

**EXETER CITY COUNCIL  
AUDIT AND GOVERNANCE COMMITTEE**

**Internal Audit Summary of Work Completed  
September to December 2013**

Audit Area	Summary
ICT Operations Management  Assurance rating: Significant improvement required ★★	<p>ICT Operations management is the effective management of data processing procedures and maintenance of hardware, effective operations management helps maintain data integrity and reduces business delays and IT operating costs.</p> <p>The scope of the audit included a review of operations procedures and instructions, job scheduling, monitoring of IT infrastructure, sensitive/controlled documents, hardware maintenance, back-ups, media handling</p> <p>A total of 1 high, 12 medium and 3 low recommendations were made. All but two of the medium risk recommendations were accepted by management. Details of the recommendations not accepted are contained within the main report. The high risk issue identified was that backup media is not regularly tested to ensure that it can be restored in the event of an emergency. As a result the following recommendations were made and accepted by management:</p> <ul style="list-style-type: none"> <li>• as a minimum, a sample of backups should be checked to ensure that the data can still be restored in the event of an emergency. These checks should include making sure that the data can be read by more than one server.</li> <li>• the ability to restore from backups should be tested as soon as possible with the shared service provider.</li> </ul>
Creditor Payments Quarter 1  Assurance rating: Some improvement required ★★★	<p>The testing of the creditors system is undertaken quarterly. The review undertaken in Q1 included a review of policies and procedures, system access, invoice checks and payments including a focus on payment within terms set by the supplier.</p> <p>A total of 5 medium and 7 low recommendations were made. All medium and 4 low recommendations were accepted by management. Three low recommendations were not accepted.</p>
Creditor Payments Quarter 2  Assurance rating: Good★★★★	<p>The testing of the creditors system is undertaken quarterly. The review undertaken in Q2 included a review of invoices, payments and supplier checks.</p> <p>A total of 1 high, 1 medium and 2 low recommendations were made and all the recommendations were accepted by management. The high risk issue identified was in respect of supplier address fields within the financial management system. It was found that 677 supplier records had blank address fields. These records pose a greater risk of being used to generate a fraudulent payment. Management agreed to investigate the possibility with the third party suppliers of the system of making the address field a mandatory field.</p>
Payroll (People Management) Including annual salary check  Assurance rating:	<p>The objectives of this audit were to check that suitable controls remain in place for the processing of payroll data to ensure that employees are paid accurately and promptly and that all statutory deductions are collected and paid across to the relevant external agencies. The scope of the audit included a review of system controls, processing controls, regulatory requirements, starters, deductions, variations to pay, transfers and leavers, payments and financial management.</p>

<p>Some improvement required ★ ★</p>	<p>A total of 1 high, 4 medium and 15 low recommendations were made, all of which were agreed by management. The high risk issue identified was in respect of pre-employment checks. It was found that these checks were not carried out in all instances, especially in the case of casual workers.</p> <p>The resulting recommendations were:</p> <ul style="list-style-type: none"> <li>• all documents as specified in the 'Offer of Employment' and 'Pre-employment checks' policy must be obtained prior to the employee commencing employment in all instances.</li> <li>• all casual employees should be required to provide the same evidence of identify and leave to work in this country as would be required of permanent and temporary employees</li> </ul>
<p>Housing – Home Contents Insurance</p> <p>Assurance rating: Good ★★★★★</p>	<p>The council does not insure housing tenants' furniture, belongings, or decorations against theft, fire or vandalism, burst pipes and other household risks. However, the Council has arranged a home contents insurance policy that will cover all of the above for Council tenants. Allianz provide the insurance policy and the Council acts as an 'agent' collecting premiums on behalf of the insurer, for which the Council receives a commission. Approximately 5% of tenants belong to the scheme (as at 19 August 2013, of the 5,032 properties, 271 were on the scheme).</p> <p>The scope of the audit included a review of applications, calculations of premiums and cover, cancellations, reconciliations, payment of commission, procurement and value for money. A total of 3 medium and 2 low recommendations were made all of which were agreed by management.</p>
<p>Fleet Management</p> <p>Assurance rating: Good ★★★★★</p>	<p>The fleet management team is responsible for the purchase, maintenance and disposal of vehicles and plant for the council and other administrative tasks associated with fleet.</p> <p>The scope of the audit included a review of vehicle acquisitions, disposals, maintenance, maintenance contracts, driver licence checks and fuel cards. A total of 3 medium recommendations and 1 low recommendation were made all of which were agreed by management.</p>
<p>Planning and Building</p> <p>Assurance rating: No assurance rating was given as the system is currently being redeveloped as part of the redesign process.</p>	<p>The purpose of the Council's Planning and Building control teams is to provide good development for the City. As part of the Council wide business process review the Planning and Building Control systems are currently being redesigned with the anticipated completion date of the redesign work being 1 May 2014. The scope of the audit was to document the redesign process and check for any potential control weaknesses in the new system.</p> <p>A total of 2 medium and 1 low recommendation were made all of which were agreed by management. Once the new system is operational a full audit of the new system will take place and time to undertake this audit has been included in the 2014/15 Audit Plan.</p>