

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF DOCUMENT STORAGE & RETENTION AUDIT 2016-17

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Prepared by: Principal Auditor,

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REVIEW OF DOCUMENT STORAGE & RETENTION AUDIT 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of Document Storage & Retention Audit 2016-17. The audit was carried out in quarter 2 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 20/6/2016 but was due for completion in September 2016. The period covered by this report is April 2016- September 2016. However, payments going back to 2011 have been reviewed via a cumulative spend report.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference. The audit related to records held internally as detailed on the information asset register and those records held off site in storage by the Contractor A

AUDIT OPINION

5. Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

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MANAGEMENT SUMMARY

6. A copy of the Information Asset Register was requested and reviewed for records held internally. Records held offsite by Contractor A were also reviewed. Day to day management of the storage and retrieval of records and the contract monitoring /invoice processing are split functions.
7. Internal Audit would like to bring the following findings to Management's attention:-
 - There are no quarterly contract monitoring meetings as required by the call off agreement. Performance monitoring to ensure value for money has not been undertaken. Insufficient checks are made on processing the invoices for payment.
 - It also appears that some services are not aware of what records are held. There are currently 11,939 boxes stored at the Contractor A storage facility at varying costs dependant on each type of box held per month (as at 26/9/16). The cumulative spend with Contractor A (who are the contractors that supply storage space) from 2011 to date is £201,893.27 (excluding VAT) and this was under Framework Agreement which commenced on 1st November 2010. Since then a new contract has been in place since January 1st 2015 to date the expenditure is £81,386.59 (excluding VAT). A review of records held by Contractor A has not been completed to date to ensure that records that are no longer required do not continue to be paid for by the Authority. The level of records held by Contractor A continues to rise each month and is likely to significantly increase if not monitored.
 - From reviewing the LBB Box Asset report dated 14/7/16, it could be seen that were 2205 out of the 11,753 records had little or no classification/details included which represents approximately 17% of records.
 - There are no written procedures for the day to day operation of the management of the document storage and retrieval of records.
 - There is currently no up to date or comprehensive listing of the information asset owners. An "Information Asset Owners (IAOs) must be senior/responsible individuals involved in running the relevant business. Their role is to understand what information is held, what is added and what is removed, how information is moved, and who has access and why. The list remains out of date and some allocated staff have since left the Authority. The IG toolkit requires that this should be in place to ensure continued N3 connectivity by April 2017.

SIGNIFICANT FINDINGS (PRIORITY 1)

Contract Monitoring & Invoice Checking

8. There are no quarterly contract monitoring meetings held, couple of ad hoc meetings have been held to discuss specific projects, but no regular quarterly meetings have been requested by the Authority, as there have been no issues or concerns that have warranted them. Therefore, no quarterly contract monitoring minutes are available.
9. The Auditor was informed that the contract monitoring officer was unable to confirm which records are stored at Contract A's site only the number of boxes, but not their contents. Each department boxes up its own records and records the contents of each box.
10. Management has indicated that there have been occasions when information has been requested from Contractor A, but has not been received.
11. Each box should also detail a destruction date. Management have confirmed that there has only been one occasion where files have been destroyed by Contractor A when 200+ files were destroyed, but this was a few years ago.
12. As detailed with section 9 of the call off agreement it states that the Authority shall be "entitled to regularly benchmark the Contract Price and performance of the Goods and Services, against other suppliers providing services substantially the same as the Goods and Services during the Contract Period" and additionally entitled to "shall be entitled to use any model to determine the achievement of value for money and to carry out the benchmarking evaluation". In the absence of any contract monitoring meetings and the limited information provided to support the invoices this has not yet been undertaken.
13. The Auditor was advised that a cursory check of Contractor A invoices is made to confirm whether there are any duplicated charges for which credits are received. The invoices are checked that they have roughly the same number of boxes and is in line with other months.

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14. The Auditor was informed that management had requested a report from Contractor A for a breakdown of the records held by each department and this information was provided on 26th September 2016.
15. On reviewing the invoices, it was noted that there is no accompanying schedule that provides the corresponding breakdown of the records currently held for the invoice period. Additionally there is no supporting schedule providing a breakdown of the number of records currently held by each department.
16. The call off agreement states under 13.2.2 that 'the Supplier shall ensure that each invoice contains all appropriate references and a detailed breakdown of the goods supplied and/or the services provided and that it is supported by any other documentation reasonably required by the Customer to substantiate the invoice'.

Cumulative expenditure and the requirement to undertake a comprehensive review of documents in storage

17. Back in 2011 due to the accommodation review, a decision was made to use Contractor A (through a framework agreement set up by another London Borough) to store records from each department. A breakdown of the expenditure is as follows :-

June 2011-March 2012	£40,759.57
April 2012-March 2013	£30,132.80
April 2013-March 2014	£26,860.69
April 2014-December 2015	£22,753.62
Previous contract expenditure	£120,506.68

18. The new contract with Contractor A (through a GPS Framework) commenced on 1st January 2015 and expires on 31st December 2017, with the option to extend. The contract expenditure is as follows :-

January 2015-March 2015	£15,507.90
April 2015 - March 2016	£50,171.13
April 2016 –September	£15,707.56

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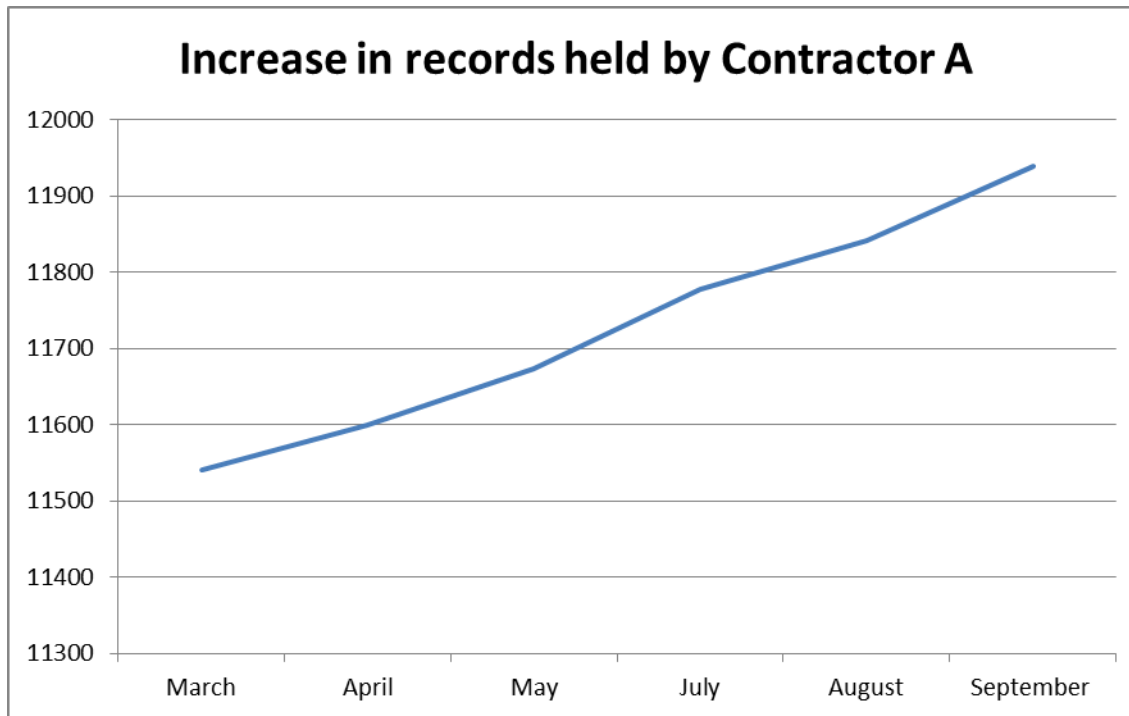
2016	
Contract Expenditure	£81,386.59

19. Expenditure from 2011 to date is £139,787.31 that covers four cost centres CSC Business Support, Archiving, V&E Asset Management. It should be noted that a fourth code the 'civic centre conversion of sports centre' cost centre has not been included that totalled £62,105.96. The reason for this is that FBM records data from financial year 2012/13 to date and the relevant period falls outside of these dates. When this amount is included the total expenditure figure is £201,893.27.

Records Held In Storage at Contractor A

20. Departments are not reviewing the records currently held by Contractor A and ensure that any records no longer required are removed in compliance with financial regulations, as savings could be made by removing unnecessary storage costs. This has VfM implications. Additionally, there may be potential breaches of data protection by continuing to hold records no longer required.
21. An extract from a report submitted to the Executive on 18th May 2016 states "The amount of storage space used for paper files must be reduced significantly. It will be necessary to reduce paper files in two tranches: prior to decanting staff so that building works can proceed and prior to re-occupation of the refurbished buildings.
22. Departments who will be affected by any moves have been asked to review their document management strategies and consider which of their files can be destroyed, sent to off-site storage or scanned. Electronic storage is being encouraged for the future and the Civic Centre review interfaces with work currently being undertaken by I S Service".
23. The amount of records held by Contractor A on the Authority's behalf continues to be on an upward trend.

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24. In light of the Civic Centre development, it is vital that departments review the records held in compliance with financial regulations and the retention policies. The impact of the Civic Centre development could result in a far greater number of records held by Contractor A on the Authority's behalf. Departments need to review the records held to determine if they still need to be retained and this will result in savings.

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25. Departments with the highest level of storage are detailed below:-

- Development Control 1776 boxes
- Care & Resources 1706 boxes
- Referral & Assessment 1522 boxes
- Planning Strategy & Heritage 1107 boxes

26. It should be noted that the new contract with Contractor B commenced on 1st October 2016 and the new provider is Contractor C. The transition of services will take place over time, which will include the day to day management of document storage at Contractor A. However, the Senior Property Officer Projects will retain responsibility for the contract monitoring and the payment of invoices for Contractor A.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

27. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

28. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p><u>Contract monitoring including invoice checking</u></p> <p>Management confirmed that there are no quarterly contract monitoring meetings as there have been no issues or concerns that have warranted them. There were a couple of ad hoc meetings held to discuss specific projects. Therefore, no contract monitoring minutes are available.</p> <p>Management confirmed that there have been occasions when information has been requested but has not been received by Contractor A.</p> <p>The Auditor was informed that the contract monitoring officer was unable to confirm which records are stored at Contractor A only the number of boxes and but not their contents. Each department boxes up its own records and records the contents of each box.</p> <p>Each box should also detail a destruction date. Management confirmed that there has only been one occasion where files have been destroyed by Contractor A when 200+ files were destroyed but this was a few years ago.</p>	<p>Value for money may not be achieved if contract monitoring is not effective.</p>	

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>As detailed with section 9 of the call off agreement it states that the Authority shall be " entitled to regularly benchmark the Contract Price and performance of the Goods and Services, against other suppliers providing services substantially the same as the Goods and Services during the Contract Period" and additionally entitled to "shall be entitled to use any model to determine the achievement of value for money and to carry out the benchmarking evaluation". In the absence of any contract monitoring meetings and the limited information provided to support the invoices this has not yet been undertaken.</p> <p>The Auditor was informed by management that cursory checks of the invoices are made to confirm whether there are any duplicated charges. The invoices are checked they are roughly the same number of boxes is line with other months.</p> <p>There are sometimes duplicated charges for delivery etc and the invoice is held back until credit(s) are received.</p> <p>The charges for storage are based on the size of the container being stored per month. Invoices are a month in arrears.</p>	<p>Performance monitoring is not undertaken and ensuring that value for money is received.</p>	<p>Quarterly contract monitoring meetings should be undertaken with the contractor, as detailed within the call off agreement, to ensure that the performance of contractor is monitored and to ensure that the Authority is receiving value for money.</p>

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No.	Findings	Risk	Recommendation
	<p>Management have confirmed that a report had been requested from Contractor A asking for a breakdown of the records held by each department. This was provided on the 26th September 2016.</p> <p>On reviewing the invoices, it was noted that there is no accompanying schedule that provides the corresponding breakdown of the records currently held at a given point. Additionally there is no supporting schedule providing a breakdown of the number of records currently held by each department.</p> <p>The call off agreement states under 13.2.2 that 'the Supplier shall ensure that each invoice contains all appropriate references and a detailed breakdown of the goods supplied and/or the services provided and that it is supported by any other documentation reasonably required by the Customer to substantiate the invoice'. This has not been put in place.</p>	<p>Charges detailed on invoices cannot easily be verified and reconciled back to the records held by Contractor A.</p>	<p>On processing invoices for payment, there should be sufficient checks undertaken to ensure that the services have been received as required by Financial Regulations. The contractor should provide supporting documentation to ensure that the number of boxes charged can easily be reconciled to the number of boxes held.</p> <p>[Priority 1]</p>
2	<p><u>Records held in storage with Contractor A</u> Back in 2011 due to the accommodation review, a decision was made to use Contractor A to store records from each department. A breakdown of the expenditure was under</p>		

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No.	Findings	Risk	Recommendation
	<p>Framework Agreement which commenced on 1st November 2010 and is detailed as follows :- June 2011-March 2012- £40,759.57 April 2012-March 2013 - £30,132.80 April 2013-March 2014 - £26,860.69 April 2014-December 2015- £22,753.62 Total £120,506.68</p> <p>The new contract with Contractor A commenced on 1st January 2015 and expires on 31st December 2017, with the option to extend. The contract expenditure is as follows :- January 2015-March 2015 - £15,507.90 April 2015 - March 2016 - £50,171.13 April 2016 –September 2016 - £15,707.56</p> <p>Contract Expenditure to date £81,386.59 Total expenditure 2011 to date £201,893.27.</p> <p>It should be noted that the cumulative spend report from 2012/13 to date shows that in total the spend is £139,787.31as at 4/10/16 which covers the following cost centres :- CSC Business Support Archiving</p>		

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	<p>V&E & Asset Management.</p> <p>It should be noted that an additional code the 'civic centre conversion of sports centre' cost centre has not been included that totalled £62,105.96. The reason for this is that FBM records data from financial year 2012/13 to date and the relevant period falls outside of these dates.</p> <p>Departments have not reviewed records held by Contractor A and ensure that any records no longer required are removed in compliance with financial regulations, as savings could be made by removing unnecessary storage costs. The impact of the Civic Centre development could result in a far greater number of records held by Contractor A on the Authority's behalf. Departments need to review the records held to determine if they still need to be retained and this will result in savings which has VfM implications.</p> <p>Additionally, there may be potential breaches of data protection by continuing to hold records no longer required.</p>	<p>Additional costs are being incurred by the Authority as departments do not review the records that are currently held in storage.</p>	<p>Records held by Contractor A must be reviewed by departments to ensure that records no longer required do not continue to be paid for and the Authority is complying with data protection requirements. This review should be undertaken as soon as possible, as in addition, the accommodation review may result in further records being transferred by departments unnecessarily, further increasing storage costs.</p> <p>[Priority 1]</p>

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No.	Findings	Risk	Recommendation
3	<p><u>Classification of records held in storage</u> The Auditor requested a list of the LBB Box Asset List Report which details that 11,753 boxes of records held by Contractor A. A copy of the report was requested and was provided and dated 14/7/16. This roughly correlates to records held by Contractor A as detailed within the August invoice.</p> <p>Enquiries were made with the Centralised Support Services Officer to confirm the departmental contacts in order to undertake testing but no list of staff could be provided. This may be included as part of the Information Asset owners mentioned in Finding 5.</p> <p>The LBB Box Asset report was reviewed and it could be seen that there were a number of boxes that did not have adequate descriptions and/or classifications.</p> <p>It could be seen that from the LBB Box Report dated 14/7/16, out of the total of records 2205 out of the 11,753 records had little or no classification/details included which represents approximately 17% of records.</p>	<p>Difficulty in recalling the correct files resulting in unnecessary expenditure to the Authority.</p>	<p>Classifications of all records held at Contractor A should be consistent across the departments. Information recorded within departments against each Contract A reference should enable easy verification and identification.</p> <p>[Priority 2]</p>

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No.	Findings	Risk	Recommendation
4	<p>Procedures The Auditor was advised that the only guidance available was included within the contract. No documented procedures are available currently for all staff to follow.</p> <p>The Document storage retention process of day to day management of the storage and retrieval of records and the contract monitoring /invoice processing are two split functions.</p> <p>The Auditor was informed was that each departmental team should hold locally set procedures for the retrieval and storage of records at Contractor A.</p> <p>Contact was made with selected teams during the Audit, to confirm if any locally set procedures were available. However, none of the teams had locally set procedures that related to this document storage process.</p> <p>The Auditor was advised that there are plans to complete this work but no timescale for completion has been advised.</p>	<p>Staff may be operating to different working practices in the absence of documented procedures.</p>	<p>Documented procedures should be written and made available and be readily accessible to all staff. Procedures should be regularly reviewed and version controlled.</p> <p>[Priority 2]</p>

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No.	Findings	Risk	Recommendation
5	<p><u>Retention Schedules</u></p> <p>The current retention schedule undated is held on One Bromley and details all records held and details the assigned information asset owners. The records were found to be out of date and did not include a comprehensive list of all the Authority's key information assets and the relevant information asset owners. It was found that a number of staff identified had left the Authority.</p> <p>At the time of the audit, it is recognised that work had commenced this year with identification of officers that may have assigned responsibility for those records. There is a lack of understanding of what is required by staff. A revised retention schedule is planned detailing :-</p> <ul style="list-style-type: none"> • Information Asset Owner • Location of documents • Document retention and decision maker • Sensitivity of information <p>These areas are required to be included within an information asset register in order to comply with the IG toolkit requirements. The Authority has to ensure that the</p>		

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	<p>requirements of level 1 and level 2 are satisfied to ensure ongoing access to N3 connectivity (this is the sharing of data with the NHS) and compliance must be achieved by April 2017. Internal Audit was advised on 27th September 2016 that the documented Role of the Information Asset Owner and Local Records Officers was approved by the IT Strategy, Commissioning and Governance Board on 4th Sept 2016. It has been recognised that training is required for staff and information asset owners. As a result presentations are being organised and training materials prepared to advise staff on the role of the Information Asset Owners.</p> <p>The Information Management Sub Group are considering the draft Information Management Strategy that has been written and a working party is due to be set up to assist in this process.</p> <p>These work streams, should on completion, address the issues highlighted in regards to the IG toolkit. It is recognised that there are resource implications for the completion of this work, by April 2017.</p>	<p>Non - compliance to the IG Toolkit requirements will not be met to enable continuing N3 connectivity.</p>	<p>Retention schedules should be updated without delay to ensure that N3 connectivity is not interrupted and that the requirements of the IG toolkit are satisfied. Information Asset Owners should be identified throughout the departments and there should be guidance documents and training resulting in a greater awareness of their responsibilities as Information Asset Owners.</p> <p>[Priority 2]</p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p><u>Contract monitoring including invoice checking</u></p> <p>Quarterly contract monitoring meetings should be undertaken with the contractor, as detailed within the call off agreement, to ensure that the performance of contractor is monitored and to ensure that the Authority is receiving value for money.</p> <p>On processing invoices for payment, there should be sufficient checks undertaken to ensure that the services have been received as required by Financial Regulations.</p>	1	<p>The contract states that “either quarterly contract meetings will be held or a call for a meeting as and when required may be made”.</p> <p>The Contract Manager added this clause to the contract to allow for quarterly meetings, in case the contractor’s performance warranted close monitoring. The contractor’s performance of the contract has been very efficient.</p> <p>The Contract Manager has contacted Contractor A and will now diarise quarterly monitoring meetings with them.</p>	Senior Property Officer	January 31 st 2016

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>The contractor should provide supporting documentation to ensure that the number of boxes charged can easily be reconciled to the number of boxes held.</p>		<p>The invoices show the total number of boxes stored, the number of files/boxes retrieved, refiled, collected and delivered. Contractor A will be asked to provide a breakdown showing the number of boxes stored under each account heading (department).</p> <p>It should be noted that, when requested, Contractor A provided a breakdown of boxes held, which matched and substantiated the invoice being checked.</p>	<p>Senior Property Officer</p>	<p>January 31st 2016</p>

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	<p><u>Records held in storage with Contractor A</u></p> <p>Records held by Contractor A must be reviewed by departments to ensure that records no longer required do not continue to be paid for and the Authority is complying with data protection requirements. This review should be undertaken as soon as possible, as in addition, the accommodation review may result in further records being transferred by departments unnecessarily, further increasing storage costs.</p>	1	<p>Heads of Service and Directors will be provided with a breakdown of the boxes held by them and asked to review the boxes against the records they hold of their contents. The departments will then have to arrange for any disposals or add destruction dates to boxes, whose contents must be retained.</p> <p>If a department's records are inadequate and they are unable to identify the box contents, it will be necessary for them to physically review the contents of each box and record them. The cost of this cannot be identified at this stage.</p>	<p>The Senior Property Officer will initiate this process, but senior management support will be required from each department to ensure that this exercise is successfully completed.</p>	<p>April 30th 2017</p>

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	<p><u>Classification of records held in storage</u></p> <p>Classifications of all records held at Contractor A should be consistent across the departments. Information recorded within departments against each Contractor A reference should enable easy verification and identification.</p>	2	Classification requirements will be specified within the procedures document that will be prepared.	Senior Property Officer	April 30 th 2017
4	<p><u>Procedures</u></p> <p>Documented procedures should be written and made available and be readily accessible to all staff. Procedures should be regularly reviewed and version controlled.</p>	2	A review of procedures has already started in connection with the Civic Centre Programme. This document will be finalised and circulated.	Senior Property Officer	April 30 th 2017

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	<p><u>Retention Schedules</u></p> <p>Retention schedules should be updated without delay to ensure that N3 connectivity is not interrupted and that the requirements of the IG toolkit are satisfied. Information Asset Owners should be identified throughout the departments and there should be guidance documents and training resulting in a greater awareness of their responsibilities as Information Asset Owners.</p>	2	<p>ISD are attending various DMT and Managers Special briefing to bring the Information governance requirements back into focus and request that information is fed back to us ASAP. The primary focus is identifying the relevant owners in the departments, where this is not possible then the directors are being contacted for their nominations. Once we have the updated list from departments then we can train the users and ask them to update their elements on the schedules.</p> <p>It is recognised that the current sharepoint list is not the best tool to use so we are currently also looking at some dedicated IG tools to help make the process easier to update and maintain in the future.</p>	<p>Head of Information Services & Information Architect.</p>	<p>December 31st 2016</p>

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			This will be implemented ASAP, however it is difficult to give an exact timescale due to resource constraints, but we expect this to be in place by end of December 2016.		

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OPINION DEFINITIONS

APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.