

Report

Report subject: Update of 2006 Statement on Internal Control Action Plan

Report to: Audit Committee

Date: 4th April 2007

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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 2006 was agreed by the Audit Committee in June 2006 prior to approval by Full Council on 25th June 2007. 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 2007. As part of that development process a review of the actions taken during 2006/7 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 2007 SIC would be appropriate. The Audit Committee can then make its own recommendation for the 2007 SIC.

2 Review of the 2006 Statement on Internal Control

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

Internal Control Issue	Proposed Action	Action taken during 2006/7, current status and officer responsible	Should the Internal Control issue be carried forward to 2007/8?
Administration and management of payroll During 2005/6 there has been an absence of separation of duties between the system	In March 2006 the payroll function was transferred to Financial Services from Personnel and Training. This has introduced a greater separation of duties.	The Function was transferred and has now had time to become embedded. A temporary payroll manager was employed to oversee the handover and has been retained on a part time basis to give advice and liaise with Wilts CC	No

<p>administration functions of the personnel and payroll system, payroll processing and maintenance of key personnel records such as the establishment list.</p> <p>In addition there has been an absence of management checks, which resulted in incorrect standing data.</p>	<p>Further work is planned to improve the level of management control during 2006/7.</p> <p>Responsible officers: Head of Financial Services and Head of Personnel & Training Target date for completion: 30th June 2006</p>	<p>regarding outsourcing during 2007/8.</p> <p>Management checks have been introduced on material payroll changes such as tax table pay awards and increments.</p> <p>These will be further developed to introduce further proportionate checks where errors have shown any lower level of check is necessary</p>	
<p>Risk management</p> <p>The extension of the risk management policy into operational risk areas has continued but is not yet comprehensive.</p>	<p>An action plan and work programme for the Risk Management Group has been established. This includes training for managers on risk management.</p> <p>Responsible officer: Acting Chief Executive Target date for completion: 31 December 2006</p>	<p>During 2006/7 the Risk Management Policy has been reviewed and updated. The council's risk appetite has been defined.</p> <p>Extensive training has been carried out for managers. The Risk Management Group meets regularly and a reporting programme to Audit Committee established.</p> <p>The Audit Commission has now rated the council's risk management arrangements as '3' performing well in the latest Use of Resources Assessment.</p>	No
<p>IT security policy & corporate standards</p> <p>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.</p>	<p>A comprehensive security policy incorporating high level guidelines for the operation of the councils application systems will be developed over the course of the year.</p> <p>Responsible officer: Head of IT Services Target date for completion: 31 March 2007</p>	<p>Currently underway with assistance from SOCITM. Estimated date for completion now early in the 2007/8 financial year.</p>	<p>Yes The work will be completed in early 2007/8 so it may be appropriate to reflect that in the SIC.</p>

<p>Business continuity</p> <p>Included in the SIC since 2003/4. During 2005/6 progress has been made on disaster recovery arrangements and a business continuity group formed to identify appropriate actions.</p> <p>Comprehensive business continuity arrangements are not yet in place however and with the planned relocation of services and planned building works on the Bourne Hill site this will remain a key issue for 2006/7.</p>	<p>Service Units have all been tasked with updating business continuity plans in preparation for decant and building works.</p> <p>Responsible officer: All Service Unit Heads</p> <p>Target date for completion: 30th September 2006</p>	<p>A draft plan has been developed and each Service Unit has reviewed its own arrangements. Further work will be carried out in 2007/8 to refine the plan and to embed arrangements.</p>	<p>Yes</p>
<p>Proceeds of crime act</p> <p>Further awareness of money laundering is desirable.</p>	<p>To reinforce money laundering policy and promote via 'link up' and include in induction package for relevant staff.</p> <p>Responsible officer: Head of Financial Services</p> <p>Target date for completion: 30th September 2006</p>	<p>Training has been undertaken at the Councils Extended Management Team and been reinforced with follow up notes.</p> <p>The Proceeds of Crime Act and Money Laundering are now an integral part of the Council's general fraud awareness programme</p>	<p>No</p>
<p>Management of Property</p> <p>Lack of up to date authoritative property records.</p> <p>Lack of effective systems of key dates.</p>	<p>Register all general fund properties.</p> <p>Responsible officer: Head of Legal and Property</p> <p>Target date for completion: 30 September 2006</p> <p>Set up key date procedure.</p> <p>Responsible officers: Head of Legal and Property, Property Manager and Business Support Manager</p> <p>Target date for completion: 31 October 2006</p>	<p>Work has started and is continuing. Critical properties such as those supporting the office project have already been registered.</p> <p>Procedure set up and commenced 01.02.2007.</p>	<p>Yes</p>

3 Conclusions

- 3.1 Good progress has been made in most areas of the action plan, however, further work is still required in respect of property management, business continuity and IT security.

4 Recommendations

- 4.1 **It is recommended that the actions in respect of property management, business continuity and IT security are included in the Statement on Internal Control action plan for 2007.**

Implications:

- **Financial:** None
- **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.