

**Audit & Governance Committee – 23 April 2014****Summary of Completed 2013/14 Audits, since last presented to Audit Committee (January 2014 meeting).****PUBLIC SERVICES NETWORK REVIEW 2013/14**

Opinion: Issues	20 February 2014	
Total: 5	Priority 1 = 0	Priority 2 = 5
Current Status:		
Implemented	3	
Due not yet actioned	1	
Partially complete	0	
Not yet Due	1	

ICT have concluded a procurement exercise for a managed connectivity service to replace its existing network of private circuits. The procurement was undertaken in accordance with EU regulations and has resulted in Vodafone Plc. being selected as the preferred bidder. The decision has been approved, although evidence of this is only available in email correspondence. The necessary contract approval, in accordance with the Council's Contract Procedure Rules, was also yet to be obtained. Service levels and key performance indicators are specified in a number of different areas of the specification of requirements documentation and would benefit from being collated into a single place for the purpose of managing and monitoring the supplier.

The Cabinet Office rejected the PSN Code of Connection application made in November 2013 on the basis that some security requirements are not being met. The areas of non-compliance are in the process of being addressed and a re-submission of the application is planned for end of January 2014. Our overall conclusion is based on the fact that PSN Code of Connection compliance has not been achieved.

**THRIVING FAMILIES CLAIM (FEBRUARY '14) 2013/14**

Opinion: Acceptable	20 February 2014	
Total: 3	Priority 1 = 0	Priority 2 = 3
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	3	

Internal Audit undertook a review of the process to identify the qualifying families for the payments by results February 2014 claim. In accordance with the Thriving Families programme, the verification of results based payments should be approved within Internal Audit arrangements and under the authority of the Chief Executive.

From the testing completed, Internal Audit can provide an overall conclusion of Acceptable on the robustness of systems for data collection.

Some issues were identified during the audit, which were reported in the management letter and management actions agreed to improve future claim processes. Internal Audit acknowledge that the list of qualifying families was still being worked on at the time of the audit, and final checks which may have highlighted some of these issues had not yet been completed.

**G&FM 2013/14 - ABINGDON EARLY INTERVENTION HUB**

Opinion: Issues	25 February 2014	
Total: 21	Priority 1 = 2	Priority 2 = 19
Current Status:		
Implemented	11	
Due not yet actioned	0	
Partially complete	10	
Not yet Due	0	

**Policies & Procedures** - From review of training records maintained at the Hub, it was noted that mandatory courses including acceptable use of ICT, respect for people and customer focus-essential skills are not recorded locally. It has not been possible to confirm whether staff have completed this mandatory training. From review of local records, it appears that only one member of staff has completed the mandatory data protection training. From review of entries in relation to safeguarding training, it appears from local records that only 9 out of 29 have undertaken generalist safeguarding training. It also appears that 9 members of staff

do not have completed DSE assessments or have completed assessments which are not recorded on the training log.

**Procurement** - From testing undertaken in relation to the use of procurement cards at the Hub, it was identified that one card was not being held securely (stored in the safe, accessible to a number of staff). Numerous examples were identified where the cost centre manager had not reviewed and signed off monthly card statements, although it has since been reported that these monthly checks are now taking place. It was noted that there was no independent review of the Hub Managers card statement in the example reviewed. From sample testing on procurement card purchases, examples were noted where purchases should have been made through SRM. No detailed testing on e-procurement purchases was undertaken, however it was reported during the audit, that the Hub had requested that agency invoices be sent direct to the Hub rather than Accounts Payable. It was reported that this was to enable goods receipting, however, goods receipting should not be undertaken from invoices in any case (in the case of agency payments it would be more appropriate to goods receipt from timesheets).

**Petty Cash & Imprest** - It was identified that there is a lack of segregation of duties in relation to the administration of the petty cash as the same officer controls and reconciles the account. Reconciliations are not signed off and there is no evidence of any independent check on the reconciliations. From sample testing undertaken on petty cash transactions, it was noted that authorisation of payments is inconsistent, instances were identified where there was no authorising signature or where the petty cash administrator had approved payments. Information recorded on petty cash slips was found to be incomplete. No coding was recorded on the slips reviewed and there were instance where VAT had not been split out from the main total and so does not appear to have been reclaimed. There were also instances where no total was entered on the petty cash slip. There were some instances where receipts were not available to support expenditure. It was identified that gift cards, initially purchased for incentives, had been used for general expenditure topped up with cash from the petty cash account.

**Income** - It was noted that there is a lack of control over tuck shop purchases, sales and stock. No records of stock purchased, sold, and held are maintained. It is therefore not currently possible to reconcile income and expenditure in relation to the tuck shop. It was also noted that there was a lack of segregation of duties in the income process with the Administrator collecting, counting banking and reconciling Hub income.

**Assets** - The current assets register appears to cover fixtures and fittings rather than assets. Items are included which do not need to be, and items which are portable and attractive to thieves (i.e. ipods) are not listed. It was also noted that the level of detail recorded is insufficient (no serial numbers, make, model information etc. is recorded). There does not appear to be any annual stock check of items listed and there does not appear to be any clear process for disposals and write offs.

**Payroll** - An instance was identified where the Service Managers' expense claim had been approved by one of the Administrators. This is not appropriate and is not in accordance with the CEF Scheme of Financial Delegation. Two instances were identified where casual claim forms had not been signed off by the employee. Two examples were also identified where casual claim forms had been approved and

submitted to Pay & Employment Information for payment, when overtime claim forms should have been submitted. This is significant as different rates are payable for casual claims and overtime. In both instances PEI had identified that an overtime claim form should have been used and adjusted the rate payable accordingly. Discrepancies were identified between locally maintained sickness records and SAP.

**Human Resources** - It was identified that there is a lack of formal time keeping / recording at the hub. This is of particular concern where overtime is being claimed. Records of driving checks were found to be incomplete. There were instances where business insurance, driving license, MOT etc. had not been confirmed as checked. There were also instances where penalty points had been noted, but not reported to the Insurance Team.

### **GOVERNANCE & FINANCIAL MANAGEMENT 2013/14. THE OXFORDSHIRE MUSEUM, WOODSTOCK.**

Opinion: Issues	06 March 2014	
Total: 15	Priority 1 = 0	Priority 2 = 15
Current Status:		
Implemented	12	
Due not yet actioned	0	
Partially complete	3	
Not yet Due	0	

It was noted that the Oxfordshire Museum, Woodstock has been through a period of change and has recently restructured. This has included reducing the number of staff and increasing the volunteer base.

Following a previous investigation, weaknesses were identified in relation to the cash control and banking procedures within the café. These were reviewed as part of testing on income and these are now established, with adequate segregation of duties and safeguarding of cash.

Whilst there were no areas of significant weakness or concern noted during the audit, there were some areas where a strengthening of internal control is recommended:

- **Policies & Procedures** - Two conflicts of interests were noted during the audit which should have been registered.
- **Procurement** - Instances were noted where purchases had been made by procurement card where it may have been more appropriate to use e-procurement. Testing identified that there were some cases where insufficient evidence of goods receipting was available to support e-procurement purchases made. It was also noted that the number of suppliers for café and shop stock is relatively high.
- **Income** - whilst it was noted that systems of control in relation to café income have improved since the investigation, it was noted that the new till purchased does not enable receipts to be printed, it was also noted that there were a higher level of over rings and discrepancies between cash income and Z

readings than was the case with the shop till. It was reported that there is awareness of this and that the situation is being monitored. It was noted that income trends are being reviewed on a monthly basis by management to ensure expected income is received. Management report that they review the income figures against expenditure on stock, however currently this is not documented. The stock is hand figure is not currently considered as part of this process. Weaknesses were identified in relation to the process for collection and counting of income from donations boxes, cash is emptied and counted weekly by the Finance Officer on their own. As there are no records to reconcile the cash against, there is a risk of misappropriation of this cash. In relation to lettings, it was identified that there are no formal contracts or agreements with users hiring rooms at the museum which provide full letting terms and conditions. Copies of insurance documents are not always taken when letting the rooms and it was noted that hirers are not invoiced until after the letting has taken place. One instance was identified where the invoice was not raised until 4 months after the letting.

- **Assets** - From review of stock control processes for café and shop supplies, it was noted that stock is stored in separate café and shop store rooms. There is no documented system of stock control in and out of these rooms, therefore the risk of loss or theft of stock is increased.
- **Payroll** - it was noted that the Museum Manager had signed off casual claims for Museum Assistant work undertaken by her daughter. This is a conflict of interest.
- **Human Resources** - It was identified that not all staff had up to date performance objectives and appraisals. Annual driving checks were found to be incomplete. One member of staff who had been identified as having claimed mileage from payroll testing, was not recorded as having had her details checked on the spread sheet. Gaps were also identified in the records recorded, for example, driving license numbers not recorded, no record of MOT etc. Instances were also identified where staff were not having regular 1:1s.

### SEN 2013/14

Opinion: Issues	10 March 2014	
Total: 18	Priority 1 = 0	Priority 2 = 18
Current Status:		
Implemented	2	
Due not yet actioned	5	
Partially complete	0	
Not yet Due	11	

Whilst information on the SEN assessment and review process for schools and parents appeared comprehensive, some weaknesses were identified in relation to policy and procedures available to SEN Officers and Admin in relation to the assessment process. Guidance for staff in relation to the process for monitoring the return of annual reviews of SEN children in Oxfordshire schools was being revised at the time of testing. Some weaknesses were identified in relation to content, from review of the draft.

It was found that there were good processes in place in relation to the monitoring of the Annual Review process for out of county placements. Good progress has been made in relation to the monitoring of Annual Review returns for pupils in Oxfordshire schools, however the format of management information is still being finalised. It was noted that there is currently no reporting on the submission of transition plans for year 9 students in Oxfordshire schools. This was an area where issues were found from a walkthrough of the review process. In relation to the review of post 16 learners with a Learning Difficulties Assessment (LDA) there is no current statutory requirement for an annual review. However this will change with the introduction of Education, Health and Care Plans, which will replace LDAs. It was noted that that review processes in this area are being developed.

From a walkthrough of the assessments process identified an instance where the date a final statement was issued had not been accurately recorded on ONE. The final statement was recorded as having been issued a day earlier than the date on the final statement and the date the statement was signed off (although it is noted that statutory timescales were met regardless of which date was used). As ONE data is used for reporting on whether or not statutory timescales have been met, it is important that this data is accurate.

From a walkthrough of the annual review process, non-compliance with key parts of the review process (for example, no 2011 annual review, no transition plan produced until child was in year 10, the outcome letter from the most recent annual review had not been issued within the required timescale). Development of the management monitoring processes will enable these issues to be highlighted going forward.

From review of financial processes and budget monitoring some instances were identified where SEN expenditure appears to have been approved outside of the CEF Scheme of Financial Delegation. Two examples were identified where payments to primary schools had needed to be backdated due to SEN Officer / SEN Admin not promptly informing the Business Support Administrator of support agreed. This included a payment made in January 2013 backdated to April 2011 and a payment made in April 2012, backdated to November 2011.

It is noted that the government, through the Children & Families Bill, is proposing significant changes from September 2014 to special educational needs and disabilities provision. This includes a more streamlined assessment process, statements to be replaced with Education, Health & Care Plans and consistent statutory rights and protections from birth to age 25. Oxfordshire has established the Special Education Need and Disabilities (SEND) Reforms Programme to develop and implement the changes necessary as a result of the bill. Ongoing work on this programme was not reviewed as part of this audit.

**G&FM THE ROUNDABOUT CENTRE 2013/14**

Opinion: Unacceptable	10 March 2014	
Total: 32	Priority 1 = 9	Priority 2 = 23
Current Status:		
Implemented	12	
Due not yet actioned	13 (only just became due)	
Partially complete	4	
Not yet Due	3	

Whilst the overall conclusion is UNACCEPTABLE, it should be noted that in the weeks leading up to the audit, there were efforts by the interim management team and staff to introduce additional controls in certain areas, these include:

- The introduction of a spreadsheet to monitor the annual leave and sickness leave for all staff;
- The introduction of an income sheet to enable all staff to record and sign for cash income for the Childrens Centre and the Amenity Account;
- Food with Thought are now providing weekly returns detailing the number of meals served;
- Although training records show gaps in relation to mandatory training, some staff have completed mandatory training including Respect for People and Data Protection training during October 2013; and
- A Business Continuity Plan / Critical Incident Plan has been developed.

From review of the controls in place in relation to the administration and operation of the Amenity account, it was identified that there is a lack of segregation of duties in relation to the administration of the account with the Administrator processing all income and expenditure, maintaining records in relation to the account, reconciliation of the account etc. There was also no evidence of management oversight of the account. The account was noted as having two separate cash floats which seem to vary in terms of limit from month to month, there do not appear to be any authorisation processes in place in relation to the paying out of cash. Supporting documentation in relation to expenditure was found to be incomplete, including in relation to payments which appear to have been made to staff members, gifts appear to have been purchased for staff from the account, and income and expenditure records were not fully up to date. The account has never been independently audited.

There was also evidence that official income had been banked in the unofficial account over a period of time. From the most recent balance sheet reviewed from 12/13, it was noted that there was income of just over £2K from day nursery fees which should have been paid into the main county fund. There was just under £8K in expenditure identified transferring this income plus income from previous financial years which had been incorrectly paid into the Amenity account, back to the day nursery budget. Due to weak system controls and lack of appropriate management oversight in relation to the Amenity account, there is an increased risk of loss due to error or theft.

The records maintained of training undertaken by staff working at the Centre indicate that a number of staff have not undertaken mandatory training including Acceptable Use of ICT, Data Protection, and Respect for People. All but one of the 7 staff members who had completed Data Protection and Respect for People training had done so in October 2013, just prior to the planned audit. There is a risk that inconsistent or inappropriate practices could persist and that staff will not be fully aware of what is expected of them.

In relation to budgetary control, it was reported to Internal Audit that no forecasting has been completed in relation to the Childrens Centre budget this financial year. Testing undertaken by Internal Audit identified that income which should have been paid into the Day Nursery budget had been paid into the Childrens Centre budget and vice versa. Incorrect payroll costings coding a member of Childrens Centre staff to a day nursery GL code going back to early in 13/14 had not been identified and corrected. Instances were also noted where day nursery agency staff had been paid from the Childrens Centre cost centre. None of these anomalies had been identified or rectified, suggesting that any budget monitoring which is taking place is not effective. Where budget monitoring is ineffective there is a risk that errors will not be picked up and rectified promptly, this could increase pressure on the budget.

From the review of the controls in place in relation to the two procurement cards allocated to Centre staff, it was noted that card holders do not sign off their monthly statements, there was also no evidence of management review or sign off of these in accordance with corporate procurement card regulations. A number of the procurement card purchases sample tested did not appear to have been made using the correct procurement method. For example a high frequency of online food shopping transactions noted (approx. £1800 spent in the first 6 months of 13/14). Whilst it may be that these purchases were required for the Centre, it is queried as to the value for money purchasing food in this way is giving. In addition to the food purchases, other items purchased which could have gone through the e-procurement system included iPad minis, ink cartridges and a dishwasher. An instance was also noted where alcohol had been purchased as part of one of the online food orders. Where procurement cards are not used appropriately and / or are not appropriately monitored, there is a risk that cards will be misused resulting in financial loss to the Council.

It was identified that a high volume of purchase orders (8/10 sampled) had been raised retrospectively. Therefore system controls aimed at ensuring expenditure is appropriately approved in advance of the Council being committed to paying for it, are being circumvented. Procurement sample testing also identified that the records held to support goods receipting were incomplete.

From review of controls in place in relation to income collection, a lack of segregation of duties was noted. The Administrator is responsible for counting, recording, banking and reconciling all income received by the Centre. Whilst other officers collect the income and record it on a tally sheet, this sheet was not being retained. There was therefore no audit trail being maintained which demonstrated that all income was banked intact. There was also no evidence of management review or oversight in relation to income collected or any review of income expected to income received. From testing undertaken in relation to income banked during 13/14, it was

identified that 4 separate payments had been posted to the day nursery in error. Even taking these into account, it was not possible to reconcile income banked to the income figures on SAP for the Children's Centre cost centre, £200 less in income is coded to SAP than what is expected from review of the income records. Testing in relation to the Amenity account also identified mis-posted income which had not been identified. Where arrangements for the monitoring and control of income are inadequate there is an increased risk of loss due to error or fraud.

It was identified that the arrangement with Food with Thought for providing meals to parents and children who attend "stay and play" sessions is not being sufficiently monitored and assessed for cost effectiveness. There is currently no comparison of income generated by the Centre versus the cost it is incurring by paying Food with Thought to provide this service. It was reported that due to low demand, the meals provision has been reduced from 3 days per week to 2, but it was not possible to confirm whether this reduced the cost of the service to the Centre. There is a risk that the arrangements currently in place are not cost effective which could increase budget pressures on the Centre.

Charges made to parents for meals at stay and play sessions and attendance at Saturdays sessions were not found to have been agreed by Cabinet as part of the annual review of charges. It was also noted that there were instances where charges were reduced or waived where parents could not afford them. No records are kept of these reductions or exemptions and these have not been agreed by Cabinet as part of the annual review of charges. All charges, reduction in charges and exemptions to charges made by the Council must be formerly approved by Cabinet.

In relation to the Centre's assets, it was identified that there was an asset register in place. This was produced in October 2013 just prior to the planned audit, it was not possible to confirm whether any records had been in existence prior to this. From the review of the current register, it was noted that makes, models and serial numbers are not recorded. The process in relation to the disposal and write off of assets was not clear. Where records held in relation to assets are incomplete, there is a risk loss due to error or fraud.

From review of payroll, it was found that the two staff members who were approving the majority of payroll claims do not have the authority to do this according to the current Scheme of Financial Delegation. 17/18 claims reviewed by Internal Audit had not been approved in accordance with the Scheme of Financial Delegation. Some inconsistencies were identified between sickness and absence records held at the Centre and what was recorded on SAP. It was also reported that sick forms were not always completed for sickness absence. Where claims are not approved in accordance with the CEF Scheme of Financial Delegation, there is a risk that inappropriate payments will be made. Where SAP sickness records are inconsistent with local records there is a risk that absence will not be managed appropriately. This could have implications for performance and / or the wellbeing of staff.

There was evidence that annual leave is taken without prior approval / authorisation (18 entries identified without prior approval). Information on staff driving checks was found to be incomplete. One member of staff who has claimed mileage expenses,

has not provided the required documentation in relation to driving license, insurance and MOT and records held do not include information on penalty points. For two members of staff, it was not possible to confirm that annual appraisals had taken place or that 1-1s or supervision sessions had been held during this financial year. Where annual leave is taken without prior approval there is a risk that the Centre will not be appropriately staffed. Where driving license checks are incomplete, there is a risk that those using their cars for Council business will not be appropriately covered. The Council may also be liable in the event of an accident.

A Critical Incident Management Plan dated October 2013 was provided to Internal Audit. It is not clear what business continuity arrangements were in place prior to this.

### **PUBLIC HEALTH PROCUREMENT 2013/14**

Opinion: Issues	20 March 2014	
Total: 02	Priority 1 = 0	Priority 2 = 2
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	2	

In reaching this conclusion we specifically looked at the overarching process and selected the following contracts that are moving through the procurement process to give an overview of progress to date:

- Sexual Health;
- Local Area Single Assessment & Referral Service (LASARS);
- Service User Involvement; and
- Drug And Alcohol Team (DAAT).

Accordingly, the main audit finding is around risk recording being high level and not specific to an individual procurement project risk that feeds into the higher level risk register for the department or procurement process. It was noted that although the County Council have acknowledged Clinical Governance as an area that needs to be more clearly developed, this does not appear as a clear risk area with an outlined mitigation strategy. We noted that in the Sexual Health Specification there is a clear requirement for the contracting party to have clinical governance structures but this does need to be joined to the Council's own clinical governance structure.

Our overall conclusion notes the strong support that Public Health are receiving from the Procurement Team and Legal Services who are guiding the procurement process in line with Oxfordshire County Council tender procedures. However, it should be noted that the transition and development of the service will require careful monitoring at a senior level so that emerging risks are clearly identified and the resources or assistance needed to mitigate those risks can then be deployed. Also, new areas such as clinical governance need to be understood.

However, as the procurement process is for a number of services and they will all be procured again within two years from April 2014, a log of matters or issues captured during procurement, post project review and the business as normal phases is important so that these matters can influence future procurement.

Management actions have been agreed and are included within the findings table below.

### **THE UNION CENTRE 2013/14**

Opinion: Issues	20 March 2014	
Total: 15	Priority 1 = 0	Priority 2 = 15
Current Status:		
Implemented	10	
Due not yet actioned	2	
Partially complete	2	
Not yet Due	1	

Weaknesses were also identified in a number of areas. These include:

**Procurement** - From sample testing undertaken, it was noted that one supplier had been paid late on a number of occasions, and in one example tested a late payment fee was added to the invoice. It was identified that one purchase order had been raised retrospectively and in one instance, it was found that there was no evidence to support goods receipting.

**Petty Cash / Imprest Accounts** - Whilst it was reported to Internal Audit that the Centre had no imprest or petty cash accounts in operation, it was noted that there is an imprest account for the Centre listed on the E&E Scheme of Financial Delegation. Subsequent investigation by Internal Audit identified that the Centre does have an open imprest account with an outstanding balance of £205.99, although as of the end of September 2013 it was no longer being used. The Finance and Data Coordinator subsequently submitted the final claim in order to close the account, this includes transactions going back to January 2013 and up to September 2013.

**Income** - It was identified that all income is currently coded to one cost centre and not against the curriculum cost centre budgets to which the income relates. This makes it harder to track income against curriculum areas. This audit followed up on the 2013 cash handling review. Steps had been taken to minimise the risk of cash misappropriation, such as no longer charging for use of the vending machine and no longer allowing cash payments to be made at other sites (other than for ALD courses). However, the audit found that a key control to reconcile the cash income against the learner database, EBS, was still not being fully undertaken for all cash payments. Following the audit exit meeting, senior management followed up on this

and reported that it had not been understood that reconciliation had to be completed for 100% of payments. It was reported that sample checks had been undertaken, however there was no documentary evidence maintained for Internal Audit to be able to verify this. Management have reported that the 100% checks will be implemented going forward. From review of lettings, it was noted that there is one routine letting, however, at the time of the audit there was no formal documented agreement in place and it was not clear whether the appropriate public liability insurance was in place. The invoice is also unclear in relation to the number of sessions required and charge per session.

**Assets** - An asset inventory was reviewed from June 2013. Asset numbers, serial numbers or make / model details were not consistently recorded for all items. It was found that there are a number of portable assets (laptops and 16 cameras) that could not be located. Whilst it was recorded on the inventory that 6/16 "flippy" cameras were on loan, there do not appear to be any loan records in place. It is therefore not known who has the cameras on loan although management state these were loaned to tutors. There were also obsolete assets (a number of portable projectors) that require disposal and 12 disused laptops which were in a locked cupboard which couldn't be accessed at the time of the audit. There is no disposals policy in place.

**Payroll** - From a review of 20 payroll claims, examples were identified where a member of staff had been underpaid by approximately £500, a claim had been signed off by an officer without the delegated authority to approve expenditure, home to work mileage had not been deducted, expenses had been reclaimed for food for a leaving party and receipts had not been provided to support train / tube travel. It was also noted that the mileage budget was overspent. The weaknesses identified indicate that payroll claims are not being appropriately reviewed and checked by management prior to authorisation.

**Human Resources** - Staff driving checks were found to be incomplete. One member of staff who was noted as part of payroll testing to have claimed high mileage does not appear to have been checked. Another member of staff is listed on the checklist but all the details are blank (although management confirmed he was a new starter). There was also one employee who has reported that they have penalty points on their license; however the Insurance Team do not appear to have been notified.

This audit followed up on the implementation of the management actions agreed as a result of the Pro-active Review of Cash Handling at the Centre undertaken earlier in 2013/14. Of 4 actions agreed, all had been reported as fully implemented. From testing undertaken as part of this audit, it was found that two actions had been fully and effectively implemented, one was no longer applicable and one had not been effectively implemented. It had been agreed that the new SOPs would be implemented which would include a full reconciliation against EBS. Whilst it was found that the procedures had been updated, income was not being fully reconciled against EBS and, although available in the shared drive, the up to date version of the procedures was not included in the Admin SOP folder.

This audit also included follow up of one action agreed as part of the 2012/13 audit of Adult Skills and Learning (action was re-stated from 2011/12 audit of Adult Learning) in relation to the rationalisation of cost centres. It was concluded that whilst there are still a large number of cost centres, the amount of cost centres have reduced and the current structure does ensure accountability. Testing confirmed that budgets are being monitored and re-forecasted where necessary. Although some further work could be undertaken to make the cost centre structure more efficient, Internal Audit recognise that given the impending outsourcing of the service in the coming year or two, this may not be the best use of time and resources. This action has therefore been confirmed as fully implemented.

### **PRINT FINISHERS UNIT 2013/14**

Opinion:N/A	28 February 2014	
Total: 18	Priority 1 = 6	Priority 2 = 12
Current Status:		
Implemented	6	
Due not yet actioned	0	
Partially complete	2	
Not yet Due	10	

A full audit or any detailed testing has not been undertaken however from the post investigation review completed it is clear that a robust system of internal control has not been established and management controls are weak. This enabled the Assistant Print Procurement Manager to complete the jobs, accept cash payments and retain the cash for personal gain without being detected.

In particular:

- There has been no process in place or management control for ensuring that an invoice has been raised or income received for all completed jobs.
- There has been no stock control system in place.
- There are no local documented procedures.

It should be noted that since the investigation has started that management have already started to introduce some of the management controls required. For example a stock control system has been developed and trialled in Unit 7. Both the Service Manager and Internal Audit have reviewed this and confirmed it is satisfactory and appears to be operating well.

**HOSTED SERVICES (PHASE 3) REVIEW 2013/14**

Opinion: Issues	04 April 2014	
Total: 04	Priority 1 = 0	Priority 2 = 4
Current Status:		
Implemented	1	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	3	

The majority of OCC's critical computer equipment is located within the data centre at Clarendon House. The lease to Clarendon House is not being renewed when it expires in July 2014 and hence work is underway to re-locate the equipment. The plans involve equipment being re-located to a data centre in Birmingham that is owned and managed by a third-party, Specialist Computer Centres (SCC). The re-location needs to be completed by the end of March 2014, to allow building dilapidations to be carried out and Clarendon House vacated by July 2014.

This audit was undertaken over three stages; the first in September 2013, second in December 2013 and this third and final stage. The first stage audit had an overall conclusion of Issues and found that the risks of re-locating the data centre had not been effectively communicated to relevant groups at OCC, including the Information Governance Group. ICT satisfactorily addressed this issue by the time of our second stage audit, where the overall conclusion was Acceptable. One of the key risks identified at this stage, which remains outstanding, is that written confirmation has not been received from Oxford City Council agreeing to the re-location of their systems and services. They have verbally agreed to the re-location and have appointed a designated project manager to lead the work on their behalf.

There has been a delay in the installation of the network communication link between County Hall and SCC's data centre in Birmingham, which has had a small impact (at this stage) on the timeliness of the migration work.

No risks have been identified with regard to the physical and environmental security controls over the SCC data centre and ICT were found to be adequately managing disaster recovery arrangements through the transition. ICT have also engaged with the corporate Business Continuity Steering Group to ensure they are aware of the impacts on recovery times during the migration work.

The hosting service was procured using the G-Cloud Framework, which is part of the Government Procurement Service. Service levels have been defined for the core hosting service and the three additional services that will also be supplied by SCC, although we found that key performance indicators have not been agreed for the latter.

There are plans to carry out formal testing of all business critical systems and services (P0/P1) following their migration to the SCC data centre and we have identified some risks with current levels of planning that need to be managed.