

**TAYSIDE FIRE AND RESCUE BOARD****Performance Monitoring Sub-Committee – 28 June 2010****INTERNAL AUDIT UPDATE AND FOLLOW-UP****Report by the Chief Internal Auditor****ABSTRACT**

This report presents a summary of Internal Audit's work for 2009/10 including the follow-up of previously agreed action plans.

**1. RECOMMENDATION(S)**

- 1.1 The Performance Monitoring Sub-Committee is asked to:
- 1.1.1 note the progress of Internal Audit's work against the plan for 2009/10 and the current position in respect of outstanding agreed actions arising from previous internal audit work;
  - 1.1.2 consider the most appropriate action to be taken to progress the agreed action plans, taking into account the recorded audit opinions.
  - 1.1.3 Approve the proposal detailed in 3.1.

**2. BACKGROUND**

- 2.1 CIPFA's 'Code of Practice for Internal Audit in Local Government in the United Kingdom' ("the Code") requires that the Chief Internal Auditor presents interim reports on progress with planned audit work.
- 2.2 Appendix A shows a summary of the status of Internal Audit's current assignments against the 2009/10 plan, as at June 2010. Planned issue dates are shown in the third column and the status of each audit is highlighted in the fourth column.
- 2.3 There has been a high level of absence within Internal Audit during the year. This has impacted on the team's ability to complete the audit plan on time. These assignments will be progressed within the period to September 2010, by which time an Internal Audit Plan will have been agreed with management for 2010/11.
- 2.4 The Code places upon management the responsibility for ensuring that the agreed actions arising from audit reports are implemented. It is the duty of the Chief Internal Auditor to seek assurance that the actions have been completed and to put in place 'escalation procedures' where this does not appear to have been the case. To assist the Sub-Committee, Appendix B presents a summary of the number of actions arising from internal audit

reports. Table 1 shows the numbers of agreed actions currently being followed-up, even where the originally agreed completion dates have not yet been reached; Table 2 shows the numbers of agreed actions that have been reported as incomplete after the original agreed completion date. In both tables, the numbers are grouped by the reported 'importance' of the agreed actions.

- 2.5 Appendix C provides information on those actions that have not been implemented in accordance with the agreed timetable or where there is insufficient information on the current situation. Agreed implementation dates (with revisions where relevant) are recorded, along with management's explanations. It also notes Internal Audit's opinions on the adequacy of the actions being taken, taking into account the current circumstances and the nature of the underlying risks.

### **3. PROPOSALS**

- 3.1 It is recommended that the Performance Monitoring Sub-Committee:

3.1.1 notes the timetable for the delivery of the 2009/10 audit plan;

3.1.2 approves the decision to complete the 2009/10 Internal Audit Plan and agree an Internal Audit Plan for 2010/11 with Management for submission to the November 2010 meeting of the Sub-Committee; and

3.1.3 seeks assurance that there are clear and achievable action plans for completing the agreed actions arising from previous audit work.

### **4. CONSULTATION**

- 4.1 The Head of Corporate Services and the Treasurer have been consulted in the preparation of this report.

### **5. RESOURCE IMPLICATIONS**

- 5.1 There are no resource implications arising from this report.

### **6. EQUALITIES ASSESSMENT**

- 6.1 An equality impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.

The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) and was assessed as not relevant for the purposes of EqIA.

## 7. STRATEGIC ENVIRONMENTAL ASSESSMENT

- 7.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).
- 7.2 However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

## 8. CONCLUSION

- 8.1 This report presents a summary of Internal Audit's work for 2009/10 against the annual plan, including the follow up of previously agreed action plans.

**J CLARK**  
**Chief Internal Auditor**

**Note:** No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

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## INTERNAL AUDIT UPDATE

## Schedule Of Planned Audits With Issue Dates For 2009/10

Audit Number	Audit Title	Actual (Planned) Issue Date	Comments
09/046	Recruitment, retention & selection	(August 10)	
09/047	Training	June 10	Completed
09/048	Capital Projects	(June 10)	In discussion
09/049	Financial reserves	(September 10)	
09/050	Partnerships	(September 10)	
09/051	Regionalisation	(September 10)	
09/052	Implementation of new communications system	(September 10)	



## Appendix B - Internal Audit Follow-up

Table 1: All Agreed Actions for Follow-Up

Importance:			
High	Medium	Low	Total
2	9	3	14

Table 2: Actions Reported as Incomplete on Their Original Agreed Date

Importance:			
High	Medium	Low	Total
1	8	2	11



**Appendix C - Internal Audit Follow-up  
(Reporting for All dates on or before : April 2010)**

Action Plan	Dates	Status/Explanation
<p>07/069 - Procurement TFRB</p> <p>Action Point 3</p> <p>Importance: Medium</p> <p>Procurement policies and procedures will be reviewed, redrafted, issued to staff, and training given as necessary, following appointment of the Procurement Manager.</p> <p>(L Robertson, Procurement Manager (TFRB))</p>	<p>Mar 2009 Jun 2009 Mar 2010 Sep 2010</p>	<p>This action is contained within the action plan as an appendix to the approved procurement strategy and has been delayed in it's implementation. This will be addressed during 2010/11.</p> <p>Internal Audit Opinion: Accepted</p>
<p>07/069 - Procurement TFRB</p> <p>Action Point 5</p> <p>Importance: Medium</p> <p>Improving security over fuel stocks is one of the issues being addressed in a wider security project which will embrace reviewing the latest security technology.</p> <p>(L Robertson, Procurement Manager (TFRB))</p>	<p>Dec 2009 Nov 2010</p>	<p>The Triscan Fuel Management System is currently being evaluated by the Technical Services department. This will address the audit points raised. It is anticipated that this system will be operational at some point during the year.</p> <p>Internal Audit Opinion: Accepted</p>
<p>07/069 - Procurement TFRB</p> <p>Action Point 6</p> <p>Importance: Medium</p> <p>Consideration is currently being given to upgrading the current electronic stock system to incorporate a flagging facility to indicate when stock levels are low in order to ensure that adequate stocks are maintained.</p>	<p>Dec 2008 Mar 2010 Nov 2010</p>	<p>See Action Point 5 above.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
(L Robertson, Procurement Manager (TFRB))		
<p>08/049, 08/050 - Payroll and Pensions</p> <p>Action Point 6</p> <p>Importance: Medium</p> <p>TFRB advised that a template has already been developed for a SLA for Pensions Administration and will be agreed and signed shortly. The SLA will detail the roles and responsibilities in relation to this service, such as the responsibilities for applying increases to pensions, ceasing pension payments for deceased pensioners and the maintenance of HM Revenues and Customs requirements.</p> <p>(B Hammond, Finance Manager)</p>	<p>Jun 2009 Nov 2009 Jan 2010 July 2010</p>	<p>The new SLA has now been signed and we are awaiting the return of a copy from Dundee City Council</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/054 (b) - Matters Arising</p> <p>Action Point 1</p> <p>Importance: Medium</p> <p>The Fraud Response Plan will be reviewed. This review will ensure that there is a consistent approach reflected in both the Fraud Response Plan and the Financial Regulations regarding the allocation of responsibilities.</p> <p>(J Iannetta, Head of Corporate Services)</p>	<p>Aug 2009 Dec 2009 Sep 2010</p>	<p>This is currently being reviewed. A draft plan is scheduled to be tabled at a future Board meeting.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/054 (b) - Matters Arising</p> <p>Action Point 2</p>	<p>Aug 2009 Jan 2010 Mar 2010</p>	<p>This issue is currently being taken forward by the Head of Democratic Services at Perth &amp;</p>

Action Plan	Dates	Status/Explanation
<p>Importance: Medium</p> <p>The Board's Scheme of Administration will be reviewed in consultation with the Head of Democratic Services at Perth &amp; Kinross Council.</p> <p>(J Iannetta, Head of Corporate Services)</p>	<p>Sep 2010</p>	<p>Kinross Council.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/055 - Information Security Management System</p> <p>Action Point 4</p> <p>Importance: Low</p> <p>TFR will pursue the route of encrypting static computer data.</p> <p>(G Bellfield, ICT Manager)</p>	<p>Jul 2009 Mar 2010 Jul 2010</p>	<p>The ICT Manager is pursuing this route of encrypting static computer data. No solution has been implemented to date, however various options have been identified and will be put to the Information Security Management Group at the next meeting in July 2010 for consideration.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/055 - Information Security Management System</p> <p>Action Point 5</p> <p>Importance: Medium</p> <p>As the ISMS Steering Group is formalised the issue of undertaking periodic active directory network access control reviews will become a standing agenda item and reviewed on a quarterly basis.</p> <p>(G Bellfield, ICT Manager)</p>	<p>Sep 2009 Mar 2010 Jul 2010</p>	<p>The ISMS Group has been established and as of the July 2010 meeting the matter concerning periodic reviews of the active directory network will become a standing agenda item. The ICT Manager will be required to provide a quarterly report.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/055 - Information Security Management System</p> <p>Action Point 7</p> <p>Importance: High</p>	<p>Dec 2009 Dec 2010</p>	<p>The Business Continuity Plan has been revised for currency, however the testing of the plan will be carried during 2010/11.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>A plan for testing the BC programme has been devised during 2008/09 for action during 2009/10.</p> <p>(K Frazer, Head of Community Safety)</p>		
<p>08/055 - Information Security Management System</p> <p>Action Point 10</p> <p>Importance: Low</p> <p>The Chief Fire Officers Association (CFOA) is in the process of assessing a new information classification scheme. Once the classification scheme is ratified by the CFOA, the relevant parts will be adopted by TFRB and the system will be implemented.</p> <p>(C Wade, Administrative Co-ordinator)</p>	<p>Sep 2009 Mar 2010 Sep 2010</p>	<p>The classification scheme has now been ratified by CFOA and will be amended and adopted by TFR.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/055 - Information Security Management System</p> <p>Action Point 13</p> <p>Importance: Medium</p> <p>Job Description are currently being reviewed and produced by TFR Personnel department. These will be completed and ready for consultation in the near future. The Job Descriptions will have a statement which will ensure that each employee is required to be aware of TFR's policy on information security. This will also be reinforced with an acceptable user sign off.</p>	<p>Dec 2009</p>	<p>The Head of Technical Services has reviewed the agreed action and has ensured job descriptions for ICT staff now have security roles defined. He does not, however, consider it to be cost effective to produce and circulate in excess of 700 job descriptions acknowledging awareness of the policy on information security. The existing framework for implementing policies and standing instructions ensures on implementation that an automated email is sent to each employee requiring adherence. A delivery receipt constitutes confirmation that the employee has read and understood the</p>

Action Plan	Dates	Status/Explanation
(S Herron, Head of Personnel)		<p>requirement. New employees are made aware of TFR's policy as an integral part of the organisation's induction process. No further action is proposed.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/055 - Information Security Management System</p> <p>Action Point 16</p> <p>Importance: Medium</p> <p>TFR has policies in place to ensure minimum password lengths and password ageing. That said, the ISMS Steering Group will progress the formalisation of application password policies.</p> <p>(S Edgar, Head of Technical Services)</p>	<p>Aug 2009 Dec 2009 Sep 2010</p>	<p>TF&amp;R has a complex password policy that underpins access to the core network. Individual applications that require additional authentication are currently being audited with the results of the audit being collated for the next scheduled meeting of the ISMS steering group.</p> <p>There are 2 legacy systems which are still outstanding and will be addressed</p> <p>Internal Audit Opinion: Accepted, pending revised completion date.</p>

