

Audit Committee, 26 November 2015

Internal audit – Review of recommendations

Executive summary and recommendations

At its meeting on 29 September 2011, the Committee agreed that it should receive a paper at each meeting, setting out progress on recommendations from internal audit reports.

Most of the information in the appendix is taken from the wording of the internal audit reports. The exception is the 'update' paragraph in the right-hand column, which provides details of progress.

Recommendations which have been implemented have been removed from this report. The original numbering of recommendations has been retained.

Decision

The Committee is requested to discuss the paper.

Background information

Please refer to individual internal audit reports for the background to recommendations.

Resource implications

None

Financial implications

None

Appendices

None

Date of paper

18 November 2015

Recommendations from internal audit reports

Core Financial Systems – Payroll (report dated September 2011 – considered at Audit Committee 29 September 2011)

Assurance on effectiveness of internal controls: Substantial Assurance

Recommendations summary

Priority	Number of recommendations
Fundamental	None
Significant	None
Housekeeping	3

Risk 3: Financial losses arising from fraud or error, inefficient processing or inappropriate activity (such as ghost employees, payment of staff who no longer work at the Council, authorised payments, etc)

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
2	<p><i>Observation:</i> Finance receive an HR Pack on a monthly basis which includes the HR Summary spreadsheet and relevant supporting documentation detailing starters; leavers; contractual variations; acting-up allowances; changes to address etc.</p> <p>Whilst our review confirmed that this information was received by Finance, in a timely manner and before the deadline of the 15th of the month, as there is currently no direct interface between the HR Systems and Sage, the information has to be entered again on to Sage.</p> <p>It is noted that a review of the HR system is planned to be undertaken.</p> <p><i>Risk:</i> Holding two databases with staff details</p>	As part of the planned review of the HR system, consideration should be given to a more effective interface between the HR and Payroll systems to avoid duplication in entry of data.	Housekeeping	Project proposal to review HR & partners information systems, including link to payroll to be submitted to Executive team in November 2011. If agreed will form part of 2012/13 project plan.	<p>Director of Finance/ HR Director.</p> <p>Update</p> <p>26/11/2015 - On track, no change from 17/6/15 update</p> <p>Previous updates:</p> <p>08/09/2015 – On track, no change from 17/6/15 update</p> <p>17/06/2015 – The payroll service offered by the supplier of the new HR and Partners system is not appropriately certified for information security, so we are</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>and duplication of data entry are unlikely to be an efficient use of resources.</p> <p>Errors are more likely to arise where data is re-keyed.</p>				<p>reviewing other options for the contracted out payroll service, expecting to conclude by the end of 2015-16. We still intend and expect the new HR system to better integrate with payroll, whichever option for payroll is chosen.</p> <p>10/3/2015 – We have started discussions with the supplier of the HR and Partners system to identify whether their integrated payroll service would be suitable for our needs.</p> <p>09/10/2014 – The HR and Partners system build business case was approved by EMT to enter the start-up phase on 9 September. A supplier has been identified.</p> <p>24/06/2014 – Still pending the HR & Partners project. Bids from suppliers have been received and are being assessed but no contract yet awarded so the project has not yet entered the build phase.</p> <p>20/03/2014 - HR & Partners Systems Review phase is due to end on 31 March 2014. The project will then enter the build stage.</p>

Disaster Recovery / Business Continuity Planning (report dated October 2013 – considered at Audit Committee 28 November 2013)

Assurance on effectiveness of internal controls: Substantial Assurance

Recommendations summary

Priority	Number of recommendations
Fundamental	None
Significant	None
Housekeeping	1

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ Responsibility
6.2	<p>Observation: The Business Continuity Plan is centrally controlled and managed by the Head of Business Process Improvement but is distributed as a paper document to 52 different people or locations.</p> <p>This makes it possible for uncontrolled documentation that may be outdated to still be held. Anecdotal evidence suggests that this has been the case on a number of occasions.</p> <p>There would be benefits with using an alternative method for managing how the plan is accessed such as improved version control and distribution.</p> <p>Potential alternatives include managing access via a central storage point i.e. secure internet or intranet location, cloud-based service or distributed by secure USB device.</p>	<p>HCPC should consider alternative methods of version control and distribution for the BCP, i.e. via secure internet/intranet, cloud service or secure USB key..</p>	3	<p>The Executive consider technology based solutions for the update and distribution of the BCP every year as part of the project prioritisation process and budget discussions. To date other statutory requirements have reached a higher priority than this project.</p> <p>This item remains on the long list of important projects until actioned. This project will be considered again in the project prioritisation process and budget discussions taking place in December and February for the</p>	<p>Head of Business Process Improvement</p> <p>Update</p> <p>26/11/2015 - A demonstration was provided to EMT in October on HCPC Blackberry devices, and the restructure of the plan has been made to fit the online delivery model. All plan data has now been input to the supporting secure website, and we will be training EMT and CDT / Heads of Department on maintenance of the plan for their areas of responsibility over the next few months.</p> <p>Previous updates:</p> <p>08/09/2015 - Implementation work is under way with the supplier. Some editing of content layout is required to fully utilise the format options available, and this is in progress.</p>

	<p>Risk: Plans may lack effective version control which may cause people to refer to old or out-dated version of the Business Continuity Plan causing delays in recovery.</p>			<p>forthcoming (2014/15) budget year.</p>	<p>17/06/2015 - Licence PO is in progress for the software and service selected. Development of our service will commence shortly</p> <p>19/03/2015 - A successful test with the preferred supplier has taken place and the procurement exercise is completing</p> <p>09/10/2014 – BPI are meeting a potential external supplier on 02/10/2014. Options will be reviewed following this. If the external option is perused a procurement process will be run.</p> <p>24/06/2014 – BPI plan to investigate if an in house system could be used instead of an external procurement.</p> <p>20/03/2014 – This project has been provided for within the 2014-15 BPI budget. The ability to produce paper versions will remain as a contingency</p>
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Partners Expenses (Report dated March 2014 – considered at Audit Committee 20 March 2014)

Assurance on effectiveness of internal controls: Substantial Assurance

Recommendations summary

Priority	Number of recommendations
Fundamental	None
Significant	1
Housekeeping	1

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ Responsibility
6.1	<p><i>Observation:</i> The Expenses Policy for Partners states “Travel and accommodation should be booked through the HCPC’s preferred travel agent Co-operative Travel Management”. However, this is not mandatory and there are no specific consequences for not doing so other than if abused.</p> <p>Up to period 9 of the current financial year, 42% (by value - £390k of £930k) of partners’ expenses authorised and paid by HCPC have been claimed by direct reimbursement rather than using the services of Co-operative Travel Management.</p> <p>In addition to the value for money implications, limited usage of the travel bureau means that management information on expenditure is restricted.</p> <p>HCPC is currently planning to market test its travel management arrangements and forms redesigned to obtain additional detail regarding the reasons for direct bookings.</p> <p><i>Risk:</i> Failure to achieve value for money.</p>	(i) HCPC should remind partners of its preference for them to book travel requirements through the appointed travel service in preference to the direct bookings which are currently made in the significant number of cases noted.	2	<p>Agreed. Partners will be reminded of the current policy. Through the travel tender, we intend to address partners’ concerns about the current system (including usability & price) and review their comments as to why they are not using the travel company.</p> <p>We will also explain to partners the benefits to HCPC of routing all bookings through the travel provider (simplified transactions, duty of care, better value for money, better management information).</p> <p>As part of the new travel management contract, the</p>	<p>December 2014 - Head of Financial Accounting.</p> <p>Update</p> <p>26/11/2015 - Cleared, subject to approval of revised Partners Travel policy by Council in December 2015. Automatic payment of partner fees is being rolled out and revised policy will require use of the new travel provider.</p> <p>Previous updates:</p> <p>08/09/2015 - All partners will be using Click Travel from 1 September 2015. Will become mandatory to use the new travel provider, once the automatic payment of partner fees is introduced. (Expected 1 October 2015).</p> <p>17/06/2015 – The migration to the new travel management contract is on track, per the 10/3/2015 update.</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ Responsibility
				<p>Executive proposes that it should become mandatory to book all travel and related services such as hotel accommodation through the service provider except in exceptional circumstances. The policy would apply to Council members, Partners and Executive.</p>	<p>10/3/2015 – The new travel management contract was signed in February 2015 and is due to go live in April. We plan a parallel run of 3 or 4 months with the previous travel supplier before use of the new supplier becomes mandatory.</p> <p>09/10/2014 - Updated expenses policies were agreed by Council in September and are being communicated to partners and employees. We expect to complete the travel management contract retender by the end of 2014-15.</p> <p>24/06/2014 – Partners were reminded of the policy in December and January, and the policy is explained at new partners' induction training. The process to retender the travel management contract has started.</p>