

Audit Committee

Internal Audit Reviews

Item no: 04

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Date: 22 June 2016
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Summary This report provides the Audit Committee with an update of the internal audit reviews completed by the City of London's Internal Audit section since the last meeting held in March 2016.

Recommendations The Audit Committee is asked:

- To consider and comment on the contents of the internal audit reports attached at Appendix A and B;
- To note the position on outstanding internal audit recommendations detailed in the log attached at Appendix C; and
- To note that there were no significant control weaknesses identified in the reviews completed during the period.

Introduction

1. At its meeting on 19 March 2015 the Audit Committee approved the internal audit plan for 2015/16 that was proposed by the City of London's Internal Audit section under the terms of the service level agreement for financial support services.
2. The status of the 2015/16 plan is presented below:

Planned Audits	Days	Status
Grants	15	Draft report issued and awaiting management response.
ICT – IT Strategy	5	Completed
ICT – Information Governance	10	Review deferred to 2016/17 following the completion of current management review of existing Information Management and Security Policies
Key Finance Controls	10	Completed
Risk Management - Business Continuity Arrangements	5	Completed

3. The internal audit reviews included in this report are the IT Strategy review and Risk Management and Business Continuity Planning Review.

Internal Audit Review

IT Strategy

4. The objective of the review was to establish and evaluate the adequacy of the updated IT Strategy. The review revealed that progress has been since the previous review into ICT Strategy, Security and Operational Control was completed in 2014. There were three areas of improvement identified in relation to disaster recovery testing, documentation of disk storage thresholds and verification of third party compliance. The report on the IT Strategy review can be found at Appendix A.

Risk Management and Business Continuity Planning

5. The objective of the review was to ensure that the Risk Management Framework is firmly embedded and that an adequate and effective Business Continuity Plan is in operation to ensure the continuation of organisation processes. The review revealed that there was an adequate control framework in place but there were areas of improvement in relation to the frequency of framework reviews, the reporting of the results of business continuity testing and the contents of the Business Continuity Plan. The report on the Risk Management and Business Continuity Planning review can be found at Appendix B.

Internal Audit Recommendations Log

6. A record of internal audit recommendations from previous reviews which still have outstanding recommendations can be found at Appendix C. The log provides an update on the action taken to implement the recommendations. The log includes recommendations that arose from the review of London Councils ICT strategy, security, operations and business continuity completed in February 2014, the Key Controls Review

completed in December 2015 as well as recommendations from the two reviews attached to this report.

7. The log shows that three of the eighteen ICT recommendations have not been fully implemented. One of the three outstanding recommendations has an amber risk rating. The City of London and Agilisys, its IT contractor, will jointly redesign the technical solutions required to implement the outstanding recommendations. Representatives from the City of London and Agilisys will attend the Committee meeting to provide an update on the work they intend to carry out.
8. The Audit Committee is asked to note the updated position on the outstanding internal audit recommendations detailed in the log attached at Appendix C.

Conclusion

9. The review of the internal audit report has not revealed any significant control weaknesses.
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Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

- Appendix A: Internal audit report on IT Strategy
- Appendix B: Internal audit report on Risk Management and Business Continuity Planning
- Appendix C: Internal audit recommendation log

Background Papers

Audit Committee report on Internal Audit Planned Work 2015/16 dated 19 March 2015
Internal audit work file 2015/16