Report

Report subject	: Update of 2005 Statement on Internal Control Action Plan
Report to	: Audit Committee
Date	: 4th April 2006
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1   Background

1.1   The council must produce an annual Statement on Internal Control (SIC) to publish alongside the Statement of Accounts. The SIC for 2005 was agreed by the Audit Committee in June 2005 prior to approval by Full Council on 27th June 2005. A key part of the SIC is the identification of areas for improvement and an action plan to address the identified weaknesses.

1.2   At the next meeting the Audit Committee will consider the draft of the SIC for 2006. As part of that development process a review of the actions taken during 2005/6 has been conducted. The following report identifies the actions taken in response to the SIC action plan, current status and recommendation from the responsible officer as to whether inclusion in the 2006 SIC would be appropriate. The Audit Committee can then make its own recommendation for the 2006 SIC.

2   Review of the 2005 Statement on Internal Control

2.1   The following table shows the current position on the SIC action plan.

Awarded in:
Housing Services
Waste and Recycling Services

INVESTOR IN PEOPLE   CUSTOMER SERVICE EXCELLENCE

SALISBURY
District Council

Internal Control Issue	Proposed Action	Action taken during 2005/6, current status and officer responsible	Should the Internal Control issue be carried forward to 2006/07?
Payroll For much of 2004/5 and to date the operation of payroll has been undertaken by only one member of permanent staff who is also responsible for the system administration and control functions of the system. Improvements are required to avoid the dependence on a key individual and to introduce more effective management control.	Explore the avenues for expanding the number of people with payroll skills, including the possibility of relocating the function. To be completed by April 2006.	Discussions have been taking place since mid 2005 to transfer the payroll to Financial Services in order that more technical and financial support may be provided. It has now been agreed that this will take place in April 2006 and that outsourcing of the payroll will take place as soon as is practically possible after this date. **Head of Personnel, Payroll and Training**	Yes
Risk management The extension of the risk management policy into operational risk areas and further management training to support it. The Risk Management Group has been tasked with taking this forward, but as at this date the work is outstanding.	Risk Management Group to establish operational risk registers for each unit and identify supporting training programme for middle managers	Operational risk registers have been put in place for each Service Unit. A training programme is being developed for managers, which is planned for May 2006. Further development work on risk management has also been undertaken including the council's risk appetite and terms of reference and training for the Risk Management Group. **Risk Management Group**	No
IT security policy & corporate standards Whilst many practical controls are effective in the council's corporate network and in the various application systems, the council has no IT security policy and no corporate standards or guidelines by which application systems should be managed. These are required to support the council's progress towards ISO17799 compliance as set out in the council's ICT Strategy.	The production of IT security policy and corporate standards will be one of the projects forming part of the Information Management Programme, for which a PID is currently in course of preparation. The Information Security Manual that will be produced as part of the project will contain guidelines by which application systems should be managed. To be completed by 31st December 2005.	A PID has been drawn up and a security statement, draft policy and manual have been produced. The manual contains guidelines by which application systems should be procured/managed. The signed statement has been published on the Councils website. n.b. the date for production of these documents as contained in the Councils approved ICT Strategy is 31 March 2006. **Head of IT Services**	Yes The target date for implementation of the draft policy and manual is 30th September 2006 following consultation. A training programme will be developed over the course of the year.

Programme and project management

This is an area that the council has sought to improve with the introduction of a new project management framework, project management training and introduction of more effective performance management mechanisms. Effective application in practice needs to be ensured to support the council's planned service improvements | The Council has established an overall analysis of the resource required to carry forward its integrated improvement programme. This will be developed to monitor progress, compare resources with demand and as a tool for managing projects accordingly. | The first Super Gantt was developed which shows the time required and the time available to support the integrated improvement programme. So far it has not been possible to use the Super Gantt to monitor projects. However the data obtained from the development of the Super Gantt together with the implementation of a new module for the Performance Management System should make the management and tracking of projects more effective.

The project management framework has been revised to simplify the documentation and ensure linkages with the efficiency agenda and diversity.

Training courses on project management continued.

Senior Democratic Services Officer | No |
| Business continuity & disaster recovery

This was included in the 2003/4 SIC and since then there has been progress through a detailed audit report and the commencement of work by the Risk Management Group. A report on the service priorities of the Council has been made to Cabinet. As at the date of submission of the SIC to Council satisfactory arrangements will not yet be in place. | Risk Management Group to establish a work programme to build on and renew the current business continuity plans to make them robust enough to deal with future risks. An interim progress report was made to the June meeting of the Cabinet, with a further report scheduled for six months thereafter. | A Business Continuity group has been established to take forward the plans. It will also have a specific role to look at risks arising from the decanting of Bourne Hill.

The risk management group has met on a number of occasions, and has been successful in producing an order of system restoration for use in case of the whole or partial loss of the Councils main server room and ICT systems.

A report recommending an interim 'warm start' disaster recovery contract with an external 3rd party, was approved by Cabinet in December 2005, and the contract is on the point of being let in accordance with procurement regulations. A further report is due in July 2006, detailing any opportunities that may exist for partnership working for future years.

A suitable secure site for restoration of the Councils systems has been identified, and approved for such use by the Council. Work to produce the 'warm start' area is currently in hand.

The ICT Service Manager has produced an ICT Service Continuity Plan for use in the aftermath of any ICT related disaster including the loss of single or multiple servers. | Yes
The period of office reorganisation whilst staff are decanted from Bourne Hill presents new risks to the organisation and additional work on business continuity is required to address the risks. |

		The plan has been approved by the ICT SUMT, but may need to go before the RM or BC Group for formal approval. A meeting of the Business Continuity Group has been arranged to discuss the formation of relevant BC procedures by all other Service Units. **Risk Management Group and Head of IT Services**	
Proceeds of crime act There is a legal duty to appoint a Money Laundering Officer, which is temporarily undertaken by the Section 151 officer. Training needs to be given to the relevant officers dealing with receipt of monies.	Policy to be developed as part of treasury management review to raise awareness and then training to be given to officers dealing with receipt of money. Policy and training programme to be completed by 31st December 2005	A standard policy is contained within the Treasury Management Practices. Local guidance was written in December 2005 and guidance notes for staff put on the council's intranet. Awareness training was undertaken for senior managers in December 2005. Monitoring and update of risks will be undertaken as part of the fraud risk assessment. **Head of Financial Services**	No

3   Conclusions

3.1   Progress has been made against all of the tasks in the action plan. There remain some specific tasks to be completed during 2006/7 so their inclusion within the next Statement on Internal Control action plan would be appropriate.

4   Recommendations

4.1   The Audit Committee is asked to note the progress made and approve the recommended tasks for inclusion in the Statement on Internal Control action plan for 2006.

Implications:

- **Financial:** In order to stabilise the payroll situation, some additional temporary resource has been approved by Management Team.
- **Legal:** None
- **Human Rights:** None
- **Personnel:** None
- **Community Safety:** None
- **Environmental Impact:** None
- **Council's Core Values**: Communicating with the public, excellent service, open learning council and a willing partner.