London Borough of Hammersmith & Fulham

Audit and Pensions Committee

Additional Documentation

Thursday 8 December 2011
7.00 pm
COMMITTEE ROOM 1 - HAMMERSMITH TOWN HALL

At its meeting on 9 December 2010, the Committee agreed that limited and nil assurance audit reports, and the appendices for the items on risk management and internal audit, be circulated to members separately to the main agenda. The relevant papers are attached, and are also available with the main agenda online.

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Reports on the open agenda are available on the **Council's website**:
http://www.lbhf.gov.uk/Directory/Council_and_Democracy

Members of the public are welcome to attend. A loop system for hearing impairment is provided, along with disabled access to the building.

Date Issued: 29 November 2011

London Borough of Hammersmith & Fulham

Audit and Pensions Committee
Agenda

8 December 2011

No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
1.	Delivering high quality, value for money public services	**Business Resilience –** **Sub-risk** **IT resilience** • Systems not joined up and connected • Strategic Information technology framework not implemented effectively • Lack of top tier response plans • ISP version update to the infrastructure of the internet will have to move over to a new system, IPv6 previous versions not being compatible • Electronic information storage capacity • Mobile Communications technology provider service failure • 2012 Olympics delivery risks to H & F	**If an event occurs** • Customers face delays in service provision • Time to recover power and IT Services could be between 6 & 8 weeks • Loss of information • Service interruption • Loss of productivity • Non compliance with statutory duties - indirectly • Increased cost of resurrecting services (only partially insurable) • Threat to life - indirectly • Wasted resources & staff duplication in recovery phase • Cost of additional data storage capacity • Delays/ interruption to public transport system due to investment programmes in infrastructure • Skills and resource shortage leading to commencement of the games • Potential threat of a terrorist	• Corporate Incident Management Procedures incorporate Business Continuity • Training has been delivered to local service plan leaders • A corporate service resilience group has been formed and meet periodically • Assistant Directors of Resources have been appointed as Departmental contact leads • Local Service Plans have been compiled, reviewed and refreshed and quality checked by Emergency Services • H & F Bridge Partnership have submitted a Local Service Recovery Plan and has worked with the council to undertake a formal risk assessment, a major incident process has been established by HFBP as part of the Service Desk Manual • Data recovery is insured under the councils corporate insurance package (but limited) • A threat assessment has been compiled • Some ITC service has been moved to East London • The Business Continuity (BC)	Substantial Assurance report 2011/12 Emergency Planning Business Continuity Audit report 2008/09 (Limited Assurance) in, ICT Disaster recovery provisions Audit report 2009/10 (Nil Assurance) Data storage & back up audit Audit report 2009/10 (Substantial assurance) EMT Audit and Pension Committee Service Resilience Group	3	4	12	Medium 🟠	Jane West (Insurance & H F Bridge Partnership contract monitoring) Lyn Carpenter (Corporate Business Continuity)	Review October 2011

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Agenda Item 13

| No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
		Terrorist attack/Civil disturbance	attack • Service interruption • Property loss or damage • Injury or harm	project now involves provision of IT BC for approximately 30 First Order applications as identified by H&F. The data is replicated from the primary data centre at East London to the secondary site at HTH. Additionally, there is local network switch resilience within HTH; resilience for the infrastructure elements such as profiles, home folders and printing; plus annual tests of parts of the BC solution. • User acceptance testing of the business continuity has established a small number of applications require further work but the project is effectively complete • Terrorism insurance cover **NOTE** Please refer to BCP Risk Assessment for highlighted risks and controls							
2.	Delivering high quality, value for money public services	**Managing projects** Sub-risks • Projects do not consider enough time to mobilise in the event services are awarded to the private sector • Project implementation is delayed due to protracted discussions regarding pensions transfer • The risk of challenge to contract awards may increase during the harsher economic climate • Large scale high risk high return projects are not led by a qualified or experienced project manager.	• Customers needs and expectations are not fully met when projects are delivered • Benefits of investment in creating toolkit not realised • Threat of overspend on projects • Benefits are not fully realised • Delays in mobilisation of services through revised contracts	• Project Management toolkit • Training of Officers has being delivered and is ongoing • Transformation Office in Finance & Corporate Services Department acts as a repository for project information and reports to EMT but does not ensure compliance with any toolkit • Senior Managers have all been briefed about the Project Toolkit • Toolkit is available on desktop PC's • Monthly transformation reporting to EMT (dashboard) • Competition Board monitor	Corporate Programme & project management audited in 2009 draft report issued (Limited Assurance) Competition Board Transformation Board Audit Commission review of	3	3	9	Low 🟢	Jane West lead – All Executive Directors	Review October 2011

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No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
		• Too many projects are undertaken with unrealistic or unachievable targets • Successful delivery of the World Class Financial Management Programme		aspects of project management compliance • Procedures for TUPE transfer have been included in project management instructions • Programme and Portfolio governance arrangements are being formalised • Lessons learned report	selected contract management scheduled 2010 Internal Audit review of specific contracts under 2010/11 Audit Plan and of Use of Consultants (Nil Assurance) EMT, Pension and Audit Committee						
3.	Delivering high quality, value for money public services, Providing a top quality education for all, Tackling crime & anti-social behaviour, A cleaner greener borough, Promoting home ownership.	**Managing statutory duty** **Sub-risks** Non-compliance with laws and regulations Breach of duty of care Departmental assurances	• Non compliance may result in prosecution or a Corporate Manslaughter charge • Financial compensation may be claimed • Injury or death to a member of the public or employee • A breach of information security protocols may result in fines, harm to reputation and personal liability of Directors • Inadequate level of service • Poor satisfaction with statutory services • Potential claims involving failures in Social Care (Stamford House)	• Nigel Pallace appointed lead Sponsor on EMT for Health & Safety • Pro-active Health, Safety and Welfare culture across the council • TriBorough Health & Safety protocols are being discussed and established • Contractors are managed within CHAS regime • Insurance cover is in place in the event of a claim for breach of duty of care and in respect of financial claims • Legislative changes are adopted and reflected in amendment to the council's constitution, budget allocation through MTFS (Now unified business & financial planning process) • Training and guidance	Health & Safety Internal Audit undertaken 2009/10 demonstrated improvements and substantial assurance Annual Assurance process Assurance required that actions are being taken to ensure compliance with the law and regulations EMT,	3	4	12	Medium 🟠	Derek Myers	Review October 2011

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Page 4				packages and newly agreed performance management indicators • Periodic reportting to EMT • Corporate Safety Committee • Briefings for Senior Managers on Corporate Manslaughter have been undertaken • Health & Safety week promoted the theme of risk assessment • Health & Safety guidelines have been reviewed, refreshed and communicated • Promotion of the Occupational Health Service and Workplace Options Employee Assistance Scheme • Housing and Regeneration have rolled out personal safety training to over 130 staff through the Suzy Lamplugh Trust Training	Audit and Pension Committee Education Committee Safety Committee						
		Corporate Parenting	• Harm to reputation, potential harm or injury to individual	• Local Safeguarding Childerns Board, Unannounced Safeguarding Inspection, Ofsted , Local and London Child Protection Procedures							
		Carbon reduction commitment	• The Climate Change Act 2008 sets a statutory carbon reduction target of at least 80% by 2050 for the UK	• Carbon reduction manager • Staff energy survey • Travel survey • Parking survey • Procurement policy • Advice on sustainable planning appliations	Carbon Reduction Management Project Board Substantial Assurance report 2010/11 Carbon Reduction Commitment						
		Equalities		• Committee Services compliance check EIA's via	Limited Assurance						

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			• Increased compliants, Ombudsman involvement, judicial review, prohibiting order, mandatory order, declaration, injunction, damages, challenge to budget	Cabinet key decision reports • EMT signed off a revised assurance framework	report 2010/11 Single Equality Scheme						
5.	Delivering value for money	**Managing budgets** **Sub-risks** • Austere financial settlement from government is not favourable. The council is seen as a floor authority. • Impact of a double dip recession and cascade effect on social budgets * link to revenue forecast • Demand led services may occur mid year resulting in unanticipated additional costs • HMRC VAT claims regarding partnering activities • Grant application is incorrectly calculated • Unplanned growth • Failure to achieve VFM • Accruals & reconciliations • Planned savings not implemented • Creditworthiness of some contractors may be downgraded as a result of the economic downturn • Increase in social welfare services as a result of the economic downturn may impact on projected	• Pressure on the authority to manage overspends • Departments have to manage cost pressures • Pressure to meet target savings and Administrations commitment to cut Council Tax • HMRC recovery of VAT from the council affecting cash flow • Repayment of Grants • CEDAR 5.1 will no longer be supported by the product supplier	• July 2011 Corporate Revenue and Capital Monitoring report to Overview & Scrutiny Board notes a favourable revenue outturn. • E-Learning package for Finance Managers now live • Collaborative Planning system now being introduced with supported training for budget holders • Medium Term Financial Strategy and Business Planning Processes have been combined and is re-modelled • MTFS Officer & Member Challenge • Efficiency programme management in place identifying statutory v discretionary services • Leader's monthly monitoring reports • Financial Strategy Board (FSB) periodically evaluates the effectiveness of the financial management arrangements • Partnership activity now includes a VAT trace and has	Annual Audit Letter Select Committees are given the opportunity to fully scrutinise budgets during January. Assurance required that complete and accurate accounting records are being maintained * EMT, Audit and Pension Committee, External Audit	2	4	8	Low 🟢	Jane West lead – All Executive Directors	Review October 2011

| No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
		spend. • Insufficient budgetary provision and/or budgetary under/overspend * • Incomplete/inaccurate accounting records linked to the World Class Financial Management Programme • Upgrade of CEDAR Financial System to Version 5.3 from 5.1		been raised at FSB • Grant Claims & returns record is tracked at FSB • Monthly corporate revenue & capital monitoring to cabinet • Reports to the Leader identify where spend levels exceed a tolerable level during the year • Credit check of contractors is being undertaken through the Competition Board • Disposal of Assets • CEDAR Planning and preparation work will begin 7 months before the start of the actual implementation, so as to ensure that there is sufficient time to carry out work thoroughly. This timescale also includes slippage time of two months, in case of unforeseen complications. • CEDAR User acceptance training	Cabinet Members Decision report on CEDAR upgrade Internal Audit Substantial Assurance report 2011/12 Cedar pre implementation					
6.	Putting residents first, Setting the framework for a healthy borough	**Successful partnerships & Major Contracts Sub-risks** • Partnering activity with other boroughs and the NHS may blur the lines of responsibility, accountability or liability in the event of service failure • Plans to remodel the PCT's and delivery of health services through GP's as per the White Paper – Liberating the NHS	• Joint objectives are not met • Community expectations are not met • Relationship deteriorates • Threat of overspends and underspend	• Governance arrangements are in place • Performance monitoring reports reported to Select Cttee's • H & F Bridge Performance Monitoring • Financial creditworthiness checks at Competition Board	H & F Bridge Partnership Assurance process Internal Audit Substantial Assurance report 2011/12 Partnership Governance Competition Board EMT,	4	3	12	Medium 🟠	Derek Myers	Review October 2011

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					Audit and Pension Committee						
7.	Delivering value for money	**Maintaining reputation and service standards** **Sub-risks** • Multiplicity of external forces and initiatives • Breach of Officer or Member code of conduct • Inappropriate Data released • Poor data quality internally or from third parties, breaches of information protocols, information erroneously sent to third parties. • Auto forwarding of information (Information control and threat of leakage)	• Threat to the status of the council • Failure to deliver plans & savings. • Ability to effectively lead and resource the transformation agenda is diminished • Service delivery deteriorates • Potential adverse media reporting • Potential adverse media reporting • Quality and integrity of data held in support of Performance Management & Financial systems leads to under or over estimation	• A review of the corporate governance arrangements has conducted by Internal Audit and a revised Local Code of Corporate Governance has been produced • Annual Complaints review report April 2010 to March 2011 produced to Committee • New Information Management Security Protocols published on the Intranet • Regular reporting on Security Incidents by the Information Management Team • Combined Business Planning & MTFS processes • Business Planning is part of the performance management competencies • Risk & assurance registers have been developed for all departments and divisions • Performance statistics are scrutinised by Select Committee's, EMT & DMT's • Corvu Performance Management System is able to pick up anomalies • Data Quality Training	Cabinet Ofsted, Care Quality Commission, Annual Audit letter EMT, Audit and Pension Committee, Overview and Scrutiny Board ITSOG Data quality review conducted by Internal Audit and a Management Letter has been issued with low level recommendations	3	3	9	Low 🟢	All Executive Directors	Review October 2011
8.	Delivering value for money	**Managing fraud (Internal & External)** **Sub-risks** Misappropriation of assets *	• Loss of reputation • Financial loss • Adverse regulatory /audit report • Inadequately resourced fraud unit	• Revised risk & assurance register produced May 2011 • New model being piloted to collate information from fraud cases and disseminate the recommendations through risk & assurance registers • Literature and training has been delivered to all levels of	Audit and Pension Committee receive quarterly reports on Fraud Deloitte Fraud Survey 2008	2	3	6	Low 🟢	Jane West lead – All Executive Directors	Review October 2011

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				the authority • Information and guidance has been published on the corporate intranet • Awareness survey has been undertaken • A Corporate Fraud Service has been established • Level of fraud is being tracked through FSB • Close working relationship is established with the Police • Fraud risks being integrated into risk registers • CAFS team now use a risk assessment to assist in targeting and workload prioritisation	Substantial Assurance report 2010/11 Personal Budgets, Housing Benefits Substantial Assurance reports 2010/11 Contract Management, Management & Monitoring of Contractors(Env.) EMT						
9.	Delivering value for money	**Successful cultural change** • Right staff not available for this work due to increasing workloads while also downsizing and restructuring.	• Potential internal uncertainty re: staff morale • Change consumes more resource than VFM/efficiency gains realise • Uncertainty leads to low staff morale and lower productivity.	• Transforming the way we do business, Market Management and other Portfolio Transformation Programmes • Effective communications programme • Staff Survey undertaken in 2009 and follow up actions are being delivered • Career development discussions • Smartworking	Staff survey Corporate Workforce Group EMT, Audit and Pension Committee Transformation Board	3	3	9	Low ●	Jane West	Review October 2011
10.	Putting residents first	**Managing the Business Objectives (publics needs and expectations)** **Sub-risks** • A successor integrated	• The Public or section of the public may not receive the service that they need or to the quality they expect • Reputation of the service may be affected • Regeneration of Shepherds Bush Market and Former	• Implementation of Lean Thinking principles putting the voice of the customer at the heart of service design • Robust Business Planning regime revised for 10-12 incorporating fully the Medium Term Financial Strategy	Cabinet Members Scrutiny Cttee review performance Ofsted	3	3	9	Low ●	All Executive Directors	Review October 2011

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		financial and business planning process is not delivered	Library and wider Regeneration • Services are delivered in an unplanned way • Services start to do their own thing • Maverick decisions • Inconsistencies in service delivery start to emerge • Lack of transparency • Duplication of effort • Communication of objectives and values is lost • Target and Objective setting is diminished reducing the effectiveness of the performance management regime for officers	• Performance monitoring and feedback through local media • Organisational Development in conjunction with Deloitte's have undertaken a review of the Business Planning process • Customer experience and satisfaction surveys	Care Quality Commission						
11.	Delivering value for money	**Market Testing of Services (refer to Competition Board Roadmap)**	• Increase in threat of legal challenge on contract awards • Officers time away from other projects • Timescale of project is tight • Insufficient numbers of Officers designated to the project • Benefits are not realised • Data Quality (Accuracy, timeliness of information) results in variation to original contract spec	• Revised TOR's for Competition Board • Lean thinking exercise of procurement processes to make them slicker and more efficient • Consultation with other boroughs • Project managing the process • Separation or joining of projects to maximise benefit potential • Realistic timetables agreed and reviewed at Competition Board • Market Testing progress report to EMT • Programme & Project Management – Risk Logs being maintained, periodic risk reviews	Competition Board Transformation Board EMT Audit review conducted for Use of Contractors Internal Audit Substantial Assurance reports 2011/12 Market Testing H & F News, BTS, Legal Services Full Assurance report 2011/12 Market Testing Out of Hours Service	3	3	9	Low 🟢	All Executive Directors	Review October 2011

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No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
12.		**Scrutiny of Public Health Service**	• Department of Health is creating a governing body (Public Health England) where a joint appointment of a Director with the Council – would be necessary. Currently the appointment is jointly with the NHS trust • Maintaining an audit trail of financial expenditure • Monitoring of financial spend against performance targets to achieve financial credit or top ups • Mayor of London seeks increased responsibility for some Public Health work areas in competition to Local Authorities that could reduce the amount allocated to the Council • Setting up a Health and Wellbeing Board attendees would need to include Councillors and managing their time demands • Three Boroughs merged services may result in functions being delivered to support the new responsibilities jointly • LBHF currently jointly fund the Director of Public Health post, RBKC don't fund Westminster to jointly fund • Deprivation statistics could affect the distribution of financial settlement unevenly • Public Health budgets will be ring fenced however local authorities seek unringfencing of the monies • Commissioning of services responsibilities for some	• Director of Public Health attends Housing, Health and Adult Social Care Select Committee • Dedicated officers implementing the setting up of a Health & Well Being Board • Pilot council before full delivery which is due (start April 1st 2013) • HM Government Healthy Lives Healthy People Nov 2010 • Joint meetings with K & C & Westminster • Officer meetings with Department of Health	EMT Education Select Committee	3	3	9	Low 🟢	Derek Myers, Director of Public Health	Review October 2011

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			health inequalities (healthy eating, smoking cessation, immunisation, screening, air pollution, drugs and alcohol, teenage pregnancy) • Provision of audit and resilience services i.e. managing environmental hazards and emergency planning								
OPPORTUNITY RISKS											
2.	Delivering high quality, value for money public services	**Merging of education services with Westminster Council and the Royal Borough of Kensington and Chelsea**	**Savings due to removal of duplication across the councils**	• Appointment of a single Director of Childrens Services for the Three Boroughs • Report to Cabinet 10-01-2011 updated members on progress. including the establishment of 1.A joint commissioning unit and the establishment of an arm's length delivery unit for education services across the three LAs by September 2012, with an interim merged service in place for the new academic year in September 2011. 2. For the exploration, in the second phase, of possible different models for the delivery of services - options may include market testing or a social enterprise. 3. That agreement be given for the development of shared provision for the Local Children's Safeguarding Board, Fostering and Adoption services and Youth Offending services by September 2011, subject to agreement by WCC and RBKC Councils. 4. With a view to the	Cabinet Transformation Board Education Select Committee	2	4	8	Low 🟢	Andrew Christie	Review October 2011

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				implementation in line with these timescales, that the Director of Children's Services be authorised to : i) reach agreement with fellow Directors of Children's Services on reorganisation proposals on a service by service or part service basis, with a view to agreeing the future scope of such services; management arrangements; the staffing structures for such services; the advisability of harmonising terms and conditions across boroughs; and the implementation of a joint commissioning strategy; ii) consult with affected staff and unions on the basis that any sharing of services will initially take place by affected staff either being seconded to work with staff at other boroughs or will be transferred to the employment of a host borough depending on the detail of the agreement to be reached with other boroughs on a service by service or part service basis; iii) implement the sharing of the services to agree the terms of any secondment either to or from the Council; to agree any necessary changes to staffing structures; and to authorise any resulting redundancies in accordance with the Council's usual procedures and to do everything necessary to give effect to the above. 5. That it is agreed that the implementation of these proposals and any future proposals in relation to							

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				Children's Services be aligned with the requirements and timescales for the wider development of shared services across the three LAs. • Report to Cabinet 20th June 2011 updated Members on the business case as a basis for moving forward.							
3.	Delivering high quality, value for money public services	**Merging of services with Westminster& RB Kensington and Chelsea**	**Savings due to removal of duplication across the council**	• Review of corporate and back office functions • Review of opportunities with contracts • Risk Register compiled and is being presented to the Programme Board Report to Cabinet 20th June 2011 updated Members on 1.The business case as a basis for moving forward. 2. Adult Social Care, TriBorough Executive Director preferred candidate due to commence December 2011 3. Libraries Service, TriBorough Executive Director appointed 4. Environment Services, Bi-Borough (RBKC and H &F) Executive Directors appointed 5.Appointment of Joint Chief Executive and Head of Paid Service 6. TriBorough Managed Services Programme (Corporate Services)	Cabinet Overview & Scrutiny Board	2	4	8	Low 🟢	Derek Myers, Mike More, All Executive Directors	October 2011

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No.	Corporate Priorities	Risk	Consequence	Identified Control	Assurance	Likelihood (L)	Impact (I)	Exposure = L x I	Risk Rating	Responsible Officer – Group	Review
				• TriBorough Portfolio Management Office responsibilities established including the lead programme contacts. • TriBorough Programme Management Officer Appointed • Terms of reference produced for the Members Steering Group							
4.	Delivering high quality, value for money public services	**Regeneration of Shepherds Bush Market and former Shepherds Bush Library**	**Community benefits through improved market area, social housing and use of buildings**	Section 106 possible funding and partnering with developer over scheme	Cabinet	2	4	8	Low 🟢	Mel Barrett	October 2011
5.	Delivering high quality, value for money public services	**Re-integration of H & F Homes** **Sub-risks** There is an increased risk that staff will continue to apply legacy procedures from the ALMO. Where the HF Homes risk management framework is not effectively integrated into the Council's framework, this may lead to key risks being lost in the integration or	**Savings due to the removal of duplication in back office functions** There will be some immediate savings of circa £700k that flow from the integration of the ALMO as a result of the deletion of vacant posts, which would otherwise be duplicated in the new structure, and the elimination of agency workers and contractors to whom TUPE does not apply. This may lead to key management tasks not being undertaken due to confusion over responsibilities A formal action plan for integrating the HF Homes risk management framework within the Council's framework should be established. The plan should include but	Consultation exercise has demonstrated public opinion to re-integrate and a report recommending re-integration presented to Cabinet 10-01-2011 Appointment of development agent services to support the delivery of new affordable homes Briefings or training sessions are provided to line managers An individual has been identified	Cabinet Internal Audit review of Integration April 2011 Draft Substantial Assurance Corporate Safety Committee Housing and Regeneration DMT EMT FSB	2	4	8	Low 🟢	Mel Barrett	October 2011

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		duplication of effort where the same risk appears on multiple registers or against multiple risk owners.	not be limited to: • Adapting risk register templates; • Identification of risk owners within the Housing and Regeneration Department ; • Reporting procedure for risks and their mitigation; • Ensuring that risks are not lost or duplicated; and • Appointing a Risk Management representative for the department. The Housing and Regeneration Department should also appoint a representative to the Corporate Performance Group. Where a post integration communication strategy and channels of communication are not established, there is an increased risk that staff will not fully engage in the integration process. This may impact on the morale of staff from both HF Homes and the Council.	to lead and respond on the risk management process.. Representative of the department has been invited to attend future Corporate Performance Group Meetings Post-integration communication channels have been established to secure staff buy-in into the integration. The communication channels enable staff to express concerns and seek advice on any issues in respect of them adapting the Council's working practices and culture.							
6.	Delivering high quality, value for money public services	**Regeneration of King Street and Civic Offices**	The Town Hall extension has come to the end of its life and needs to either be demolished or refurbished. An estimated cost of around £18m in temporarily accommodating staff through a relocation to	Planning Committee and team independence Public consultation The council's advisers, Cushman & Wakefield, ran a competition for development of the existing site – which also	Cabinet	3	5	15	Medium		October 2011

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			facilitate repairs New office accommodation at no cost is being provided in exchange for land A new modern building is also expected to save around £150,000 in energy costs Jobs will be created in King Street A new community-sized supermarket and a range of new restaurants and other retailers, alongside a council 'One Stop Shop', will draw more people down King Street and encourage more investment in the area Successful redevelopment would enable the council to terminate contracts for various costly leased buildings around the borough savings around £2 million a year.	includes the council car park on Nigel Playfair Avenue. The competition was based on which scheme delivers the best value for money to the borough's taxpayers, the best opportunity to regenerate this run-down part of King Street and the least disruption to local residents. Public exhibition Planning documents are available to view on the council's website A planning application to redevelop the area around Hammersmith Town Hall was submitted to Hammersmith & Fulham (H&F) Council on Friday (29 October). The application from King Street Developments Ltd (KSD) will trigger a new round of consultation as the council, now acting as local planning authority, consults extensively with residents, amenity groups and other interested parties. Information from local amenity groups has been passed to planning officers. The Leader of the Council has attended a Save or Skyline meeting The Leader of the Council wrote to prominent amenity societies to make the case for regeneration following concerns from some groups An independent financial							

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				assessment from PricewaterhouseCoopers (PwC) on the viability of the proposals							
7.		**Earls Court regeneration**	• The comprehensive regeneration of three land holdings, Transport for London (freeholder of the Lillie Bridge Depot and Earls Court) - Capital & Counties (CapCo) leaseholders of Earls Court 1 and 2 and freehold owners of Seagrave Road Car Park - LBHF, freehold owners of the West Kensington and Gibbs • Green housing estates. offers the opportunity for the council to secure major estate renewal across the West Kensington and Gibbs Green estates as well as offering the opportunity to deliver substantial benefits for local residents and the wider community. This includes securing new modern homes for all existing residents of the West Kensington and Gibbs Green estates, • new additional affordable homes generating greater housing choice for Borough residents and in	• Capco will pay a fee of £15m on entering into the exclusivity agreement. £10m of this is refundable should a Conditional Land Sale Agreement not be possible and £5m is not refundable under any circumstances. • Establishment of a formal West Kensington and Gibbs Green Steering Group, established by residents of the West Kensington and Gibbs Green estates, constituted by establishing a non-profit Company Limited by Guarantee to allow them to deliver their agreed objectives. • Earls Court project risk register intially compiled in 2009	Cabinet Housing, Health And Adult Social Care Select Committee Housing & regeration DMT	2	4	8	Low 🟢	Mel Barrett	October 2011

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			particular local families, • new efficient schools, leisure and health facilities, new open and play space and a significant increase in job opportunities.								

Note 1. All key risks have been extracted from(but not limited to) a number of sources for analysis by the Corporate Management Team. The sources include;
i.   Previous Corporate Risk & Assurance Register
ii.   Benchmarking with other Local Authorities on Identified Risks
iii.   Information identified from Departmental Risk Registers
iv.   Officers Knowledge and experience
v.   The Office of Government Commerce Project Risk Management Handbook
vi.   Procurement exercises
vii.   Significant Weaknesses established from the Annual Assurance process
viii.   Audit Reports
ix.   Knowledge and experience of public sector risks from the Principal Risk Consultant
x.   Data Quality and Integrity
xi.   Transformation Management Office monthly report
Note 2. Categorised under the PESTLE methodology as published in the Hammersmith & Fulham Risk Standard. Compliant with Audit Commission/ ALARM/IRM/CIPFA best practice.
*   **Derived from Deloitte's Assurance Framework 2007/2008**

Residual

CORPORATE RISK REGISTER

ITSOG highlight report: Information security management October 2011

1   Information security incidents

A security incident is an event that has actual or potential adverse effect(s) on computer, network or user resources or is a compromise, damage or loss of such equipment or data. Each incident is allocated a sequential number, summary description and current status.

The Information Security Incident procedure and toolkit is available on the intranet:
http://theintranet.lbhf.gov.uk/Council_Business/Business_Technology/Information_security/ .

1.1   Statistical summary of incidents

Dept	2009			2010			2011		
	L	I	Sub-Total	L	I	Sub-Total	L	I	Sub-Total
CHS	9	1	10	12	7	19	2	1	3
CSD	4	4	8	1	4	4	2	0	2
Env	0	1	1	2	2	4	1	0	1
FCS	5	6	11	1	9	10	0	3	3
HFH/HRD	0	1	1	0	1	1	2	5	6
RSD	1	1	2	0	0	0	0	0	0
HFBP	1	0	1	0	0	0	0	0	0
All Depts	0	0	0	0	0	0	0	1	1
Unknown	2	0	2	0	0	0	0	0	0
Totals:	23	13	36	16	21	33	7	10	17

Key:
- L = Loss/theft
- I = all other incidents, including DP and GC breaches
- **Where incidents involve more than one department this has been counted individually against each department involved, but as a single incident in the overall total.

Please note that from the incidents recorded above the following number of cases are still open for each department:
- CHS = 4
- CSD = 3
- HRD = 4
- Cross-Departmental = 3

1.2   Top 5 risks

1. Potential for data to be sent via webmail with no method of monitoring.
2. Confidential waste service is not currently fit for purpose due to a lack of internal governance and contract with companies used:

MITIGATION - new framework agreement is about to be signed up to by H&F which provides lockable containers.

3. 3rd party and internal Individuals inappropriately copied into emails containing personal data: MITIGATION - planned preparation and roll-out of Data Protection online training plus "classroom" sessions in high-risk service areas.

4. Forwarding of potentially sensitive information via Councillors auto-forwarding emails sent to their council accounts over the internet to their webmail accounts: MITIGATION – Councillors have signed their own Personal Commitment Statement and undertake to manage the risk by advising their constituents that auto-forwarding takes place. All newly elected or returning Councillors were trained in data protection and information security management as part of their induction.

5. Paper records and documents containing sensitive information stored insecurely for considerable periods of time whilst being prepared for transit: MITIGATION – data protection training, Offsite Records Storage Service standards and awareness raising that will be rolled-out as part of communication the new confidential waste arrangements.

2   Government Connect Project

2.1   GCSx mandatory information security awareness training

It has been brought to light, through the provision of statistics by Learning Pool, our e-learning provider, that as a result of personnel changes there has been a marked drop in the number of current staff within H&F who have completed this training. This is even taking into account the additional staff from the Housing and Regeneration Department (HRD) who have yet to complete this.

Percentage completion per department is as follows:

Department	% completion to date
Children's Services	44%
Community Services	48%
Environment Services	36%
Finance & Corporate Services	46%
Housing & Regeneration	2%
Resident Services Dept	71%
Grand Total	42%

To address the fall in figures, due to H&F reorganisation and high staff turnover, IMT, HR and Organisational Development will be rolling-out the e-learning to HRD in the week beginning 24 October 2011. This roll-out will focus on HRD in the first instance and act as a pilot for the roll-out across the remainder of the council by March 2012.

The intention thereafter is to ensure that all staff will complete refresher training every 2 years, with the e-learning also embedded into the induction process for new starters. Further details will be available for the report in November 2011.

2.2   Personal commitment statement (PCS)

2.2.1 Existing staff

In light of the drop in the proportion of current staff who have completed the e-learning package (see 2.1), there will have been a concomitant and similar drop in the proportion of current staff who have signed the PCS. IMT are currently carrying out a gap analysis to ascertain the exact scale of this.

In order to ensure that all staff are captured going forward, a new round of PCS sign-ups will be incorporated into the roll-out programme for the e-learning (see 2.1). HR have also committed to ensure that all new starters to H&F complete a PCS upon accepting a job offer from H&F.

2.2.2 Business partners (including the voluntary sector)

A new version of the PCS has been drafted for business partners. Moving forward we will need to ensure that all current business partners have signed this, focusing initially on areas involved in tri-borough work. This will also be added to all new contract procurement procedures.

3   Information security policy

The reviewed and updated Information Security Policy has now been published on the Intranet:
http://theintranet.lbhf.gov.uk/Council_Business/Business_Technology/Information_Security/159654_Information_Security_Policy_May_2011.asp

Going forward we will be rolling out a communications plan (attached below) to ensure that all officers are regularly advised of its importance and applicability, including a regular message of the day and email updates.

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FCS-Procurement-an

This is a schedule of all recommendations where the target date for implementation has passed and either the recommendation has not been fully implemented, or the auditee has failed to provide information on whether it has been implemented.

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
1	2010/11	Children's Services	Pre Booked Travel and Accommodation	Substantial	The booking policies which are in draft form should be finalised and made available to staff responsible for requesting transport bookings. This may be achieved by publishing them on the Council's intranet.	2	30/09/2011	Travel Procurement Manager	
2	2010/11	Children's Services	Pre Booked Travel and Accommodation	Substantial	Staff responsible for requesting bookings should be instructed to include the budget holder in the booking e-mail distribution list to demonstrate that the budget holder is aware of and has authorised the journey.	2	30/08/2011	Travel Procurement Manager	The form requests both the name of the officer requesting the journey and the manager authorising the journey. Not all are copied into the emails to date and an all service managers email is to be distributed with expectations and responsibilities. (2/8/11 update) The form requests both the name of the officer requesting the journey and the manager authorising the journey. CTPU are amending text to make it explicit that the line manager/budget holder must be cc'd into the email for authorisation or the booking will not be processed. Message of the Day (MOD) due to be circulated by end of month to all staff. (August 2011) The MOD was due to go out sooner, but due to a number of potential changes to process was delayed. This will now go out as a stand alone message.

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Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
3	2009/10	Community Services	Abacus IT Audit	Substantial	The Council should ensure that a formal reconciliation of data transferred to and from Abacus is carried out for each interface.	2	17/06/2011	Head Of Performance And Information Team, CSD & Finance Manager, CSD	Extension of 3 months agreed by IAM (20/5/10) due to recent change to Abacus SLA that meant HFBP is now responsible for implementation of this recommendation. 11/08/10 - KN - The Council have been given the tools to reconcile the data between Frameworki-Abacus-Cedar - they are now responsible for doing the reconciliation. No further action required from HFBP. Progress has been made, but further work is required on interface. LBHF & HFBP submitted development requirements to Corelogic – suppliers of FWI . WPR42346 Implementation date tba. (Report to CSD DMT Dated 20th October 2010) 18/03/11 - WPR scheduled implementation date revised by PM, new date 29/04/2011.
4	2011/12	Environment	Licensing Income	Substantial	Management should review all procedures and update them to reflect changes in working practices. Procedures should be reviewed on an annual basis and the date of review recorded – even where no changes are required.	2	01/08/2011	Head of Commercial Operations	

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Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
5	2011/12	Environment	Licensing Income	Substantial	Staff should be reminded that personal and premises licenses should be processed within five and 15 working days respectively. The timeliness of issuing licenses should be monitored and corrective action taken where necessary. Further, management should investigate whether the system has the functionality to remind relevant officers to complete the assessment of applications before the target deadline is missed.	2	01/08/2011	Head of Commercial Operations	
6	2010/11	Finance & Corporate Services (HFBP)	GCSx	N/A	The Council, through its IT partner HFBP, should ensure that all servers and all network equipment have audit logs produced; that they are retained for a minimum period of 6 months and that they are in a format that can easily assist in any investigation or incident.	2	01/09/2011	HFBP Technical Support Analyst on behalf of AD Procurement and IT Strategy	17/08/2011 - WO created and assigned to MS
7	2010/11	Finance & Corporate Services (HFBP)	GCSx	N/A	The Council, through its IT partner HFBP, should introduce a process whereby servers built are hardened and checked against the checklist. In addition, consideration should be given to utilising a tool such as MS Baseline Security Analyser to check for vulnerabilities on the servers.	2	01/09/2011	HFBP System Support Analyst on behalf of AD Procurement and IT Strategy	17/08/2011 - WO created and assigned to MS.

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
8	2009/10	Finance & Corporate Services (HFBP)	Laptop and Mobile Asset Management and Security Audit	Substantial	A process should be established for periodically reporting and reviewing remote access logs to terminal servers. Items to be reviewed should include but not be limited to: • unsuccessful access attempts; and • access attempts to sensitive menu options.	2	30/04/2011	HFBP Group Security Manager/ H & F Information Manager	
9	2009/10	Finance & Corporate Services	Corporate Information Management and Security	Substantial	Policies and procedures should be put in place to require that regular and timely information audits be undertaken to establish the relevance of current information and future requirements.	2	05/09/2011	Information Manager	Progress has been made on all of these actions but they have encountered a 6 month delay due to extenuating circumstances. They are all key deliverables of the Information Management Strategy

Update August 2011 – To be discussed further with Chief Internal Auditor (5/9/11) and schedule audits targeting high-risk business areas first. We can then propose a revised target date. |
| 10 | 2009/10 | Finance & Corporate Services | Corporate Information Management and Security | Substantial | Clear Desk Policy audits should be updated to include a requirement for business unit managers to undertake periodic Clear Desk audits. | 2 | 31/03/2011 | Information Manager | Progress has been made on all of these actions but they have encountered a 6 month delay due to extenuating circumstances. They are all key deliverables of the Information Management Strategy (Information Manager - 7 June 2010). |
| 11 | 2009/10 | Finance & Corporate Services (HFBP) | Data Storage and Backup Recovery Audit | Substantial | A process should be established for carrying out periodic test restores for back up data across all Council systems. | 2 | 25/03/2011 | Server Infrastructure Manager | 18/03/2011 - HFBP to discuss with H&F. Will need new infrastructure for these restores and confirm whether H&F would pay. End date to change to 25/03/2011. 16/12/2010 - Work order raised with HFBP Server Team to be scoped. |

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Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
12	2009/10	Finance & Corporate Services (HFBP)	Citrix and VMware	Substantial	Management should assess the virtual computing environment security settings against the best practice security arrangements to formally agree the appropriateness of the settings applied and apply change controls to the agreed documented device build configurations.	2	31/01/2011	Client Server Infrastructure Manager(HF BP)/Senior Finance and Contract Monitoring Officer	21/03/11 - WO created and assigned to HFBP Server Team
13	2010/11	Housing & Regeneration	Accessible Housing Register/ Housing Options - Project Management	N/A	A detailed benefits plan should be developed, including but not limited to the following: • Clearly documented aims and benefits (tangible and intangible) of the project; • Where appropriate, inclusion of when the benefits will be delivered and quantified volumes and targets to be achieved; • Details regarding the process and frequency of monitoring both during the project and after project completion; and • The process of reporting progress, particularly on dealing with delays to progress and issues arising, to the Project Board (or to senior management where the Board no longer meet).	1	15/04/2011	Project Manager (Occupational Therapy Team Manager)	Updated following follow up visit on 24/2/2011
14	2010/11	Housing & Regeneration	Integration of HF Homes into the Council	Substantial	Briefing or training sessions should be organised for all HF Homes line managers to prepare them for any changes in their responsibilities arising from the integration, such as the need to lead on staff CRB checks and recruitment of temporary staff.	2	15/04/2011	Head of HR	

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Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
15	2010/11	Housing & Regeneration	Integration of HF Homes into the Council	Substantial	A formal action plan for integrating the HF Homes risk management framework within the Council's framework should be established. The plan should include but not be limited to: • Adapting risk register templates; • Identification of risk owners within the Housing and Regeneration Department ; • Reporting procedure for risks and their mitigation; • Ensuring that risks are not lost or duplicated; and • Appointing a Risk Management representative for the department. The Housing and Regeneration Department should also appoint a representative to the Corporate Performance Group.	2	30/09/2011	AD Finance and Resources (Housing and Regeneration)	

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Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
16	2008/09	Housing & Regeneration	Capital Budgeting and Accounting	Substantial	Documented procedures should be established for capital accounting and budgeting. Any procedures established should be reviewed on a regular basis.	2	31/05/2011	Housing and Regeneration Finance Manager	Capital accounting procedures completed. CSRM will try to complete budgeting procedures by 31 December 2010. (Andy Lord, 14 May 2010) The capital accounting procedures have been completed but the budgeting procedures remain outstanding. With the pressures of MTFS and World Class Financial Management it is not currently possible to take someone off their regular duties for a week to write up the budget procedures. Implementation date change from 31/10/2009 to 31/12/2010 agreed by IAM 1/6/10) Housing & Regeneration Finance received this request on 7th April 2011. Due to resources within the team being devoted to closing the accounts, it is not anticipated that this task can be completed until the end of May 2011

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
17	2008/09	Housing & Regeneration	Housing Rents	Substantial	In addition to monitoring the monthly aged debt analysis report there should be an independent review of a selection of individual debtor accounts to ensure that the action plans are appropriate and in accordance to debt policies.	2	11/04/2011	Head of Neighbourho od Services	This is an income management function which will be taken up with the Housing Services Managers. **(Update - January 2010)** *Partially Implemented* - A comprehensive review of the management of individual debtor accounts was carried out in June 2010 by the Audit Commission as part of their Inspection and reviews are carried out each month as part of each Senior Housing Officer's performance management work. The Rent Management Service Improvement Group is also introducing peer audits between offices, with the first audit of cases due to happen in March 2010. **update - July 2010 -** Senior Income Officers carry out monthly case monitoring to check the escalation policy has been applied in line with the procedure within their own teams. When the new Income Team structure is put in place in September 2010 random audits will be completed by the Team Manager. **{Update - February 2011}** - A full audit of the top 300 rent arrears cases was carried out to see what actions were taking place and what actions the system was triggering in response to aged debt/ The results were not to the standard expected. Some systems glitches were identified and moreover the way in which Rents officers were using the system to track cases of aged debt was not correct. A system rebuild is currently underway to introduce new escalation policies that will more adequately prompt actions for aged debt. Key to this is retraining of all rents officers in the use of arrangements - with arrangements automatically prompting the Officers to cases where historic debt has been static or where the case is not reducing in line with agreements made. Training for all officers and managers begins 14th March and new escalation go live is scheduled for 11th April

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
18	2010/11	Residents Services (HFBP)	Spydus Application Audit	Limited	The Council's partners for ICT managed services, Hammersmith & Fulham Bridge Partnership (HFBP) should perform a full evaluation of the systems and services provided to the Libraries, particularly in response to the Library Service having lost the Systems Librarian. Furthermore, to define and formally approve with the Library Service and implement a specific formal Service Level Agreement (SLA) with procedures established to monitor the service of in-house support and maintenance of the Spydus application and library services against the SLA.	2	30/09/2011	Deputy Head of Libraries (LBHF) and Head of Application Services (HFBP)	16/8/11 - AB - Request for extension for implementation, this is due to a new action owner being assigned and that initially an SLA was agreed for the Library but we are now assessing what impact the loss of the System Librarian will have on the service. A dialogue is currently in process with H&F for this assessment and a new implementation date will be requested once completed. Assessment to be completed by end of September and new implementation date will follow. 21/03/11 - Libraries SLA written but not signed off, needs to be updated to take into account change in circumstances regarding H&F deciding not to replace Systems Librarian.
19	2009/10	Residents Services	Trade Waste - Financial Management and Debt Recovery	Substantial	Roles and responsibilities for trade waste debt recovery at both a departmental and corporate level should be formally defined, documented and communicated to staff. These should include as a minimum: • The role of the corporate debt recovery function; • The role of departmental recovery officers, • The way in which the two should interact, and • The circumstances under which exceptional action (such as legal action and write offs) should be instigated and the processes involved.	2	31/03/2011	AD for Finance And Resources	Corporate Income & Debt Management policy to be rewritten as part of World Class Financial Management Transformation Programme - this is a specific project stream of the main programme. Corporate Policy will then be translated to service policies as appropriate, one of which will be for Trade Waste. Work cannot commence on this until the WCFM project commences in January 2011, with a completion target of 31st March 2011.

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target date	Responsible Officer	Status/ Comments
20	2008/09	Residents Services	Business Continuity	Limited	All BCP sections should be appropriately completed, regularly reviewed and consistently updated. The AD Resources should determine how quality control over BCPs is to be implemented within their departments, in particular, whose role it is to be and what time is to be allocated to it amongst other duties where the role is a part-time one.	1	31/07/2011	AD Resources	All departments have been updating their continuity plans over the last few months. These have been sampled and a significant number of plans have been updated following the audit. A quality control process has been agreed, circulated to SRG members and published on the intranet. This process is within the newly published Service Continuity Toolkit. Full plan completion still an issue across departments. Update paper due to be presented to EMT July 2011 which will provide options for going forward.

Final Internal Audit Report 2010/11

London Borough of Hammersmith and Fulham

Powersuite Application

September 2011

This report has been prepared on the basis of the limitations set out on page 11.

Introduction	As part of the 2010/11 Internal Audit Plan, agreed by the Audit Committee on 23 March 2010, we have undertaken an internal audit of the Powersuite application.
	This report sets out our findings from the internal audit and raises recommendations to address areas of control weakness and / or potential areas of improvement.
	The agreed objective and scope of our work is set out in the Audit Brief issued on 07 March 2011.

Audit Opinion & Direction of Travel	None	Limited	Substantial	Full
		L		

Key Findings	Key Statistics & Benchmarking
• The password table is securely protected and access to the system tables is restricted to HFBP staff only; • Controls exist over the timeliness of inputs to the system; • A formal change control process has been established to coordinate technical changes on the system; • Powerful access to the system is shared by more than one staff member; • Password controls are generally weak on the system; • Reporting has not been adequately developed and as a result, exceptions are currently not reported; • Roles are not adequately segregated on the system; and • Accuracy controls are not adequately programmed on the system.	• There are eight modules to the Powersuite application. The Council uses the Trade module only; • This module handles the Duty of Care management, Invoicing, Renewals and all types of chargeable services. Being workflow based they are embedded with best practice and can be easily tailored to meet specific needs of the operation; • There are now over 20 Councils in the UK using the Powersuite Waste Collection module; and • The annual budget spend on the support of the system is £4,200 and there are four licences (one licence for HFBP and three remaining licences for the Commercial Waste section).

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			Priority 1	**Priority 2**	**Priority 3**
Access Controls			2	2	1
Data Input			0	1	0
Data Processing			0	1 (See Rec 4)	0
Output Controls			0	0	0
Interfaces			0	0	0
Management Trail			0	1 (See Rec 4)	0
Backup and Recovery			0	0*	0
Support & Change arrangements			0	0	0

*Management is aware of control issues with Disaster Recovery & Business Continuity Planning. These are in the process of being set up and therefore no recommendation has been raised.

Please refer to the attached documents for a definition of the audit opinions, direction of travel, adequacy and effectiveness assessments and recommendation priorities.

Summary of Findings	**Access Controls**
	Controls were found to be in place for the security of the system tables as users cannot change or access settings and the password recorded in the password tables are encrypted. However, access control could be improved on the application. Recommendations have been raised in relation to the need to grant individual access to the system; the need to undertake a general review of user permissions and segregation of duties and the need to include HR in the leaver notification process. Logical access controls could also be improved as passwords are generally weak.
	Data input
	Controls were found to be in place with regards to the reconciliation of invoices sent to IT for printing. Source documents are also securely retained. However, we have suggested that accuracy controls be improved on the system to limit inaccurate data input and to ensure that exceptional instances be reported so that they can be reviewed.
	Data Processing
	Controls are in place to help ensure that the Powersuite data is processed accurately. This includes the use of sequentially generated client transaction numbers that are automatically allocated to every batch invoice created onto the Powersuite application. These are time and date stamped. Although changes to standing data (for instance charge rates) were found to be properly authorised, we have recommended that a process be put in place to report and review critical changes on the system.
	Output
	Controls exist over the reconciliation of output reported from the Powersuite system for invoices that are transferred to the OLAS system. Report standards are also reasonable and meaningful.
	Interface Controls
	There is a manual feed between the Powersuite and the OLAS system. This is a new system that produces an output file which is manually loaded into OLAS when required. There is no automatic process feeding into OLAS or any other system.
	Management Trail
	The Powersuite application has an audit trail which logs the user ID of users who performed an activity on the system, the log type, the log reference, the log date and time. However, this does not report on the old charge rate.
	Backup and Recovery
	Although this area was included in the review there are no recommendations as management are already aware of weaknesses which exist in general with Disaster Recovery at the Council. There has been no change in this area for the Powersuite application and we found that, although controls exist over the integrity of the system and the data is backed up on a daily basis via the SQL12 server, there are no documented Disaster Recovery and Business Continuity plans. These are in the process of being set up and management are already aware that control improvements are required.

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Summary of Findings Cont.../	**Support and Change Arrangements**
	A Change Advisory Board (CAB) has been established to ensure that upgrades, patches and releases to the application are properly authorised. The Powersuite system is currently still run as a project. We were informed that a contract will be drawn up once the implementation is finalised.

Acknowledgement	We would like to thank the management and staff of the Waste Management team and HFBP staff for their time and co-operation during the course of the internal audit.

1. Shared Account

Priority	Issue	Risk	Recommendation
1	Examination and discussion with the System Administrator identified that the HFBP Admin account is shared by seven users (from the HFBP, ENVNRSD - System Environment and Resident Services Team). The BDU account is also shared by two Customer and Commercial services team members.	Where a single user account is shared by more than one user there is limited accountability and the actions of that user account cannot be determined. Any unauthorised activity cannot be directly attributed to an individual user.	User access to the Powersuite application should be allocated to named individuals rather than through a generic shared account. Where there are license constraints and this is not possible, a system of exception reporting should be established to report on any critical changes performed with the use of the shared account.

Management Response		Responsible Officer	Deadline
Agreed: However, this is not feasible as this is a licensed application and access is limited to four licenses only. Management will however investigate any controls in place to support this and to decide on the cost effective way of mitigating this control issue.		Application Support Analyst	30/04/2011

2. Leaver Process

Priority	Issue	Risk	Recommendation
3	Although there have not been any leavers since the system went live in November 2010, a leaver will normally be notified by the user line manager and his/her account is disabled (locked out). It was, however, identified that the list of leavers is currently not notified by HR. There is also no functionality within the system to report users' last log-ins. As a result, the system administrators are unable to report and review to identify leavers/dormant accounts.	Where formal leaver procedures are not implemented, there is a risk of inappropriate access rights to the system being retained. These may be used for unauthorised activities on the Powersuite application.	A report should be established to report and review users who have not logged onto their accounts for more than 3 months. If identified, leaver accounts should be revoked immediately. Management should also request personnel/HR to provide a list of users who have left the Authority, and should use this list as the basis for the review of active accounts.

Management Response		Responsible Officer	Deadline
Agreed:		Application Support Analyst	30/04/2011

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3. Password Controls

Priority	Issue	Risk	Recommendation
1	Testing with the System Manager identified the following: • Passwords of one character length can be accepted by the system; • Password combination of alpha and numeric characters is not enforced; • Password age is not enforced on the system, hence passwords do not expire. As a result users have not been forced to change their passwords since the system went live in November 2010; • Previously used passwords can be recycled; • Although the option for default passwords to be force changed on first entry is manually ticked during the users creation process, this has not been made a mandatory field and can therefore be accidentally bypassed; and • The live accounts have been set to lock out users after five failed attempts.	Failure to enforce adequate logical access controls could lead to unauthorised users obtaining access to data and resources on the Powersuite system. Failure to review the number of failed access attempts also increases the risk that an unauthorised user may gain access to the system.	We recommend that the possibility to configure the Powersuite Application to be able to enforce the following controls should be investigated with the supplier: • A minimum password length of seven characters; • The system should enforce a complex password, for example a combination of alpha and numeric characters; • Users should be forced by the system to change their passwords in line with the Council policy every 30 - 60 days; • A password history should be maintained to ensure that passwords are not recycled; • The option to force default passwords to be changed on first entry should be made mandatory; and • The maximum invalid login attempts for the Powersuite system should be set to three attempts.

Management Response	Responsible Officer	Deadline
Agreed: This is a supplier issue as the parameters to configure the password settings have not been provided by the supplier. This will be investigated with the supplier. However, will change the invalid password setting.	Application Support Analyst	30/04/2011

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4. Audit Trail and Exception Reporting

Priority	Issue	Risk	Recommendation
2	We identified the following: • The changes to the charge rates in December 2010 cannot be reported by the audit trail facility; • Although the reporting facility in place is capable of reporting exceptions, the Powersuite system is still new and reporting is yet to be exploited. Consequently, exceptions are not currently reported; • A log is not produced of invalid access attempts; furthermore, these are not reviewed; and • There is no evidence that the system is able to report on the before and after image of changes on the system, including master data.	Where a full audit log is not maintained there is a risk of loss of accountability for actions taken on the system. The lack of adequate reporting and review of exceptions increases the risk that unauthorised or inaccurate data entered on the Powersuite application may not be identified in a timely manner. Failure to regularly review security violations also increases the risk that suspicious activity may not be identified in a timely manner.	Audit logging should be adequately enabled to report the details for critical changes on the system (including the before and after image of changes). An exercise should then be carried out to identify exceptions that should be reported and reporting developed for such exceptions. Once established, a process should be put in place for the regular reporting and review of unusual activities on the system. Items to be reviewed could include, but not limited to, the following: • Report changes to user details; • Report changes to charge rates; • The log of violation attempts; and • Rejected or missed data.

Management Response		Responsible Officer	Deadline
Agreed. We will review the exceptions and investigate the reporting to be written including missing account reference fields. Reporting will be investigated with the supplier.		Performance and Systems Administrator	30/06/2011

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5. Segregation of Duties and Access on a Needs Basis

Priority	Issue	Risk	Recommendation
2	Our audit identified that there are only two roles created on the system (system administrator and user). There is no facility on the system to report the permissions that have been allocated to the respective roles. It was also identified that the HFBP administrators also have input access to the application as well as access to the back end tables via the SQL servers.	Full access to the application increases the risk of duties being overlapped and not providing a suitable separation of duties, which can therefore be used for unauthorised activities that may compromise the integrity of the system.	The users and roles on the Powersuite system should be reviewed and additional roles created to ensure that duties are adequately segregated. Where this is not possible, adequate reporting should be established to report and review critical or sensitive changes made with the use of the system administrator accounts.

Management Response		Responsible Officer	Deadline
Agreed		Performance and Systems Administrator	30/06/2011

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6. Accuracy Controls

Priority	Issue	Risk	Recommendation
2	Testing identified the following: • The system has not been configured to mandate data entry into critical fields, for instance: names, address, post code, and these could be bypassed without warning. As a result, a new contractor input screen was validated from start to finish without the system mandating that data be entered into critical fields; • There is neither a warning nor rejection message by the system on attempt to enter a duplicate invoice; and • Potential errors are neither flagged nor prompted during data input, so that they can be investigated and corrected on a real time basis.	The lack of adequate input controls increases the risk of incomplete and inaccurate information and could result in wasted resources (time) used in correcting such errors.	Management should investigate and review with the suppliers the configuration of input data formatting, and consider establishing the following specific controls on the Powersuite application to help improve input of data quality: • Investigate all critical fields on the system and make them mandatory, or establish an exception report for the input staff to run and check errors and missing fields; • Configure duplicate checks to flag and notify instances where a duplicate invoice is entered; and • Activate the workflow in the system to require information validation so that potential errors can be flagged for their review and correction on a real time basis.

Management Response		Responsible Officer	Deadline
Agreed; to raise with the suppliers.		Application Support Analyst	30/04/2011

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Statement of Responsibility	We take responsibility for this report which is prepared on the basis of the limitations set out below.
	The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.
	Deloitte & Touche Public Sector Internal Audit Limited
	London
	September 2011
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