, and is regularly monitored.

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**WILTSHIRE COUNTY COUNCIL - INTERNAL AUDIT
SUMMARY OF AUDIT FINDINGS 2003-04**

Department for Children and Education

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Core Systems Audits

Payroll/Personnel

The audit focused on starters, leavers and variations to pay. While we found the input of information to the payroll system to be accurate and timely, we recommended certain improvements to internal checking procedures to reduce the risk of any errors.

Creditors

Controls and procedures relating to general payments are operating satisfactorily. However, close attention needs to be paid to certain basic controls in the areas most affected by departmental changes.

Budgetary Control

Systems are operating satisfactorily for most areas of activity. However, recommendations were made to improve processes particularly with regard to certain budgets transferred following departmental changes. We also stressed the need to adopt common procedures for all activities.

Income

Adequate systems and controls were seen to be in place for the items examined, which were all related to special needs transport.

Establishment Audits

Schools

Performance

Number of schools visited – 101 (29 secondary, 5 middle and 67 primary schools)

Timely completion and presentation of audit work:
- Number of Audit Reports issued – 101
- Number meeting 4-week reporting target – 66 (66%)

Client satisfaction:
- Number of feedback forms received (to 31 May 2004) – 75
- Number rating the audit "good" or better – 64 (85%)

Common Findings and Recommendations

Scheme of Delegation

- Some schools have still to review their Schemes in accordance with the most recent legislation (ie annually).

Register of Business Interests

- Some Registers are incomplete or not reviewed annually.

Budget Monitoring

- We found examples where approval of the budget and evidence of budget monitoring by governors have not been minuted.

Banking

- Occasionally, we found that bank reconciliations are not up to date.

Payroll

- Occasionally, schools paid people who were not self employed and should therefore be paid through payroll.

Purchasing

- There have been some lapses in the use of official orders.

- We found examples where staff were reimbursed for expenditure incurred on behalf of the school, and the invoices were certified for payment by the recipient of the reimbursement.

Petty Cash

- School staff often obtain a single receipt when they make purchases on behalf of their school at the same time as they make personal purchases. Customs and Excise require a separate receipt for school items if VAT is to be reclaimed.

Asset registers/Inventories

- We found several examples of the annual check not being completed and in most cases the results of any inventory check had not been reported to the Governing Body.

VAT

- Some incorrect VAT codes have been used.

Schools Bulletin

In conclusion, based on the evidence from our schools audits this year, systems and procedures are generally operating satisfactorily. Some of the above issues were also identified in last year's audits, albeit from a different 'tranche' of schools to those visited this time. The common issues arising, and necessary improvements have therefore been publicised more widely by means of our first Internal Audit Schools Bulletin, which went out to all schools. This also highlighted appropriate guidance and advice for dealing with these issues. The bulletins will now be issued periodically as the need arises.

Departmental Audits

School related audit: Meals

The purpose of the audit was to consider procedures related to certain aspects of in-house provision of school meals. While financial controls are generally operating satisfactorily, it was felt that some issues need to be addressed as soon as possible, eg keeping governors informed about financial performance, ensuring prices reflect true costs and determining what costs need to be included. Recommendations were included in the Schools Bulletin, aimed at achieving greater consistency in applying best practices.

School related audit: Inventories

We evaluated the adequacy of systems of inventory control operating in schools and found standards of control and compliance with the Schools Finance Manual varied. We identified common control weaknesses and highlighted examples of good practice. Recommendations were made to schools via the Schools Bulletin and some are advised to be included in the new Schools Finance Manual. These included security marking of equipment, inventory checking procedures and records to be kept, information required for IT equipment and controls over any items taken off site.

Early Years

The audit report concluded that while financial processes are operating satisfactorily, certain wider issues require management action eg the options available for dealing with the potential funding 'gap' for the statutory provision of free places for three year olds, management arrangements for the service as a whole and contract monitoring processes.

Youth Service

An overall summary report was issued to the Department and individual reports sent to the four youth and community establishments visited. We concluded that financial administration was operating to a reasonable standard for this sample, but several recommendations were made aimed at improving financial control procedures.

Libraries

Procedures and controls were found to be satisfactory overall. Some recommendations still needed to be implemented following last year's audit review and additional recommendations were made to secure further improvements in controls eg for income collected via credit / debit cards and the payment of invoices.

Heritage Services

Procedures and controls are operating satisfactorily. Recommendations were made aimed at securing further improvements eg for ordering / payments and maintenance of inventory records.

Inclusion

The audit noted good progress in implementing previous audit recommendations, highlighting a few items still requiring consideration, such as budgeting methods for a service where demand is difficult to determine, the adequacy of premises for service needs and the possibility of identifying additional sources of funding.

Contract Management

Systems and procedures were working satisfactorily for the sample reviewed, although a few recommendations were made to improve administrative processes.

Requested Audits and Advice

We respond to numerous requests for audit advice on a day to day basis. In addition, we have also been involved in the following:

Special Investigations

Two specific investigations were carried out at the Department's request, regarding suspected irregularities. Detailed reports were produced in respect of each for the Department to take appropriate action.

Children & Families Overspend

Earlier in the year, we provided help to investigate the reasons for the C&F 2002/03 budget overspend, leading to the report to Cabinet in July 2003. An internal report was also prepared on the financial implications of the temporary closure of Orchard House.

This work then led to a wider review of financial management arrangements for looked after children. This is an area recognised by management as in need of continuous monitoring, and the audit made a series of high priority recommendations. These covered budgeting and budgetary control methods, monitoring of in house placements, the recovery plan, authorization procedures, and forecast end dates for external placements.

Audit of 6th Form Funding

We audited a sample of Wiltshire schools on behalf of the Learning and Skills Council (LSC), which is now responsible for funding post 16 education. Wiltshire was one of ten authorities nationally to participate in the exercise, which was aimed at ensuring that schools were receiving the correct allocation of funds. The costs of the audit were met by the LSC.

Local Public Service Agreement

We were asked to update our earlier work on the adequacy of the data collection methods for determining the achievement of the LPSA targets, in relation to:

- Educational attainment (Key stages 2 & 3)
- Looked after children (attainment and offending).

All were reliable and robust (subject to some further steps re- looked after children's attainment data collection).

IT Audits

Internet Security

As first cited in our Progress Report from earlier this year, we have carried out detailed investigations into allegations of accessing inappropriate websites. One case involved a WCC employee, the others involved members of the public using the People's Network in WCC libraries. As a result of the latter, we reviewed the filtering carried out by the South West Grid For Learning, to establish how access to such sites can be prevented.

Opinion

Based on the evidence from the systems and activities audited, the Department's internal control environment is considered to be satisfactory overall, although some risks have been identified, which management need to address as soon as possible.

Department of Adult and Community Services

Core Systems Audits

Creditors, Budgetary Control, and Main Accounting Systems

Brief overviews of key controls were carried out across these areas. In all cases reviewed, and for the sample of transactions tested, systems and procedures were operating satisfactorily.

Income

Systems are generally satisfactory with most of the previous year's audit recommendations actioned. The main points raised this time related to VAT.

Establishment Audits

Sample visits

We visited a sample of five establishments, incorporating two hostels, a respite unit, a resource centre and an old peoples' home. We were able to conclude that financial administration, systems and procedures were operating satisfactorily. We recommended that an up to date Procedures Manual should be made available and opportunities should be developed for administrative officers to share finance and IT knowledge. Improvements to payroll claims, credit card payments, reclaiming VAT and inventory control were recommended. The establishments visited received their own individual audit report.

Departmental Audits

Home Care

While progress has been made in implementing some of the previous year's audit recommendations, concern was expressed that others were still outstanding. These were therefore re-iterated, with additional recommendations made to improve budgetary control.

Direct Payments

Following the 2002/03 audit review, more recommendations were made to address control weaknesses, several of which are of a high priority, eg the need to scrutinise client's files to identify potential financial risks, any appointees should be held liable, costs of individual care budgets need to be monitored closely, effective debt recovery procedures need to be installed.

This is an area demanding ongoing audit attention with the Department seeking regular audit advice. New policy and practice guidance is due to be circulated this year which should seek to address many of our recommendations and we will be reviewing this again in the current year. We also gave advice on several individual cases during the year and attended various meetings.

Supporting People

We concluded that the administration of the Supporting People scheme is fundamentally sound, and is coping with the demands of creating a relatively new service. Some wider concerns were, however, brought to the attention of management, such as the need to keep information up to date, the effectiveness of communication with other sections of the department and a need for greater separation of duties.

Contract Management and Payments

The audit concluded that improvements are required when processes are compared to good practice and the control objectives identified by audit. Immediate action was felt to be necessary in some areas eg contract extensions, accurate recording of contract details in the register, review of block contracting, and training of staff in laid down procurement processes. Management recognise these issues, and are reviewing working practices and have agreed an Action List for improvement.

Community Meals

Our audit found that financial controls and procedures within the service are generally operating satisfactorily. However, some issues were identified which need to be addressed eg related to income collection, authorization of the provision of a meals service, and checking of meals actually delivered

Projects / Requested Audits

Numerous requests for audit advice inevitably come in on a day to day basis and require a response. In addition, we have also been involved in the following specific requested audits:

Mental Health Contracts

At the request of the Department, we carried out a review of the processes used for letting two mental health contracts, and as a result agreed a series of improvements needed for future contract letting procedures.

This led to a subsequent wider audit of the financial procedures and controls in place for the mental health pooled budget to ensure that funds are controlled adequately and spent appropriately and cost effectively. Weaknesses were identified in contract management and budgetary control. Several recommendations were made and an Action List for implementation has been agreed with the Department.

Pooled equipment budget

A review was carried out of the proposed 'pooling' of the community equipment budgets managed by the Council and the Primary Care Trusts (PCT's). Recommendations for improvements were made, particularly relating to budgeting and budgetary control procedures within the PCT's.

Local Public Service Agreement

We were asked to update our earlier work on the adequacy of the data collection methods for determining the achievement of the LPSA targets, in relation to:

- Drug treatment cases
- Promoting independent living (PIL)

Both were reliable (although PIL sources could be more robust).

IT Audits

Integrated Community Equipment Service

We have provided assistance in the preparations for the introduction of an on-line ordering and reporting system for the ICES scheme, to ensure there are adequate controls over system and data availability, integrity and confidentiality. This multi-agency project is continuing into 2004-5.

Opinion

Based on the evidence from the systems and activities audited, the Department's internal control environment is considered to be satisfactory overall, although some risks have been identified, which management need to address as soon as possible.

Environmental Services Department

Core Systems Audits

Payroll

Our audit looked at starters and leavers, budgetary control and any overpayments.
There was also a further review of the use of agency staff. All of these areas had satisfactory
controls in place.

Main Accounting

The year end Closure of Accounts was tested with the emphasis on journals and virements.
The minor issue of the consistent control of Inter Departmental Transfers is being resolved.
All the control objectives were met.

Creditors

There has been an improvement in the reporting of VAT following training. However,
Transport invoices are still manually recorded on two systems and then reconciled. The
electronic transfer of authorised data would be more cost effective.

Debtors

There has been a prudent decision taken on the write off of Section 74 debt, but the legal
position should be reviewed on a regular basis. The raising of third party invoices after road
traffic accidents has improved.

Contracts

- **Wiltshire Highways Partnership**

The systems and procedures in place for budgetary control and reporting of Highways
expenditure are adequate with written working procedures. An improvement in the reporting
of Performance Indicators is needed to reflect the adequacy of job completion.

- **Sodexho**

The cleaning and grounds maintenance contracts have continued to operate efficiently.
However, there are still concerns about the catering contract and the lack of alternatives if it
were to come to a close.

- **Hills Waste**

The contract is well run, with waste information being shared and validated by the District
Councils. Our audit monitored the documentation and the expenditure to ensure they were
correct.

Establishment Audits

Depots – Environmental Audits

Along with ESD staff, we met with the ISO 14001 environmental auditors and supplied information, which resulted in the department retaining its ISO14001 accreditation.

Departmental Audits

Property Maintenance

We reviewed the Parkman administration of maintenance invoices after concerns were expressed about staffing levels. The adequacy of administrative staff and correct separation of duties was monitored, to ensure correct and prompt payment of contractors' invoices. This is now happening.

Passenger Transport

The recharge of transport through the Routewise system was validated to ensure the correct values were collected. We carried out an initial review of the electronic transfer of invoices to Exchequer, which suggested that further Routewise software changes were necessary.

Gypsy Sites

Rent collection and site maintenance was reviewed, along with budgetary control. All were found to be satisfactory.

Requested Audits

Mobile Phones

We monitored the administration of mobile phones, as a result of which reminders of responsibilities were sent to staff in various departments.

Procurement

We have attended the Virtual Procurement Team meetings and provided management information for contract purposes, and have also done work to validate management information on contract savings. In addition, we monitored and reported progress against the new National Procurement Strategy.

Cotswold Water Park

Following an audit of the Gateway Sustainability Centre and a report to Cabinet, a loan of £100,000 was agreed in September 2003.

Local Public Service Agreements (LPSA)

We audited the systems and controls for the collection and reporting of performance data in relation to the following LPSA targets:

- Potholes,
- Traffic Accidents
- Responsive Bus Services
- Waste Recycling.

All were found to be reliable and robust.

Economic Regeneration and Resources

We helped to develop a set of control documentation to be used with regard to the European Social Fund – Co-Financing Projects.

HSBC Chargecards

We attended the meetings for the pilot scheme for the use of HSBC Chargecards, and agreed the strategy and guidance.

IT Audits

Network Security

As a result of Mouchel Parkman succumbing to a virus, we (in conjunction with the Corporate ICT Unit) ensured that the WCC network was protected and that adequate technical and contractual steps were taken before restoring the link between our network and theirs.

File system security

We investigated and identified the cause of problems with file system integrity on ESD servers. These problems prevented staff from retrieving files located on the network.

Opinion

Based on the evidence from the systems and activities audited, the Department's internal control environment is considered to be good overall.

Finance & IT Department

Core Systems Audits

General Ledger

The system and documentation examined were generally satisfactory, although a more user-friendly systems manual would be useful. The system of Inter Departmental Transfers should be reviewed and updated. We were also involved in monitoring the upgrade of the Main Accounting System to APTOS 9. All balances were carried forward in the right amount to the right code. The upgrade and validation of information was efficiently handled by F & IT staff.

Accounts Payable

The majority of the input into the Accounts Payable system is timely and correct, although some areas could be improved with departmental training. Staff should be reminded that disputed invoices should be clearly marked on the coding slip and batches are despatched to accounts payable with sufficient time for payment terms to be met.

Accounts Receivable

Our audit confirmed that the system is sound and incorporates adequate controls, with a few suggested enhancements mainly to regulate the security of data supplied from departments. The security of the requisition issue process should be enhanced and requisition originators should be encouraged to provide a full contact reference.

Cash Collection and Banking

The system works efficiently but would be improved by a procedure manual from the viewpoint of providing a training aid and guidance in the event of absence cover.

Payroll

Our audit confirmed that procedures are well established in the payroll section, and are working satisfactorily in practice. There are minor recommendations relevant to individual personnel sections covering written working procedures, changes in documentation and ensuring all staff sign the declaration of agreement on conduct.

Pensions

We undertook a review to compare certain data held on the two IT systems using IDEA software. All anomalies arising were checked, reported and rectified on both databases. Further data monitoring was then continued by Pensions staff.

Loans and Investments

The procedures and controls in operation over the administration of the Treasury Management section were found to be satisfactory.

Departmental Audits

Insurances

In spite of an increase in the number and value of insurance claims, we found these to be handled prudently and efficiently. Departments should be reminded that all documentation that might be used in relation to an insurance claim should be retained for the correct period of time.

Requested Audits

Agency Staff

We reviewed the total value and numbers of agency staff throughout all departments, together with the range of different agencies in use. Our main recommendation was that framework contracts should be developed with a small number of agencies.

IT Audits

Unix Security

We have completed a review of the two of the department's Unix servers, which are used for key financial systems. Some control issues were identified, which are being addressed by management.

Opinion

Based on the evidence from the systems and activities audited, the Department's internal control environment is considered to be good overall.

Corporate Services Department

Core Systems Audits

Creditors

Our audit found that financial controls and procedures within the system are operating well overall. Invoices were being correctly checked and paid promptly.

Contracts (Consultants)

The contracting of consultants was reviewed in various areas of Corporate Services. There was adequate documentation in place to demonstrate that the correct procedures had been followed. The contracts for trainers were achieved after following the written working procedures. Care needs to be taken to ensure that any agreements for changes in fees are retained within the documentation.

Departmental Audits

Reception and Central Despatch

The financial administration, systems and procedures are operating satisfactorily. Our recommendations were aimed at maintaining adequate levels of security for personnel within these two sections.

Democratic Representation

Following our audit of the Member's Allowances Scheme, the County Treasurer wrote to Cabinet Members in October 2003 clarifying the position in relation to approved duties.

Requested Audits

Telephones

Following the discovery that the WCC telephone system had been accessed from outside for fraudulent purposes, we worked with the department's staff to prevent further unauthorised outside access.

IT Audits

Internet Security

As previously reported, we were brought in to investigate allegations that a member of staff had accessed inappropriate websites. The employee was dismissed following a disciplinary hearing held by the Director of Corporate Services.

Network Security

Following the discovery that all Corporate services staff could access virtually all files on their server, including Ombudsman, complaints, legal and personnel files, we identified the cause of the problem and arranged for Vivista to correct the permissions. We are now engaged in an exercise to assess permissions on critical servers elsewhere on the network.

Opinion

Based on the evidence from the systems and activities audited, the Department's internal control environment is considered to be good overall.

Corporate IT Audits

Administration of the corporate network

We identified a large number of unnecessary administrator accounts on the network; 34 of the 71 accounts were removed. These accounts have the highest level of access to the network, so it is essential that they are kept to a minimum. We have agreed a procedure with Vivista to ensure that WCC are informed of any additions to administrator accounts to prevent this problem recurring.

Corporate network security

We have carried out a more wide-ranging review of network access controls, which has revealed several areas of concern, including an inadequate password policy and a large number of redundant accounts (due to the absence of a robust procedure for processing leavers). These issues are being jointly addressed by Internal Audit, the Corporate ICT Unit in conjunction with Vivista, the Council's IT partner. We have made a substantial contribution to the development and introduction of a more robust network security regime, which will comply with the security requirements of external partners and agencies such as the NHS and the Courts (Criminal Justice secure e-mail system).

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