

Agenda Item No: -

Report to: Audit Committee

Date of Meeting: 27 June 2011

Report Title: Chief Auditor's Summary Audit and Risk Report

Report By: Tom Davies
Chief Auditor

Purpose of Report

To inform the Audit Committee of recent audit findings of the Cash & Bank - Improved Processes, Data Quality, Payroll and Follow-up of IT Disaster Recovery audit reports.

Recommendation(s)

1. That the Audit Committee accepts the report

Reasons for Recommendations

To monitor levels of control in the organisation.

Summary Reports
Report to Audit Committee
Cash and Bank - Improved Processes
(March 2011)

Audit Conclusion

Overall Audit Assessment: A – Good

Controls are in place and work effectively. There are no significant audit concerns. There are no high / medium recommendations made.

Key Findings

- The cash and bank system is administered effectively and efficiently.
- Regular reconciliations of cash and bank accounts are undertaken and reviewed by the Chief Accountant.
- The method of reconciliation has recently been streamlined and partially automated to reduce the risk of error and increase efficiency.
- Monitoring on the completion of reconciliations is carried out at a high level.
- Two new methods of payment processing (PAYE.NET and TOUCHTONE) are being installed and implemented which requires careful project management at all stages. (The Chief Accountant is the Lead on this project).
- The capacity of the team needs careful consideration in the light of the significant changes such as additional project work and increased in-house treasury management work being undertaken.
- A Council Call Centre is actively being implemented and it is intended that this will eventually use these methods of payment processing.

Management Response

We agree the findings.

Summary Reports
Report to Audit Committee
Data Quality - Council Tax Collection Rates
(March 2011)

Audit Conclusion

Overall Audit Assessment: B – Satisfactory.

Expected controls are in place and are working effectively.

Key Findings

- The Council Tax target for collection rates is administered effectively and efficiently.
- The 'Northgate RRV428' output report should be retained in accordance with the council's document retention policy.

Management Response

We agree the findings.

Summary reports
Report to Audit Committee
Payroll
(March 2011)

Audit Conclusion

Overall Audit Assessment: A – Good.

Controls are in place and work effectively. There are no significant audit concerns.

Key Findings

- The Payroll system is administered effectively and efficiently.
- The Hastings site is used as a centre of good practice by Midland-Trent, who produces iTRENT, and new potential customers are recommended to visit the site.
- The Payroll is processed through iTRENT which is an integrated human resources and payroll system. The system is one comprehensive staffing database which is held, administered and controlled within the Personnel Division. The more efficient method of using one database requires the adoption of compensating controls within the Personnel Division. These compensating controls have been agreed with the Internal Audit Division and there is sufficient segregation of duties.
- The upgraded system has more functionality which should be more fully utilised for greater work efficiency.
- There are systems operating and back up arrangements in place to ensure the payroll function is correctly performed however, following the latest upgrade of the software the requirement for senior management to confirm all permanent changes to the payroll database ceased. This check of permanent changes is to be restored.

Management Response

We agree the findings.

Summary reports
Report to Audit Committee
Follow-up report on the audit of IT Disaster Recovery
(March 2011)

Background Information

The Civil Contingencies Act 2002 defines District and Borough Council's as category tier 1 responders and must therefore have robust contingency arrangements (including IT disaster recovery plans) in place. During March 2010, Hastings Borough Council commissioned an IT Auditor to carry out a risk review of the affect on IT services following the total loss of Aquila House.

The IT Auditor concluded that whilst no data held on the computer systems would be lost as current back-up facilities are considered to be robust and reliable, and have been frequently tested with small amounts of data to suggest that a complete reload would cause no problems, he considered that in the event of the total loss of Aquila House:-

- The Council would need to quickly find alternative accommodation for the staff currently housed there and this accommodation would need to be wired to enable the telephone and IT services to be installed to the required levels.
- The 54 servers located in Aquila House would be lost and the Council would be dependent upon Dell to build and replace them as quickly as possible.
- Those departments currently located there would have no accommodation, no IT facilities for a period (potentially) of several weeks, and would have little or no paperwork to carry out their business.

Server Virtualisation

The council response to this was to pursue a 'server virtualisation' programme involving each of the servers in Aquila House being replicated in the Town Hall. As at the end of March 2011, 34 servers have been successfully virtualised and 20 remain to be completed.

On completion of the programme, this will mean that:-

- Aquila House staff could be deployed into the Town Hall and the telephone and IT services enabled to the required levels.
- No need for Dell to build or replace any servers.
- All systems would be available and many staff would be able to access these remotely from home but if not, they would be able to work out of the Town Hall.

Two Critical incidents

There were 2 critical incidents during 2010/2011 affecting IT services.

The first one to occur was contained to the external website which was inaccessible for 24 hours owing to extensive flooding in the London area where a third party supplier, Telehouse, hosts it.

The second incident affected the Town Hall only which for added resilience is powered from a 3-phase electricity power supply. Highly unusually, 2 of the 3 phase supply were knocked out severely limiting electrical supply to the Town Hall.

These two incidents along with a period of severe weather have tested the council's contingency arrangements including having to deal with IT emergencies when key IT staff have been on annual leave.

The impact of all these occurrences was minimal.

Key Findings

- The server virtualisation programme provides high levels of resilience.
- The council's IT recovery arrangements have worked satisfactorily when tested.
- The Corporate Risk Management Group is currently evaluating a number of risk products with the Risk Management Services Division of its Insurer.

Overall Audit Assessment: B Satisfactory

Expected controls are in place and are working effectively.

Wards Affected

None

Area(s) Affected

None

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No

Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No

Background Information

The detailed internal audit reports on:

Cash and Bank - Improved Processes (March 2011)

Data Quality (March 2011)

Payroll (March 2011)

Follow-up report on the audit of IT Disaster Recovery (March 2011)

Officer to Contact

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