

## **PROGRESS AGAINST THE 2017/18 AUDIT PLAN AND HIGH PRIORITY RECOMMENDATIONS**

### **1. INTRODUCTION**

- 1.1. The purpose of this report is to inform members of the Audit Committee of progress made in delivering the 2017/18 audit plan, which was approved in March 2017. This report also provides an update on the progress with implementing high priority, overdue audit recommendations.

### **2. RESOURCES**

- 2.1 Interim coverage for the vacant Principal Auditor position has been provided by the Group Audit Manager from the Southern Internal Audit Partnership (SIAP) since September 2017, to the Council and its' audit partners, whilst the future audit provision has been reviewed.
- 2.2 Internal audit have provided additional Senior Auditor support to the Council's audit partners from September 2017 and have also provided ICT Audits to Poole Borough Council and Rushmore Borough Council, generating an income to the Council.
- 2.3 One Auditor and the Information Assurance Officer/ICT Auditor have both recently left the Council. The Fraud and Compliance Officer has moved to a new team within the Council from January 2018.

### **3. INTERNAL AUDIT PLAN 2017/18 PROGRESS**

- 3.1. Appendix 1 shows the progress made against the 2017/18 internal audit plan to January 2018. Progress is demonstrated by recording the current status of each audit assignment, the audit opinion and a summary of the number of recommendations made.
- 3.2. There was a significant proportion of 2016/17 audit reviews carried forward into 2017/18 (10 NFDC audits and a similar number for our partners) which restricted delivery of the 2017/18 audit plan in the first half of the year. All of this work has now been completed.
- 3.3. The carry forward audits, resource commitments to the partners and recent staffing changes have resulted in a resource shortfall. In order to deliver the 2017/18 audit plan by the end of March, match the plan to the available resources and take account of organisational developments, some rationalisation of the audit plan (Appendix 1) is required. The proposed plan changes are:-
- Business Continuity and Emergency Planning – A revised plan of action, timescales and responsibilities is being developed by the service and will be brought to the Executive Management Team for approval in Quarter One 2018. Defer the audit until the action plan has been implemented and become embedded.

- Domestic Refuse, Commercial Waste and Recycling (including special collections, garden waste and street cleansing) - The Council are involved in the current review of waste arrangements within Hampshire and the Isle of Wight. In addition, the new Service Manager for Waste & Transport will not commence employment until February 2018. It is proposed to defer the audit to enable the outcomes of the review to be taken into account.
- Defer the two ICT audits (due to staff changes) and commission the SIAP to complete assurance mapping on the ICT provision in order to contribute towards the annual Internal Audit Opinion for 2017/18 and inform future ICT audit plans.
- Electoral Services; Caretakers, Office Cleaning & Building Security; and Public Conveniences – defer to future years as assessed as lower risk.

3.4. Future audit coverage is being risk assessed and the proposed audit plan will be discussed and developed with Service Managers during February and will be brought to the next Committee meeting (23 March 2018) for comment and approval.

#### **4. PROGRESS ON HIGH PRIORITY RECOMMENDATIONS**

4.1. Progress on the implementation of high priority recommendations is monitored and any uncompleted recommendations are reported to Audit Committee. Currently the following high priority recommendations are outstanding;

- Payment Card Industry Data Security Standards (PCI DSS) compliance Update: The Council are working with the relevant partners to ensure the upgrade of chip and pin devices by March 2018 are PCI DCC compliant. Associated policies and procedures are being reviewed for compliance. All new areas where card payments are taken, for example car parking payment terminals, are assessed for PCI DSS compliance prior to implementation.

There are elements of Agresso that are not PCI DSS compliant and there is a project in place to assess the most effective way to update the system and gain PCI DSS compliance. It was anticipated that the new guidance documents from the PCI Security Standards Council on voice-over-IP installations (telephone systems), due to be released mid-2017 may have resulted in significant changes to compliance requirements. This guidance will not now be released therefore the project to move to using Microsoft Office 365 during 2019 will include replacing the current telephony system and address the PCI DSS issue.

- Business Continuity  
To ensure that all business units, that are deemed to have Critical Activities, have up to date Business Continuity Plans  
To ensure Disaster Recovery Plans are created for each Critical System  
High level of responsibility needs to be taken for creating and implementing business continuity plans and ensuring they are kept up to date

Update: Responsibility for Business Continuity has been reassigned and the responsible officer has recently completed a relevant training course. A revised plan of action, timescales and responsibilities will be developed and brought to the Executive Management Team for approval in Quarter One 2018.

## **5. FINANCIAL IMPLICATIONS & CRIME AND DISORDER IMPLICATIONS**

- 5.1. There are no direct implications arising from this report, however inadequate audit coverage may result in areas of control weakness, unacceptable risks or governance failings as well as the increased potential for error and fraud.

## **6. ENVIRONMENTAL MATTERS & EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1. There are no matters arising directly from this report.

## **7. RECOMMENDATION**

- 7.1. The Audit Committee note the content of the report and raise any further areas of assurance coverage that they require.

### **For Further Information Please Contact:**

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### **Background Papers:**

Internal Audit Plan 2017/18