



## **Hertsmere Borough Council**

Audit of Accounts 2009-10  
Annual Report to those Charged with Governance

21 September 2010

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# 1 Executive Summary

ISAUK 260 requires communication of:

- relationships that have a bearing on the independence of the audit firm and the objectivity of the engagement team
- nature and scope of the audit work
- the form of reports expected.

## Purpose of the report

- 1.1 This report has been prepared for the benefit of discussion between Grant Thornton UK LLP and the Audit Committee of Hertsmere Borough Council (the Council). The purpose of this report is to highlight the key issues arising from the audit of the Council's financial statements for the year ending 31 March 2010.
- 1.2 This report meets the mandatory requirements of International Standard on Auditing 260 (ISA 260) to report the outcome of the audit to 'those charged with governance', designated as the Audit Committee. The requirements of ISA260, and how we have discharged them, are set out in more detail at Appendix A.
- 1.3 The Council is responsible for the preparation of financial statements which record its financial position as at 31 March 2010, and its income and expenditure for the year then ended. We are responsible for undertaking an audit and reporting whether, in our opinion, the Council's financial statements present a true and fair view of the financial position.
- 1.4 Under the Audit Commission's Code of Audit Practice we are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## Audit conclusions

### Financial Statements Opinion

- 1.5 The Council produced its draft 2009/10 accounts slightly in advance of the 30 June 2010 deadline and presented them to the Approval of Statement of Accounts Committee on 29 June 2010. As in previous years, the working papers were of a high standard.
- 1.6 Our audit highlighted a number of issues in respect of accounting for fixed assets including revaluations and the classification of assets in the Council's fixed asset register. Accounting for fixed assets will be a key audit risk in 2010/11 with the transition to IFRS accounting. The Council should use the exercise to restate its 2009/10 accounts to IFRS to address these issues.
- 1.7 We anticipate providing an unqualified opinion on the Council's financial statements, following approval of the accounts by the Audit Committee on 21 September 2010.
- 1.8 Further details of the outcome of our financial statements audit are given in Section Two and Appendix B (adjustments to the financial statements).

### Value for Money Conclusion

- 1.9 In providing our opinion on the financial statements, we are required to reach a conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion). We are pleased to report that we propose to issue an unqualified Value for Money conclusion.

1.10 The key messages arising from our review of the Council's arrangements are:

- Through the use of an Efficiency Model, the Council has demonstrated improvements in how it understands its costs and uses this information to reduce costs whilst maintaining or improving service delivery levels.
- There have been improvements to governance arrangements at the Council. The Council has raised the profile of the Standards Committee during the year ensuring it continues to operate effectively and has demonstrated its commitment to ensuring good standards of governance through the establishment of an officer Governance Group
- Following the conclusion of the 2008/09 audit we raised concerns around the level of completion of the internal audit work programme. This issue was addressed by the Council and we are pleased to note that for the first time in some years the Council had completed work on all its key financial systems by the end of the financial year.

1.11 Further information on the outcome of our Value for Money audit is contained in Section Two.

### **The way forward**

1.12 Matters arising from the financial statements and Value for Money audit have been discussed with the Director of Resources. We have made a number of recommendations, which are set out in the action plan at Appendix C. This has been discussed and agreed with the Director of Resources and her senior finance team.

### **Use of this report**

1.13 This report has been prepared solely for use by the Council to discharge our responsibilities under ISA260, and should not be used for any other purpose. We assume no responsibility to any other person. This report should be read in conjunction with the Statement of Responsibilities and the Council's Letter of Representation.

### **Acknowledgements**

1.14 We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**

21 September 2010

## 2 Detailed Findings

### **Introduction**

- 2.1 This section provides a summary of findings arising from our audit of the financial statements and Value for Money (VFM) audit.

### **Financial Statements Audit**

#### **Status of the audit**

- 2.2 We carried out our audit in accordance with the final Accounts Audit Plan presented to the Audit Committee on 16 February 2010. Our audit is substantially complete, subject to the following finalisation procedures:
- review of audit reports for Elstree Film Studios Ltd and Bushey Country Club Limited
  - review of the final version of the financial statements
  - obtaining and reviewing the Council's Letter of Representation
  - updating our post balance sheet events review, to the date of signing the accounts.

#### **Key risks**

- 2.3 Our 2009/10 Accounts Audit Plan set out the key risks relating to the audit of the financial statements. As part of our interim audit, we completed work in a number of areas to consider the audit risks identified and reported our findings in our Interim Audit Report. Our work at that time enabled us to conclude on a number of key risk areas. As part of our final accounts audit, we reviewed the remaining audit risks and have set out in Exhibit One, the outcome of work completed. Our review of the risks facing the Council has not identified any additional risk areas.

**Exhibit One: 2009/10 Key audit risks**

Key audit risk	Conclusion
<b>Risk 1</b>	
<p><b>Current economic climate</b></p> <p>The current economic climate brings a variety of risks to the audit of the Council's accounts. The revaluations undertaken on land and buildings remain a key area and will be considered in detail as part of the audit process. In addition to this, pressure on businesses leads to a higher risk of default on national non-domestic rates payments to the Council, <b>and</b> higher levels of unemployment lead to an increased risk of default in paying Council Tax. Other implications include a reduction in the level of capital receipts as sales of assets fall.</p>	<p>We have considered the revaluations undertaken by the Council during the year and identified audit adjustments as a result of this.</p> <p>We have reviewed the Council's bad debt provisions as part of detailed audit procedures. No issues were identified as a result of this.</p> <p>The Council had no material disposals of fixed assets during the 2009/10 financial year and has no committed plans to fund future capital expenditure from the sale of assets. -</p>
<b>Risk 2</b>	
<p><b>Investment balances</b></p> <p>There remains a risk of financial institutions becoming insolvent. This could potentially lead to overstatement of investment balances. In addition, interest rates remain low and impact on the support the investment income provides to the Council Fund.</p>	<p>We have reviewed the Council's investments and have gained assurance that these have been made in accordance with the Council's Treasury Management Strategy.</p> <p>On-going discussions are held with the Council in respect of the financing of revenue activity through investment income. We are satisfied that the Council's plans in respect of this are reasonable.</p>
<b>Risk 3</b>	
<p><b>Members allowances</b></p> <p>There continues to be significant local public interest in the level of members allowances.</p>	<p>We have reviewed the Members Allowances disclosures in the financial statements and have gained assurance that these are not misstated.</p>
<b>Risk 4</b>	
<p><b>SORP requirements</b></p> <p>The 2009 SORP has changed the arrangements for accounting for Council Tax and NNDR debtors and creditors. The prior year adjustment as a result of these changes will be considered alongside current year treatment of balances.</p>	<p>From our audit procedures we have gained assurance that the requirements of the SORP have been followed and that Council Tax and NNDR debtors have been correctly restated for 2008/09 and are not materially misstated.</p>

- 2.4 The Audit Committee should confirm that it is not aware of any additional material risk areas facing the Council, including significant fraud risks.

### **Matters arising from the financial statements audit**

- 2.5 We were presented with the draft financial statements on 29 June 2010. The supporting working papers were provided in accordance with the agreed timetable for audit. The Council continues to provide working papers of a high standard which assists the audit process.
- 2.6 Regular liaison meetings were held between the audit team and key finance officers prior to the preparation of the draft accounts, and throughout the audit fieldwork. This enabled early resolution of emerging issues. We would like to place on record our appreciation to those officers involved in this process.
- 2.7 Matters arising from the financial statements audit are set out below. Where appropriate, we have made recommendations for improvement, as set out in the agreed action plan at Appendix C.

### **Accounting for the Hertswood Community Theatre**

- 2.8 The Council had included in its balance sheet the newly constructed Hertswood Community Theatre for a value of £2.1m. Our audit procedures identified that the Council does not have an ongoing controlling interest in the Theatre and, as such, it should not be treated as an asset of the Council.
- 2.9 The basis of this assessment is that FRS 5 Reporting the Substance of Transactions requires that, an asset should be recognised if:
- there are rights or future economic benefits controlled by an entity as a result of past transactions or events;
  - there is the ability to obtain the future economic benefits relating to an asset and to restrict the access of others to those benefits; and
  - an entity has an obligation to transfer economic benefits as a result of past transactions or events.
- 2.10 In the case of the Theatre, the Council has no risk in relation to the asset as Hertswood school has agreed to run, manage and maintain the theatre, and therefore, would not expect to incur ongoing costs from the Theatre. Further there is no income flow from the Theatre through to the Council. There is, therefore, no on-going financial commitment in respect of the Theatre. Whilst the Council has some rights over the use of the Theatre to benefit the community, it was agreed by the Council that the Theatre should not be accounted for as an asset of the Council and that all expenditure should be treated as Revenue Expenditure Funded by Capital Under Statute.
- 2.11 This resulted in a reduction in the value of fixed assets of £2.1m and a charge to the income and expenditure account for the same amount. The charge has subsequently been reversed out through the Statement of Movement on the Council Fund balance and has had no impact on the reported Council Fund balance as at 31 March 2010.

### **Land at Berwick Road**

- 2.12 In 2006/07, the Council disposed of Berwick Road Scout Hut for net proceeds of £321k. However, the incorrect asset was removed from the Council's fixed asset register, the disposal was recorded as land at Berwick Road with a carrying value of £1.5k. The land was revalued to the disposal amount and no gain or loss was recognised in the income and expenditure account. The scout hut remained in the Council's accounts with a carrying value of £900k.
- 2.13 The land was revalued to £3k in 2009/10 as part of the Council's rolling valuation programme. This revaluation was applied to the Scout Hut asset and an impairment of £897k applied which was charged to the Income and Expenditure account.
- 2.14 Through audit procedures and discussions with officers, it was identified that the incorrect asset had been included in the accounts and that adjustments were required to reflect this to remove the scout hut from the asset register and reinstate the land with the a carrying value of £3k. The adjustments made are outlined in Appendix B.
- 2.15 We are satisfied that the adjustments did not constitute a prior period adjustment as it is not a fundamental error. All adjustments have been posted to the 2009/10 financial statements. There has been no impact on the Council Fund balance as a result of the adjustments made.

### **Classification of Fixed Assets**

- 2.16 Our audit procedures identified that a number of assets have been incorrectly classified in the Council's fixed asset register; however, this aside, we have gained assurance that they have been correctly accounted for, e.g. valuations correctly performed and depreciation charged on the correct basis.
- 2.17 It is considered that the misclassification of the assets in the Council's financial statements does not detract from the overall presentation of the accounts and audit procedures have not identified that assets are misstated. It has been agreed that the issue of classification and the agreement of the Council's fixed asset register to its estates records be undertaken as part of the exercise to restate the Council's 2009/10 accounts to an IFRS basis.

### **Retention Payments**

- 2.18 The Council had not accrued for retention payments due in respect of the Hertswood Community Theatre and the Bushey Rose Garden. These totalled £80k. The asset values have been increased by this amount and a creditor also recognised to reflect the amount outstanding. There has been no impact on the Council Fund balance as a result of the adjustment.

### **Reversal of Revaluation Gains**

- 2.19 Revaluation gains totalling £100k had been recognised on community assets. Community assets should not be subject to revaluation. The revaluation gain has been removed from the financial statements and the value of the asset restored to its historic cost. There has been no impact on the Council Fund balance as a result of the adjustment.

### **Other accounts issues arising**

- 2.20 In its budget on 22 June 2010 the Government announced a move to using the Consumer Price Index (CPI) as the measure of price inflation for public sector schemes from April 2011. Currently the Retail Price Index (RPI) is the measure used. This change will affect the valuation of the pension fund liability included on the Council's balance sheet.
- 2.21 FRS21, Events after the Balance Sheet Date, requires audited bodies disclose the nature of any material non-adjusting post balance sheet event and provide an estimate of its financial effect. It is considered that the announcement constitutes a non-adjusting post balance sheet event for the 2009/10 financial statements. The Council commissioned its actuary to establish the impact on its FRS17 liabilities and balance sheet deficit and has included the results as a non-adjusting post balance sheet event in its 2009/10 financial statements.
- 2.22 In addition to the matters raised above, there were a few presentational changes that arose during the course of our audit and these have been made to the accounts.

### **Adjusted misstatements**

- 2.23 All identified adjustments in relation to fixed assets have been processed by management. Details of these are included at Appendix B. The overall effect of the adjustment is to reduce the Council's net worth by £2.225m, this is through associated movements on the Council's Revaluation Reserve, Capital Adjustment Account and Useable Capital Receipts Reserve. The capital nature of the adjustments have had no impact on the Council's general fund reserve.
- 2.24 The Council also identified two adjustments subsequent to the approval of the accounts. Neither of these adjustments had an impact on the Council's general fund reserve.

### **Unadjusted misstatements**

- 2.25 The Council processed all misstatements identified as a result of our audit work

### **Financial Statements Opinion**

- 2.26 We anticipate providing an unqualified opinion on the Council's financial statements, following approval of the accounts by the Audit Committee on 21 September 2010.

### **Financial performance**

- 2.27 The Council reported an unfavourable variance of £70k against its agreed 2009/10 budget, however, it increased its Council Fund balance by £9k. This compares to a £14k increase in 2008/09. As at the end of month 4 (July) of 2010/11, the Council was reporting a favourable variance of £3k against its planned budget position; however, it is forecasting a year-end deficit of £34k against the approved budget. The Council understands the reason for the variance against budget and has agreed actions to address these variances.
- 2.28 The current economic climate has placed significant pressure on the public sector and local government in particular, to generate efficiencies and operate with reduced resources. The Council closely monitors its costs and income through its Financial Monitoring reports and has plans in place to review the assumptions in its Medium Term Financial Plan. Whilst this is currently being monitored, an in-depth review will take place once there is more certainty around government grant settlements. The Council has, however, identified the need to make £900k savings in 2011/12 and plans are being developed to meet this requirement.

### **Evaluation of key controls**

- 2.29 We have undertaken sufficient work on key financial controls for the purpose of designing our programme of work for the financial statements audit. Our evaluation of the Council's key financial control systems did not identify any control issues that present a material risk to the accuracy of the financial statements.
- 2.30 We performed a high level review of the general IT control environment as part of the overall review of the internal control system and concluded that there were no material weaknesses within the IT arrangements that could adversely impact on our audit of the accounts, but some minor recommendations were identified and these are included at Appendix C.
- 2.31 These recommendations are made within the context of recognising that the Council is in the process of procuring and implementing a new Finance, Revenue and Benefits system to be operational from 1 April 2011. The Council should therefore ensure that the weaknesses identified in current practices can be addressed where possible with the implementation of the new system.
- 2.32 We have reviewed the work of internal audit and concluded that the scope and conduct of internal audit work was appropriate to provide adequate assurance on the effective operation of controls. We have therefore taken assurance from the work of internal audit in our evaluation of controls.
- 2.33 Following the conclusion of the 2008/09 audit we raised concerns around the level of completion of the internal audit work programme. This issue was addressed by the Council and we are pleased to note that for the first time in some years the Council had completed work on all its key financial systems by the end of the financial year.

### **Annual Governance Statement**

- 2.34 We have examined the Council's arrangements and processes for compiling the Annual Governance Statement (AGS). In addition, we read the AGS to consider whether the statement is in accordance with our knowledge of the Council.
- 2.35 We have concluded that the Council has good arrangements in place to compile the AGS and provide an adequate audit trail for the Chief Executive and Leader to sign the statement.

### **Other**

- 2.36 We have discussed the Council's progress with the transition to IFRS and consider that appropriate progress is being made. However, as noted elsewhere in this report, the Council should ensure that it thoroughly reviews the accounting treatment of fixed assets under IFRS.

### **Value for Money**

- 2.37 The Audit Commission's Code of Audit Practice requires us to assess whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In discharging this responsibility, we are required to review and, where appropriate, examine evidence that is relevant to the Council's corporate performance management and financial management arrangements.

- 2.38 Our 2010 Value for Money conclusion has been informed by work carried out on Use of Resources up until the abolition of Comprehensive Area Assessment, and other local risk based work carried out in accordance with our 2009/10 Audit Plan.
- 2.39 On the basis of the work completed, we propose to issue an unqualified Value for Money conclusion.
- 2.40 The key developments in the Council's arrangements include:
- The Council has demonstrated how it has used information on its costs to improve service delivery and to increase efficiency. The Council has introduced the use of an Efficiency Model. This uses information which enables it understand its costs and how these can be controlled and/or reduced.
  - There have been improvements to governance arrangements at the Council. The Council has raised the profile of the Standards Committee during the year ensuring it continues to operate effectively and has demonstrated its commitment to ensuring good standards of governance through the establishment of an officer Governance Group
  - Following the conclusion of the 2008/09 audit we raised concerns around the level of completion of the internal audit work programme. This issue was addressed by the Council and we are pleased to note that for the first time in some years the Council had completed work on all its key financial systems by the end of the financial year.
- 2.41 The main areas where further action is required by the Council include:
- An internal audit report identified weaknesses in data security support at the Council. This identified a lack of processes in some key areas. Recommendations were made that there is a need to establish data sharing protocols and that a data security policy should be established. There is also no documented back up policy or procedure in place.
  - Whilst the Council's medium term financial plans are considered to be sound, the Council will need to continue to ensure that a flexible approach is taken in respect of future financial planning. The Council has been able to demonstrate examples of partnership initiatives which resulted in savings and also the use of new ways of working which has resulted in improved service delivery during 2009/10. With the on-going requirement to make significant savings across the activities of the Council, the need to identify and deliver new ways of increasing productivity and improving efficiency will become ever more critical.
- 2.42 We also undertook a review on Arrangements to Process Planning Applications. Key findings identified as a result of this review included:
- **Costs of Appeals** - Between April 2008 and December 2009, the costs of appeals to the Council in respect of engaging external consultants and receiving external legal advice totalled £115,000 or around 15% of the Development Control budget for 2008/09. This sum was in addition to the in-house costs arising from officer time spent to support the appeal process. In addition, as a result of decisions being overturned by the Planning Inspectorate, the Council has had an additional £142,290 of costs awarded against it. The level of costs being incurred by the Council in respect of processing planning appeals clearly did not demonstrate the Council achieving Value for Money in its activities in this area.
  - **Committee Structure** - The Council currently has three locality-based planning committees. The use of three separate committees highlights concerns in terms of value for money and whether it is appropriate given the number of overall applications the

Council receives. The Planning Advisory Service recommends that one committee is used for determination purposes. The Council's Planning Referral Committee has been used only once since January 2008 despite Members overturning a number of Officer recommendations made in respect of determinations since then. It is recommended that the Council reviews its current planning committee structure to ensure that it is operating as effectively and efficiently as it could.

### **Next steps**

- 2.43 The Audit Committee is required to approve the financial statements for the year ended 2009-10. In forming its conclusions the Committee's attention is drawn to the adjustments to the accounts and the required Letter of Representation.

## A Reporting requirements of ISA 260

The principal purpose of the ISA 260 report is:

To reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and those charged with governance.

To share information to assist both the auditor and those charged with governance fulfil their respective responsibilities.

To provide to those charged with governance constructive observations arising from the audit process.

ISA260 reporting requirement	Key messages
<b>Independence</b>	<p>We are able to confirm our independence and objectivity as auditors and draw attention to the following points:</p> <ul style="list-style-type: none"> <li>• We are independently appointed by the Audit Commission.</li> <li>• The firm has been assessed by the Audit Commission as complying with its required quality standards.</li> <li>• The appointed auditor and client service manager are subject to rotation in line with the Audit Commission's requirements.</li> <li>• We comply with the Auditing Practices Board's Ethical Standards.</li> <li>• We have not provided any non audit services in 2009-10.</li> </ul>

ISA260 reporting requirement	Key messages
<b>Audit Approach</b>	<p>Our approach to the audit was set out in our 2009-10 audit plan. We have planned our audit in accordance with auditing standards and the Audit Commission's Code of Audit Practice. Other key factors to highlight include:</p> <ul style="list-style-type: none"> <li>• We consider the materiality of items in the financial statements in determining the audit approach and in determining the impact of any errors.</li> <li>• We have been able to place appropriate reliance on the key accounting systems operating at the Council for financial statement audit purposes.</li> <li>• In 2009-10 we have been able to take assurance from the work of internal audit in respect of the key accounting systems.</li> </ul>
<b>Accounting Policies</b>	<p>The Council has adopted appropriate accounting policies in the areas covered by our testing. Accounting policies are in accordance with the SoRP 2009.</p> <p>The Audit Committee should confirm that it is satisfied that the accounting policies adopted are the most appropriate, as required by FRS 18.</p> <p>We have considered the Council's financial plans and consider it appropriate for the Council to continue to account on a going concern basis.</p>
<b>Material Risks</b>	<p>The Audit Committee should confirm that it is not aware of any additional material risk areas facing the Council, including significant fraud risks.</p> <p>We have requested from the Council a Letter of Representation, to state that there are no additional material risks and exposures as at 21 September 2010, which should be reflected in the financial statements.</p> <p>We will also perform our own audit procedures to ensure that all significant risks and exposures to the Council have been recognised in the accounts as at 21 September 2010. We will focus on accounting provisions and cash flow forecasting over the next 12 months.</p>
<b>Audit Adjustments</b>	<p>We have discussed with management the adjustments to the accounts, primarily to improve the fair presentation of the financial statements, as well as the clarity and presentation of disclosure notes.</p> <p>Adjustments are summarised at Appendix B.</p>

<b>ISA260 reporting requirement</b>	<b>Key messages</b>
<b>Unadjusted Errors</b>	There are no unadjusted errors which require reporting to those charged with governance.
<b>Other Matters</b>	We have made recommendations in respect of some areas for improvement in Information Security controls. These issues have previously been discussed with the Council's IS Infrastructure Manager. Recommendations and agreed action are listed in the Action Plan at Appendix C.

## B Adjustments to the financial statements

The table below lists all significant audit adjustments which have been processed and agreed with the Director of Finance.

### Adjustment Type

**Misstatement** - A change to the value of a balance presented in the financial statements.

**Classification** - The movement of a balance from one location in the accounts to another.

**Disclosure** - A change to the way in which a balance is disclosed or presented in an explanatory note.

Adjustment type	£000	Accounts balance	Impact on financial statements
Misstatement	£897	Fixed Assets - Correction of Land at Berwick Road  Disposal of Scout Hut (£900k) Inclusion of Land at revalued cost (£3k) Removal of impairment on Land at Berwick Road (£897k)  Carrying balance of Council's fixed assets reduced by same.  These adjustments also impacted on Revaluation Reserve and Capital Adjustment Account.	No impact on the reported Council Fund balance for the year.

Adjustment type	£000	Accounts balance	Impact on financial statements
Misstatement	£2,141	Fixed Assets - Treatment of Hertswood Community Theatre  Removal of Community Theatre from Council's fixed assets. Capital costs £2,141k charged to Income and Expenditure account as Revenue Expenditure Funded by Capital Under Statute.  Carrying balance of Council's fixed assets reduced by same.	No impact on the reported Council Fund balance for the year.. £2,141k reversed through SMCFB resulting in no impact on Council Tax.
	£86	Removal of in-year depreciation charge for the Community Theatre from the I&E account.	No impact on the reported Council Fund balance for the year. £86k removed from depreciation charge processed through SMCFB resulting in no impact on Council Tax.
Misstatement	£100	Fixed Assets  Reduction in carrying value of £100k in respect of revalued community assets  Reduction in revaluation reserve of £100k.	No impact on the reported Council Fund balance for the year.

The overall effect of the above misclassifications are to reduce the net worth of the Council by £2.225m. There is no impact on the Council's Council Fund balance

## C Action Plan

Rec. No.	Para Ref	Recommendation	Priority H/M/L	Council response	Implementation date and responsibility
1	1.6	<p><b>IFRS Restatement</b></p> <p>The Council should ensure that its 2009/10 financial statements are restated in accordance with the requirements of IFRS by December 2010. This restatement exercise should be independently reviewed to ensure that the Council has identified and addressed the key issues.</p>	Medium	Agreed	<p>Dev Gopal Head of Finance, Revenue &amp; Benefits, and IS</p> <p>In progress</p>
2	1.6	<p><b>Accounting for Fixed Assets</b></p> <p>As part of the transition to IFRS accounting, the Council should undertake a thorough review of its fixed asset register and reconcile this with the asset information held by the Council's Estates Department to ensure consistency between the information and that the restated financial statements accurately present the Council's fixed assets..</p>	High	Agreed	<p>Neville Thompson Estates Valuer</p> <p>In progress</p>

3	2.3	<p><b>The number of people with administrator rights is limited appropriately</b></p> <p>Testing identified that administrator accounts are not regularly reviewed.</p> <p>A review of domain administrators should be performed with any staff not responsible for IT security removed from the listing.</p> <p>Any addition to the domain administrator group should be formally approved by the Infrastructure Manager.</p>	Medium	<p>A review has now been carried out and security policies have been updated. An overarching security policy has been created and relevant key policies and codes of conduct have been updated in line with our Code of Connection requirements.</p>	<p>October 2009</p> <p>Pat Moloney Infrastructure Manager</p>
4	2.3	<p><b>Password/Account Controls</b></p> <p>A number of password and account control deficiencies were identified for both the network and Powersolve ( the finance application):</p> <p>Network password controls should be aligned to the Council's Acceptable Use Policy. Passwords should be stored in an encrypted format.</p> <p>In addition, management should ensure that any new finance application allows for greater control over password and account settings.</p>	Medium	<p>In line with our Code of Connection requirements we have now implemented account control procedures as documented with the relevant security policies.</p>	<p>October 2009</p> <p>Pat Moloney Infrastructure Manager</p>

5	2.3	<p><b>Policies and procedures for the administration of security are documented, approved and communicated</b></p> <p>The Council's Information Systems Security Policy last updated in July 2008 was not formally approved by the business or communicated to staff. Employees are not made aware of the IS Security Policy nor provided with a copy.</p> <ul style="list-style-type: none"> <li>• a revised IT Security Policy should be developed and approved by the Council.</li> <li>• the policy should be communicated to all staff who in turn should be required to acknowledge receipt on an annual basis</li> <li>• any subsequent revisions to the Policy should be approved and communicated to all staff</li> </ul>	Medium	<p>The Council's security policy was last reviewed in March 2009 and is due to be distributed to business managers in October 2010. The policy will then be published on the intranet.</p>	<p>October 2010</p> <p>Pat Moloney Infrastructure Manager</p> <p>Review Date March 2011</p>
6	2.3	<p><b>Access rights of terminated employees are disabled on a timely basis</b></p> <p>The IS Infrastructure Manager has stated that his only notification for leavers comes from departments via the helpdesk, this information is not always provided by departments to IS. HR send monthly emails detailing starters and leavers to the Business Accountant. This information should also be provided to the Infrastructure Manager as an additional control to check leavers accounts have been disabled.</p>	Medium	<p>A process has now been implemented and is facilitated by the use of a new electronic form (eform)</p>	<p>October 2009</p> <p>Pat Moloney Infrastructure Manager</p>

7	2.3	<p><b>User Access Rights</b></p> <p>There is no periodic review of user access rights to the Council's network. This increases the risk that users access is not appropriate for the role or that leavers accounts remain active.</p> <p>A review of access rights should be performed at least annually to ensure they are appropriate for the user. This will also provide IS management with an additional control to ensure leavers accounts have been removed.</p>	Medium	<p>A process of annual review has now been implemented.</p>	<p>October 2009</p> <p>Pat Moloney Infrastructure Manager</p>
8	2.3	<p><b>Change Management Procedure</b></p> <p>A formal, change control policy should be developed. This will ensure that any future changes to finance applications follow an approved process prior to implementation.</p>	Medium	<p>An ITIL based change management system is being implemented and the change management process and policy is in progress.</p>	<p>Initial implementation April/May 2010 with incident management. Change management October 2010</p>



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