HENDERSON LOGGIE
Chartered Accountants

ITEM No: 9 (a)

Tay Road Bridge Joint Board

Annual Plan
2013/14

Internal Audit Report No: 2014/02

Draft Issued: 31 July 2013

Final Issued: 28 August 2013

Contents

HENDERSON LOGGIE

1. Introduction

1.1   The purpose of this document is to present to the Tay Road Bridge Joint Board ('the Board') the annual internal audit operating plan for the financial year ended 31 March 2014. The plan is based on the proposed allocation of audit days for 2013/14 set out in the Audit Needs Assessment and Strategic Plan 2013 to 2016. The preparation of the Strategic Plan involved dialogue with the Bridge Manager and with the Treasurer.

1.2   At Section 3 of this report we have set out the outline scope and objectives for each audit assignment for 2013/14, together with the audit approach. These were arrived at following consultation with the Bridge Manager.

1.3   Separate reports will be issued for each assignment. Recommendations are graded in each report to reflect the significance of the issues raised.

2. Strategic Plan 2013 to 2016

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Proposed Allocation of Audit Days

	Planned 13/14 Days	Planned 14/15 Days	Planned 15/16 Days
Reputation			
Health and Safety	4		
Staffing Issues			
Recruitment and retention / HR policies		6	
Payroll	4		
Estates and Facilities			
Physical Security)			
Asset management)			8
Delivery of major projects			7
Financial Issues			
Budget setting / budgetary control			5
General ledger**	3		
Procurement and creditors / purchasing	4		
Debtors / income			
Cash & bank / Treasury management**			
Organisational Issues			
Risk management / Business continuity*	5		
Corporate governance and control environment		6	
Corporate planning		4	
Insurance arrangements*			
Information and IT			
IT network arrangements		8	
Data protection / FOI			4
Other Audit Activities			
Management and Planning)	4	4	4
External audit)			
Attendance at audit committees)			
Follow-up reviews	2	2	2
ANA	2		
Contingency	2		
Total	30	30	30

* & ** these projects will be linked

3. Outline Scope and Objectives   HENDERSON LOGGIE

Audit Assignment:	Health and Safety
Priority:	Medium
Joint Board Meeting:	December 2013
Days:	4

Scope

This audit will review the arrangements in place within the Board to deal with Health and Safety (H&S) issues.

Objectives

The main objective of this audit will be to review the Board's overall arrangements for dealing with H&S issues and to consider whether these are adequate.

We will seek to obtain reasonable assurance that the Board has:

- a H&S policy and documented procedures which are communicated to all staff;
- a formal risk identification and assessment process;
- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive (HSE);
- an incident and accident recording system with follow-up and implementation of new controls where required; and
- regular reporting of H&S to management and to the Board.

Our audit approach will be:

From discussion with appropriate staff and review of procedural documentation, we will identify the internal controls in place and compare these with expected controls. A walkthrough of key systems will then be undertaken to confirm our understanding and this will be followed up with compliance testing where considered necessary. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened.

3. Outline Scope and Objectives

HENDERSON LOGGIE

Audit Assignment:	Payroll
Priority:	Low
Joint Board Meeting:	June 2014
Days:	4

Scope

This audit will review the adequacy and effectiveness of the processes and procedures in place to ensure that payments made on the payroll system are valid, authorised, made accurately, and monitored. The audit will cover the input and outputs from the Dundee City Council payroll system but not the Council system itself.

Objectives

The specific objectives of the review will be to seek reasonable assurance that:

- all new posts are appropriately approved;
- starters and leavers are properly treated and enter and leave the payroll system at the correct dates;
- there is correct calculation of gross pay and deductions, including PAYE, national insurance and pension contributions;
- overtime payments and other variations to pay are properly authorised, processed and recorded;
- there is robust approval and checking of changes to employee standing data;
- payroll reconciliations are completed and reviewed on a timely basis;
- monitoring information is adequate for identifying incorrect payroll payments and to allow budget holders to manage their budgets effectively; and
- payments, whether to staff or paying deductions over to third parties, are properly authorised, processed and recorded within the Board's main financial system.

Our audit approach will be:

From discussion with relevant staff, and review of procedural documentation, we will identify the key internal controls in place within the payroll system and compare these with expected controls. Audit testing will then be carried out to ensure that the controls in place are operating effectively.

3. Outline Scope and Objectives

HENDERSON LOGGIE

Audit Assignment: General Ledger

Priority: Low

Joint Board Meeting: March 2013

Days: 3

Scope

We will review the following processes as part of the audit:

* month-end financial close process;
* year-end financial close process; and
* updating user access rights and adding / removing users on the main financial system.

Objectives

The objective of our audit will be to obtain reasonable assurance that systems are in place to ensure that:

* the chart of accounts, coding structure, reports and procedures are adequate in respect of production of the Board's management accounts and financial statements;
* key controls are in place over the trial balance structure, control account reconciliations and journal entries;
* there is adequate control and reconciliation of the main feeder systems to the general ledger; and
* changes to the main financial system's user access rights, the addition of new users and removal of leavers are appropriately approved and updated on a timely basis.

Our audit approach will be:

We will assess whether the above objectives are being met by documenting the systems and controls through interviews with relevant staff. We will also establish whether the expected key controls are in place by reference to CIPFA standard control risk assessment templates for a general ledger system.

Walkthrough and compliance testing will be performed to determine whether key controls are working effectively.

3. Outline Scope and Objectives

HENDERSON LOGGIE

Audit Assignment:	Procurement and Creditors / Purchasing
Priority:	Medium
Joint Board Meeting:	June 2013
Days:	4

Scope

This audit will focus on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We will also consider whether the procurement strategy followed and procedures in place support best value purchasing in relation to non-pay spend (other operating expenses plus equipment fixed asset additions).

Objectives

The specific objectives of the audit will be to ensure that:

- procurement procedures support best value purchasing in relation to non-pay spend;
- procurement procedures are appropriate for all levels of expenditure and are complied with throughout the organisation;
- the risk of unauthorised and excessive expenditure is minimised;
- all liabilities are fully and accurately recorded; and
- all payments are properly authorised, processed and recorded.

Our audit approach will be:

From discussions with the Bridge Manager and other relevant staff, we will establish what procurement strategies, procedures and monitoring arrangements are in place. These will then be evaluated to establish if they follow recognised good practice.

Specifically, we will seek to establish whether the procurement procedures ensure that areas of high spend are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements are utilised where appropriate.

A sample of items of expenditure will be selected from the financial ledger and tested to ensure compliance with the Board's Financial Regulations and Procedures.

3. Outline Scope and Objectives   HENDERSON LOGGIE

Audit Assignment:	Risk Management / Business Continuity
Priority:	Medium
Joint Board Meeting:	March 2013
Days:	5

Scope

Risk Management
The scope of this audit will be to consider whether there are corporate procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing.

Business Continuity
We will also consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment.

Objectives

Risk Management
The main objective of our audit will be to obtain reasonable assurance that systems in place are sufficient to ensure that:

- there is a process in place to provide reasonable assurance to the Board and to the Bridge Manager in relation to the declaration on risk required for the financial statements;
- A formal risk management process is in place which includes:
    - Assessing the organisation's propensity for risk;
    - Risk identification;
    - Risk assessment;
    - Risk mitigation;
    - Risk reporting; and
    - Risk monitoring;
- Risk management policies and processes are formally documented;
- Risk management tools are used;
- Responsibility for managing risks are clearly assigned;
- Staff are trained in risk management; and
- There is an ongoing review of risk management procedures for continual improvement.
- key risks have been identified and are being appropriately controlled and mitigated.

Business Continuity
To obtain reasonable assurance that:

- Business Continuity Plans (BCPs) are in place covering all of the Board's activities;
- the BCPs are workable, properly communicated to members of staff, and have been adequately tested; and
- the processes and procedures in place follow recommended good practice as defined by BS 25999 *'Business continuity management'*.

3. Outline Scope and Objectives

HENDERSON LOGGIE

Audit Assignment: Risk Management / Business Continuity (Cont'd)

Our audit approach will be:

Risk Management
We will discuss the risk management process with staff and review appropriate policies and procedures. Risk management documents and reports, such as the risk register, will then be reviewed. For a sample of managers and staff we will discuss the risk management process they use in order to determine how embedded risk management is within the organisation.

Consider whether all relevant key risks have been identified and included on the Risk Register.

Business Continuity
Obtain copies of BCPs in place and consider whether they cover all of the organisation's activities.

Discuss the Board's approach to business continuity with the Bridge Manager and review evidence of how plans have been communicated to staff and the extent to which plans have been tested.

An assessment of the key processes and internal controls will be performed with reference to the guidance contained within BS 25999.

3. Outline Scope and Objectives   HENDERSON LOGGIE

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2014
Days:	2

Scope

As part of the internal audit programme at the Board for 2013/14 we will review the recommendations raised within internal audit reports issued in 2012/13 and obtain an update on these. Areas covered during 2012/13 were:

- Report 2013/02 – Data Protection and FoI;
- Report 2013/03 – Budget Setting and Budgetary Control;
- Report 2013/04 – Physical Security and Asset Management; and
- Report 2013/05 – Delivery of Major Project: Pier Collision Protection Works

Objectives

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2012/13 have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

- to request from responsible officers for each report listed above an update on the status of implementation of the recommendations made;
- to ascertain by review of supporting documentation, for any significant recommendations within the reports listed above, whether action undertaken has been adequate; and
- prepare a summary of the current status of the recommendations for the Board.

HENDERSON LOGGIE
Chartered Accountants

Tay Road Bridge Joint Board

Health & Safety
2013/14

Internal Audit Report No: 2014/03

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Final Issued: 6 January 2014

108

Contents

HENDERSON LOGGIE

Page No.

1. Management Summary

Introduction and Background

As part of the Internal Audit programme at Tay Road Bridge Joint Board ('the Board') for 2013/14 we carried out a review of Health and Safety (H&S). Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and management that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

It is important that H&S is considered by all staff, management and Board members at the organisation in order to reduce the risks related to accidents and occupational health. Furthermore, all staff should understand that H&S is their responsibility, and not only that of management and the Board.

A H&S Policy Statement has been prepared, which sets out the Board's H&S objectives and the H&S responsibilities of management and staff. The day to day responsibility for ensuring that the Board's H&S Policy Statement is put into practice lies with the Maintenance Supervisor and Administrative Officer, with overall and final responsibility resting with the Bridge Manager.

Formal risk assessments of activities and work sites are performed and periodically reviewed as a key part of managing the organisation's risks. Any incidents or accidents that occur are required to be reported to the Maintenance Supervisor and the severity and type of these are analysed and reported on regularly to the management team, and where applicable the Health and Safety Executive (HSE).

Scope of the Audit

This audit reviewed the arrangements in place within the Board to deal with Health and Safety issues.

Objectives of the Audit

The objectives of this review were to gain reasonable assurance that the Board has:

- a H&S policy and documented procedures which are communicated to all staff;
- a formal risk identification and assessment process;
- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the HSE;
- an incident and accident recording system with follow-up and implementation of new controls where required; and
- regular reporting of H&S to management and to the Board.

Audit Approach

From discussion with appropriate staff and review of procedural documentation, we identified the internal controls in place and compared these with expected controls. A walkthrough of key systems was then undertaken to confirm our understanding and this was followed up with compliance testing where considered necessary. We then reported on any areas where expected controls were found to be absent or where controls could be further strengthened.

1. Management Summary

Action Plan

This report sets out five improvement actions, which we consider necessary to ensure efficient delivery of each objective and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

A   Issues which require the consideration of the Joint Board.

B   Significant matters which the Bridge Manager or other members of the Senior Management Team can resolve.

C   Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

On the basis of the work carried out, reasonable assurance was obtained that the overall arrangements for dealing with H&S issues are adequate and a number of areas were identified where good practice has been applied.

The conclusions on each of the objectives for our review are that the Board has:

*   a H&S Policy Statement and documented procedures which are communicated to all staff, however several of the safe working procedures have not been reviewed within the required timeframe;
*   a formal risk identification and assessment process in place, however several Control of Substances Hazardous to Health (COSHH) assessments have yet to be completed;
*   a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
*   regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the HSE;
*   an incident and accident recording system with follow-up and implementation of new controls where required; and
*   regular reporting of H&S to management and the Board.

Summary of Main Findings and Recommendations

The HSE publication 'Leading health and safety at work' provides guidance for board members of organisations in both the private and public sectors and states that a Board's H&S policy should set out the Board's own role and that of individual Board members in leading the H&S of its organisation. We recommended within our Internal Audit Report 2011/103, issued in June 2011, that consideration be given to the above guidance and that the role of the Board in relation to H&S be clearly set out within the Board's H&S Policy. Whilst the Board's H&S Policy Statement highlights that overall and final responsibility for H&S is that of the Bridge Manager the Statement, which is signed by the Bridge Manager and Chair of the Board, documents a list of principles which the Board is to ensure are met in order to demonstrate its commitment to H&S. The Bridge Manager advised that consideration was given to setting out within the H&S Policy Statement the role of individual Board members; however following discussions with the H&S section within Dundee City Council this was considered unnecessary.

1. Management Summary

Summary of Main Findings and Recommendations (continued)

Risk assessments are undertaken for all work activities and the Maintenance Supervisor is currently in the process of preparing COSHH assessments for substances used by the Board. It was originally envisaged that COSHH assessments would be completed by 31st December 2013 but due to other work commitments this is now looking unlikely. We recommend that a deadline is set for the completion of COSHH assessments.

Our review found there was adequate H&S training in place at the Board with all new starts being required to complete an induction checklist, which covers various H&S aspects such as fire evacuation procedures and H&S induction risk assessments, method statements, COSHH assessments and the Safety Committee. In addition, a H&S training matrix has been implemented at the Board and training is monitored by the Maintenance Supervisor and Administrative Officer and discussed at management team meetings.

Random checks on works are carried out on a quarterly basis by management. The Maintenance Supervisor, in conjunction with the Union H&S representatives, also performs an annual inspection of all work sites and prepares an action plan to address any areas of concern. At the time our audit was performed there had been no H&S reviews undertaken by external agencies during 2013/14 and only one review during 2012/13, which was an employer's liability audit organised by the Board's insurers. The audit compared processes and policies used by the Board against 'benchmark standards' set out in HSE Guidance Note HSG 65: 'Successful H&S Management'. The review highlighted that the Board's policies and procedures were robust and scored the Board between good and excellent.

Accidents and incidents are monitored by the Maintenance Supervisor and reported at management team meetings. All accidents and incidents are also reported within the Annual H&S Monitoring Report submitted to the Board. Our review found that all accidents and incidents incurred during 2013/14 and 2012/13 had been investigated and reported to the HSE, where applicable.

Acknowledgements

We would like to take this opportunity to thank all staff who assisted us during our audit.

2. Action Plan

HENDERSON LOGGIE

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
	Policies and Procedures					
1.4	**R1** The operations manual, including safe working procedures, should be reviewed as soon as practical and evidence of the review documented.	C	Agreed	Y	Bridge Manager	31 May 2014
1.5	**R2** Staff should be reminded of the importance of ensuring that all dormant method statements are flagged as such within the H&S database. In addition after each method statement has been reviewed the date of the review should be recorded within the database.	C	Agreed	Y	Bridge Manager	31 January 2014
	Risk Identification and Assessment					
2.3	**R3** The H&S Policy Statement should be updated to highlight that risk assessments prepared for low risk activities must only be reviewed between two and five years.	C	Agreed	Y	Bridge Manager	31 March 2014
2.3	**R4** Where risk assessments are not reviewed within the timeframe set out in the H&S database reasons for the review being delayed should be recorded within the database.	C	Agreed	Y	Bridge Manager	31 March 2014
2.4	**R5** A deadline should be set for completing all relevant COSHH assessments.	B	Agreed	Y	Bridge Manager	31 May 2014

3. Main Report

1. Policies and Procedures

1.1 A H&S Policy Statement has been prepared by the Bridge Manager and is accessible within the H&S database on the Board's intranet; paper copies of the Statement are also available within each department. The H&S Policy Statement is submitted to the Board for formal approval each year. The current H&S Policy Statement was approved by the Board in March 2013.

1.2 Our previous H&S Internal Audit Report 2011/03, issued in June 2011, highlighted that in accordance with the Health and Safety Executive (HSE) publication 'Leading health & safety at work', which provides guidance for board members of organisations in both the private and public sectors, the Board's H&S Policy should set out the Board's own role and that of individual Board members in leading the H&S of its organisation. The HSE publication states that the H&S Policy should require the Board to:

- 'own' and understand the key issues involved; and
- decide how best to communicate, promote and champion H&S.

Whilst the Board's H&S Policy Statement highlights that overall and final responsibility for H&S is that of the Bridge Manager the Statement, which is signed by the Bridge Manager and Chair of the Board, documents a list of principles which the Board is to ensure are met in order to demonstrate its commitment to H&S. Such principles include integration of good H&S management procedures and identifying and managing H&S risks. The Bridge Manager advised that consideration had been given to setting out within the H&S Policy Statement the role of individual Board members; however following discussions with the H&S section within Dundee City Council this was considered unnecessary.

1.3 Supporting the H&S Policy Statement are numerous safe working procedures and method statements, which are accessible within the H&S database. Paper copies of the safe working procedures and method statements relating to frequently performed activities are also available within each department. These documents refer to legislative requirements, staff responsibilities and hazard identification procedures.

1.4 *Observation*
A review of the H&S database highlighted that several safe working procedures had not been reviewed within the required timeframe. The Maintenance Supervisor advised that these procedures formed part of the Board's operations manual, which is scheduled to be reviewed annually. Our review found that the operations manual, and therefore the safe working procedures, had not been reviewed since March 2012.

Risk
The operations manual and safe working procedures may no longer be appropriate.

Recommendation
R1 The operations manual, including safe working procedures, should be reviewed as soon as practical and evidence of the review documented.

Benefit
The operations manual, including safe working procedures, are up-to-date and help to mitigate the risk of accidents occurring.

1.5 *Observation*
From a review of the H&S database it appeared that some method statements had not been reviewed within the required timeframe; however the Maintenance Supervisor advised that these method statements, with the exception of one, were dormant but had incorrectly been flagged as 'active' within the database. In one instance we found that the method statement, relating to grass cutting and ground maintenance, had been reviewed during 2013 however the last review date recorded within the database was April 2012.

3. Main Report

1. Policies and Procedures (continued)

1.5 (continued)

Risk
Method statements are incorrectly shown as not being reviewed within the required timeframe.

Recommendation
R2 Staff should be reminded of the importance of ensuring that all dormant method statements are flagged as such within the H&S database. In addition after each method statement has been reviewed the date of the review should be recorded within the database.

Benefit
Dormant method statements are correctly flagged as 'dormant' and all reviews performed are correctly recorded within the H&S database.

2. Risk Identification and Assessment

2.1 The Maintenance Supervisor and Maintenance Technician (Works) are responsible for ensuring that risk assessments are in place for all work activities undertaken in order to deal with the significant risks that the Board has identified surrounding its operations.

2.2 An overall risk assessment is in place for the Board which is supported by further risk assessments for each specific activity. The risk assessments relating to specific activities are accessible through the H&S database. To ensure that the Board has identified its main operational risks a sample of five risk assessments was requested from the Maintenance Supervisor for high risk areas covering the Board's main work activities. In each instance we found that the risk assessment was up to date, followed a standard template and was comprehensive. Each assessment documented the hazards identified, existing controls, rated risk according to likelihood and severity, and recorded further actions to be taken to mitigate each risk.

2.3 *Observation*
The H&S database records each activity that has been risk assessed, the location of the activity, the assessor and approver, review period, the required review date and the last review date. The Board's H&S Policy Statement states that all risk assessments will be reviewed every 12 months or when the work activity changes, whichever is soonest; however our audit found that the review periods documented within the H&S database were sometimes between two and five years. The Maintenance Supervisor advised that there was no requirement for the risk assessments of low risk activities to be reviewed annually. Our review also identified several instances where the risk assessment had not been reviewed within the required timeframe set out in the H&S database. The Maintenance Supervisor was able to provide justifications for the reviews being delayed, such as operations currently undergoing changes, and highlighted that it would be useful to note these reasons within the H&S database.

Risk
Confusion as to why risk assessments have not been reviewed within the required timeframe.

Recommendation
R3 The H&S Policy Statement should be updated to highlight that risk assessments prepared for low risk activities must only be reviewed between two and five years.

R4 Where risk assessments are not reviewed within the timeframe set out in the H&S database reasons for the review being delayed should be recorded within the database.

3. Main Report

2. *Risk Identification and Assessment (continued)*

2.3   (continued)

Benefit
The timeframe for reviewing risk assessments and reasons for reviews being delayed are clearly documented.

2.4   *Observation*
Data sheets for each substance held at the Board are available on the intranet. Data sheets document the hazards associated with the substance, where exposure may occur, symptoms of exposure, treatment to be undertaken if exposure occurs and how to handle, store and dispose of the substance. Our review found that the Maintenance Supervisor is currently in the process of preparing Control of Substances Hazardous to Health (COSHH) assessments, where deemed appropriate, for substances used by the Board. For certain cleaning products the data sheets are considered to contain sufficient information and as a result no COSHH assessment is to be prepared. The Maintenance Supervisor had planned to prepare all COSHH assessments by 31st December 2013 but due to other work commitments does not believe this timeframe will be achieved.

Risk
In the evident of an incident the Board will not be able to demonstrate to the HSE or other parties that a COSHH assessment has been completed.

Recommendation
R5   A deadline should be set for completing all relevant COSHH assessments.

Benefit
Evidence will be available to demonstrate that COSHH assessments have been prepared, where appropriate, ensuring that all staff are aware of the risks involved with using hazardous substances and the controls in place to mitigate such risks.

3. *Training*

3.1   All new starts meet with the Maintenance Supervisor or Administrative Officer to undergo induction training. An induction checklist is completed by each new start and this is signed off by the employee and either the Maintenance Supervisor or Administrative Officer. The checklist requires the new start to confirm that the fire evacuation and muster point procedures have been explained to them; that a H&S booklet has been issued and discussed; that H&S induction risk assessments, method statements, COSHH assessments and the Safety Committee have been explained to them; and protective clothing issued. Once completed the induction checklist is filed within the employee's personnel file. At the time our audit was performed there had been no new starts at the Board during 2013/14. Our review found there was one new start during 2012/13 and we confirmed that an induction checklist had been completed and appropriately signed off for this employee.

3.2   In accordance with the Board's procedures visitors confined to the Board's offices are the responsibility of the staff member being visited and this employee must point out the fire evacuation procedures in place at the Board. Those visiting outwith the offices are accompanied by a member of staff who will advise the visitor of the risks and procedures to be followed within that area. All contractors must complete an induction checklist which covers a range of H&S matters such as the main safety aspects of working on the bridge in relation to the contract; fire evacuation procedures; H&S standards and the reporting of incidents; H&S induction risk assessments, method statements, COSHH assessments and the Safety Committee; and the requirement for protective clothing.

3. Main Report

3. *Training (continued)*

3.3   The Administrative Officer advised that all staff were recently required to sign a document stating that they had read the Board's operational manual; were aware of the H&S database in place; and had read over the risk assessments and method statements relevant to their duties. We reviewed the documents held by the Administrative Officer and confirmed this had been done.

3.4   A H&S training matrix has been developed for the Board and this is held within the H&S database. The matrix highlights whether the training has been completed, is awaiting, overdue or if the employee has been booked on to the course. Our review found the confined spaces and use and care of lifejackets courses were overdue. The Maintenance Supervisor highlighted that such courses had been delayed due to current legislative changes and the Board's boat being out of use. Our review found that training was a standing agenda item at the monthly management team meetings. Any additional training requirements are identified through the annual staff review and development process and discussed at management team meetings.

3.5   The Bridge Manager advised that the Board had not arranged for Board members to attend H&S training. The Bridge Manager currently relies on the constituent Councils providing Board members with relevant training.

3.6   The Board has a subscription with Kroner and as part of the subscription receive regular H&S e-zines highlighting legislative changes. Such changes are discussed at the monthly management team meetings and disseminated to staff, where relevant. The Maintenance Supervisor also attends National Bridge Group H&S meetings every six months and any issues raised at these meetings are fed back to the management team.

3.7   When new equipment is purchased at the Board the manufacturer will install the equipment and provide a demonstration to staff on how to use the item.

4. *Monitoring*

4.1   The effectiveness of any H&S policy is monitored through accident / incident investigations and inspection audits. The Maintenance Supervisor is responsible for undertaking both investigations of all H&S issues and inspections of all work sites.

4.2   In accordance with the Board's H&S Policy Statement management perform quarterly random checks on works to ensure safe working practices are being followed. The Maintenance Supervisor, in conjunction with the Union H&S representatives, also performs an annual inspection of all work sites and an action plan is prepared to address all areas of concern. The Maintenance Technician (Works) is responsible for ensuring that all actions are carried out. Once the actions have been completed the Maintenance Supervisor is notified. Our review found that the action points relating to the 2012 H&S work sites inspection had been completed. Action points had been raised following a work sites inspection in July 2013. Many of these actions had been completed at the time our audit was performed and the Maintenance Supervisor advised that all outstanding actions were to be addressed soon.

4.3   At the time our audit was performed no H&S reviews had been undertaken by external agencies such as the HSE during 2013/14. The only external H&S review performed at the Board during 2012/13 was an employer's liability audit organised by the Board's insurers. The audit, carried out in September 2012, compared processes and policies used by the Board against 'benchmark standards' set out in HSE Guidance Note HSG 65: *'Successful H&S Management'*. The audit concluded that the Board's policies and procedures were robust, scoring the Board between good and excellent.

3. Main Report

5. Incident / Accident Recording and Reporting

5.1 The Board's H&S procedures require that all accidents and dangerous occurrences, whether notifiable to the enforcing authorities or not, shall be thoroughly investigated by management and the appropriate documentation completed.

5.2 An accident reporting book is in place in the Bridge Control room as this is manned 24 hours a day. Adverse event and investigations forms are also available within each department, which are used to record all incidents and near misses. All accident sheets and adverse events and investigations forms are submitted to the Maintenance Supervisor for review. Each accident / incident is investigated to determine the exact cause and circumstances surrounding the event.

5.3 At the time our audit was performed six accidents and two incidents had been reported during 2013/14. Our review found that all accidents and incidents incurred during 2013/14 and 2012/13 had been investigated and reported to the HSE, where applicable.

5.4 H&S is a standing agenda item at the monthly management team meetings. A review of a sample of management team meeting minutes found that all accidents / incidents and the outcomes of H&S inspections were reported at management team meetings.

5.5 There is H&S Committee at the Board that meets every six months, previously met quarterly but this was deemed unnecessary, to discuss accidents / incidents, training and procedures. The Maintenance Supervisor and Administrative Officer are the management representatives on this Committee.

5.6 The Bridge Manager prepares and submits an Annual H&S Monitoring Report to the Board. Our Internal Audit Report 2011/03, issued in June 2011, highlighted that the content of the H&S Monitoring Report issued to the Board in March 2011 did not meet the minimum level of detail required by the HSE guidance: 'Revitalising Health and Safety: Health and Safety in Annual Reports'. Our report recommended that the content of the Annual H&S Monitoring Report be updated to include as a minimum:

- a statement detailing the broad context of the Board's H&S Policy;
- details of the significant risks faced by its employees;
- the Board's H&S goals; and
- the arrangements for consulting employees and involving safety representatives.

In addition, we stated that the report should also include:
- The total number of employee days lost due to sickness absence,; and
- The total cost to the organisation of the occupational injuries and illnesses suffered by its employees in the reporting period.

A review of the 2012 H&S Monitoring Report, submitted to the Board in March 2013, found that the Report included the above matters; with the exception of the number of employee days lost due to sickness absence and the cost to the organisation of occupational injuries and illnesses suffered by its employees in the reporting period. The Bridge Manager advised that due to the small number of staff at the Bridge the disclosure of this information may make it easy to identify individual employees. For confidentiality reasons this information has not been disclosed; however this information would be disclosed to the Board if requested. This has been accepted and as a result no recommendation has been raised within this report.

HENDERSON LOGGIE
Chartered Accountants

Tay Road Bridge Joint Board

General Ledger
2013/14

Internal Audit Report No: 2014/04

Draft Issued: 4 December 2013

Final Issued: 6 January 2014

120

Contents

Page No.

Management Summary

Introduction

As part of the Internal Audit programme at Tay Road Bridge Joint Board ('the Board') for 2013/2014 we carried out a review of the key internal controls in place over the general ledger. The Audit Needs Assessment, completed in August 2013, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and management that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Scope of the Audit

We reviewed the following processes as part of our audit:

- month-end financial close process;
- year-end financial close process; and
- updating user access rights and adding / removing users on the main financial system.

Objectives of the Audit

The objectives of our audit were to obtain reasonable assurance that systems are in place to ensure that:

- the chart of accounts, coding structure, reports and procedures are adequate in respect of production of the Board's management accounts and financial statements;
- key controls are in place over the trial balance structure, control account reconciliations and journal entries;
- there is adequate control and reconciliation of the main feeder systems to the general ledger; and
- changes to the main financial system's user access rights, the addition of new users and removal of leavers are appropriately approved and updated on a timely basis.

Audit Approach

We assessed whether the above objectives were being met by documenting the systems and controls through interviews with the key members of the Finance Team at Dundee City Council ('the Council') and discussions with the Board's Administrative Officer. We established whether the expected key controls were in place by reference to CIPFA standard control risk assessment templates for a general ledger system. Walkthrough and compliance testing was performed, where applicable, to determine whether the key controls were working effectively.

Management Summary

Action Plan

This report sets out one improvement action, which we consider necessary to ensure efficient delivery of each objective and this is discussed within the text for clarity. An action plan for implementation of this recommendation can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations are graded to denote the level of importance that should be given to each one. These gradings are as follows:

A   Fundamental issues which require the consideration of the Joint Board.

B   Significant matters which can be resolved by the Bridge Manager, Administrative Officer or the Departmental Accountant at the Council.

C   Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

Overall we obtained reasonable assurance that:

- the chart of accounts, coding structure, reports and procedures are adequate in respect of production of the Board's management accounts and financial statements;
- key controls are in place over the trial balance structure. However there was not always evidence of independent review of control account reconciliations and journal entries;
- there is adequate control and reconciliation of the main feeder systems to the general ledger; and
- changes to the main financial system's user access rights, the addition of new users and removal of leavers are appropriately approved and updated on a timely basis.

Summary of Main Findings and Recommendations

A Service Level Agreement for the provision of financial services is in place between the Board and Council. Under this Agreement the Council is responsible for maintaining the Board's general ledger, preparing control account reconciliations, providing regular revenue monitoring and management reports and preparing annual statutory accounts.

The Board's Departmental Accountant maintains a month and quarter end checklist as well as a final accounts checklist for the Board. The checklists record the tasks to be performed and the staff member(s) responsible for each task. Once complete the tasks are ticked off.

Our testing found the Board's control accounts are regularly reconciled by the Council; however in an attempt to become a paperless office these reconciliations are held electronically and therefore not signed by the individual preparing or reviewing the reconciliation.

Bank and payroll reconciliations are submitted to the Board's Administrative Officer for review; however purchase ledger control account reconciliation reports are not. We recommend these reports are submitted to the Board on a monthly basis along with supporting documentation for any variances identified.

Management Summary

HENDERSON LOGGIE

Summary of Main Findings and Recommendations (Continued)

Whilst reviewing a sample of journal entries we found that the individual inputting and authorising the journal was the same person. This is not considered an issue as only a restricted number of Council staff are able to post journals to the Board's ledger. Furthermore, it is anticipated that any discrepancies would be identified by the Departmental Accountant whilst reviewing the trial balance or be highlighted within the revenue monitoring reports issued to Board staff.

Acknowledgements

We would like to thank all staff at the Board and the Council who assisted us during our review.

Action Plan

HENDERSON LOGGIE

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
	Trial Balance and Control Account Reconciliations					
3.3	**R1** A purchase ledger control account reconciliation report should be submitted to the Board at the end of each month and supporting documentation provided for any variances identified. This report should be initialled by a member of Board staff to evidence that the report has been reviewed.	C	Agreed.	Y	Treasurer	31 Dec 2013

Main Report   HENDERSON LOGGIE

1.   Month / Year-End Financial Close Process

1.1   The Board has in place a Service Level Agreement (SLA) with Dundee City Council ('the Council') for the provision of financial services. The current SLA covers the period April 2012 to March 2015. The services provided include the maintenance of the Board's general ledger, the preparation of control account reconciliations, provision of regular revenue monitoring and management reports and the preparation of annual statutory accounts.

1.2   The Board's month-end and year-end financial close process is performed by the Council. The Departmental Accountant responsible for overseeing the Board's ledger maintains a control sheet, which documents the tasks to be performed each month and quarter on the Board's behalf. Each task on the control sheet is ticked once completed. Our review found that all tasks on the control sheet had been ticked off as being completed within the required timeframe. Our review found that bank reconciliations were not included within the control sheet; however discussions with Council staff confirmed that bank reconciliations were performed by the Council's banking section who maintain their own monthly checklists.

1.3   The Council prepares a final accounts timetable, which documents the tasks to be completed in order for the Board's statutory accounts to be prepared. As part of our audit we reviewed the final accounts timetable for the year ended 31 March 2013 and found this to record the individual(s) responsible for completing each task. Each task is ticked once completed.

1.4   Each year the Council issues a final accounts checklist to the Board. The checklist records the ledger cut-off date and requests that the Board provides details of accrued expenditure at the year-end. In preparation for the new financial year the Board provides the Council with the following year's revenue budget figures for each general ledger code. The budget figures are uploaded on to the finance system by the Council and used for revenue monitoring purposes.

2.   Chart of Accounts, Coding Structure, Reports and Procedures

2.1   The finance system enables reports to be generated for individual or groups of cost centres. Each general ledger code consists of ten numbers; the first five numbers relate to a specific cost centre whilst the remaining numbers relate to an account name, for example electricity.

2.2   The need for a new general ledger code is normally identified during the budget setting process. General ledger codes can only be added or removed on the finance system by a limited number of Council staff.

3.   Trial Balance and Control Account Reconciliations

3.1   Each day the Council runs a 'daily balances management report' on the finance system to check that the Board's trial balance squares. In addition, the Departmental Accountant reviews the trial balance on a regular basis, at least monthly, to identify any unusual balances.

3.2   As part of our review we sought assurance that the Council is reconciling the Board's control accounts on a regular basis in accordance with the SLA. We found all control accounts were reconciled on either a daily or monthly basis with the exception of the VAT control account, which is reconciled annually. Our review found control account reconciliations are not signed by the individual preparing or reviewing the reconciliation. In an attempt to become a paperless office the Council often retains control account reconciliations electronically rather than in paper format and as a result reconciliations are not signed off by the individual preparing or reviewing the reconciliation.

3. Trial Balance and Control Account Reconciliations (Continued)

3.3 *Observation*

The Administrative Officer at the Board confirmed that bank reconciliations and payroll control account reconciliations are received from the Council on a monthly basis. A report is generated by the Council each day which compares the purchase ledger control account balance per the general ledger with that recorded in the creditor module and highlights any variances. Council staff advised that variances are rare and always investigated timeously. Our review found that the purchase ledger control account reconciliation report is not currently submitted to the Board.

Risk

Variances on the purchase ledger control account reconciliation report are not highlighted to the Board timeously.

Recommendation

R1 A purchase ledger control account reconciliation report should be submitted to the Board at the end of each month and supporting documentation provided for any variances identified. This report should be initialled by a member of Board staff to evidence that the report has been reviewed.

Benefit

Variances are reported and investigated timeously.

3.4 Accompanying the bank reconciliation sent to the Administrative Officer is a breakdown of the monthly recharge payable to the Council. The recharge mainly relates to payroll deductions for PAYE, National Insurance, and pension contributions, but also has some other items. Discussion with the Administrative Officer and Council staff confirmed that supporting documentation on recharges, such as payroll reports, are provided to the Board. Our review found that the Board's Administrative Officer initials each bank reconciliation to evidence that the reconciliation has been reviewed and the balance agreed to the bank statement. The Administrative Officer also agrees the Council's recharge schedule to supporting documentation and initials the schedule to evidence that this check has been performed.

3.5 Whilst the bank reconciliations are received in paper format the payroll reconciliations are issued via e-mail. The Administrative Officer confirmed that the payroll reconciliations were reviewed; however in an attempt to become a paperless office the reconciliations are not printed and signed off by the Administrative Officer to evidence that this review has taken place. This has been accepted and as a result no recommendation has been raised.

4. Journal Entries

4.1 All journals are processed by the Council on the Board's behalf. Whilst reviewing a sample of 10 journals posted to the ledger between April 2013 and October 2013 we found that the individual inputting and authorising the journal was the same person. Council staff do not consider this to be an issue as only a restricted number of staff are able to post journals to the Board's ledger. Furthermore, it is anticipated that any discrepancies would be identified by the Departmental Accountant whilst reviewing the trial balance or be highlighted within the revenue monitoring reports issued to Board staff. Our testing found sufficient narrative was provided for each journal posted.

Main Report

HENDERSON LOGGIE

5. Feeder Systems

5.1 The interface between the Board's creditor module and general ledger run by the Council ensures all transactions posted to the creditor module are posted to the general ledger. The finance system is programmed to generate a report on a daily basis which compares the purchase ledger control account balance per the general ledger with that recorded in the creditor module.

5.2 During our review we selected five dates at random throughout 2013/14 and sought assurance that the finance system had generated a purchase ledger control account reconciliation report. In all instances we found a report was generated and the variance between the general ledger and creditor module was nil.

5.3 Due to the small volume of sales invoices raised by the Board it was deemed inappropriate to purchase the finance system's sales ledger module. Discussion with the Departmental Accountant highlighted that the only sales invoices raised for the Board during 2013/14 at the time of our audit were rental charges for the Board's kiosk. Such invoices are raised quarterly by the Council on the Board's behalf.

5.4 Each month the Administrative Officer enters all payroll amendments onto the payroll system (Resourcelink). The interface between Resourcelink and the general ledger ensures the ledger is automatically updated with the monthly payroll figure. The payroll figure per Resourcelink is reconciled to the payroll control account balance per the general ledger each month. We reviewed the payroll control account from April to September 2013 and found this to be reconciled each month.

6 User Access Rights

6.1 In order to access the Board's finance system users must have Citrix on their desktop. Access to each desktop is restricted through the use of usernames and passwords and passwords must be updated periodically. At present the Bridge Manager, Administrative Officer and Administrative Assistant are the only members of staff at the Board with access to the finance system. A staff leaver form is required to be completed for all staff leaving the Board. This form includes confirmation that access to all IT systems at the Board has been removed.

6.2 Our review found several members of Council staff have access to the Board's finance system; many with enquiry only access and a restricted number with full access. Discussions with Council staff highlighted that alterations to Council staff user access rights are formally requested in an e-mail from the Departmental Accountant.

HENDERSON LOGGIE
Chartered Accountants

Tay Road Bridge Joint Board

Risk Management and Business Continuity Planning 2013/14

Internal Audit Report No: 2014/05

Draft Issued: 12 February 2014

Final Issued: 21 February 2014

130

Contents

1. Management Summary

HENDERSON LOGGIE

Introduction and Background

As part of the Internal Audit programme at Tay Road Bridge Joint Board ('the Board'), for 2013/14, we carried out a review of the arrangements for risk management and business continuity planning. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and Assessor that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level. We previously reviewed this area as part of our internal audit plan in in 2010/11.

HM Treasury, in its publication 'The Orange Book: Management of Risk – Principles and Concepts', defines risk management as 'All the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress'.

The Business Continuity Institute defines business continuity management as 'A holistic management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience and the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities.'

An effective risk management process and Business Continuity Plan (BCP) is essential to ensure that the Board can effectively react to risks and, in response to a disaster or threat, continue to operate key activities and ensure that the interests of key stakeholders continue to be met.

Audit Scope

Risk Management
The scope of this audit will be to consider whether there are corporate procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing.

Business Continuity
We will consider whether there are adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment.

Audit Objectives

Risk Management
The main objective of our audit will be to obtain reasonable assurance that systems in place are sufficient to ensure that:

- there is a process in place to provide reasonable assurance to the Board and to the Bridge Manager in relation to the declaration on risk required for the financial statements;
- a formal risk management process is in place which includes:
  - Assessing the organisation's propensity for risk;
  - Risk identification;
  - Risk assessment;
  - Risk mitigation;
  - Risk reporting; and
  - Risk monitoring;

1. Management Summary

HENDERSON LOGGIE

Audit Objectives (continued)

Risk Management (continued)
- risk management policies and processes are formally documented;
- risk management tools are used;
- responsibility for managing risks are clearly assigned;
- staff are trained in risk management;
- there is an ongoing review of risk management procedures for continual improvement; and
- key risks have been identified and are being appropriately controlled and mitigated.

Business Continuity
To obtain reasonable assurance that:

- Business Continuity Plans (BCPs) are in place covering all of the Board's activities;
- the BCPs are workable, properly communicated to members of staff, and have been adequately tested; and
- the processes and procedures in place follow recommended good practice as defined by BS 25999 *'Business continuity management'*.

Audit Approach

Risk Management
We discussed the risk management process with the Bridge Manager and reviewed relevant policies and procedures. Risk management documents and reports, such as the risk register and Board papers, were then reviewed. We discussed the risk management process used in order to determine how embedded risk management is within the organisation. We also considered whether all relevant key risks have been identified and included on the current Risk Register and how often the register is revisited and updated. Good practice in this area was measured against best practice in risk management for government organisations set out in *'The Orange Book: Management of Risk – Principles and Concepts'* (the 'Orange Book') issued by HM Treasury.

Business Continuity
We obtained a copy of the BCP in place and considered whether it covers all of the organisation's activities. The Board's approach to business continuity was discussed with the Bridge Manager, including understanding how plans have been communicated to staff and the extent to which plans have been tested. An assessment of the key processes and internal controls was performed with reference to the guidance contained within BS 25999.

Action Plan

This report sets out one improvement action, which we consider necessary to ensure efficient delivery of each objective and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

A   Issues which require the consideration of the Joint Board or one of its committees.

B   Significant matters that the Bridge Manager can resolve.

C   Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

1. Management Summary

HENDERSON LOGGIE

Overall Conclusion

Risk Management
A number of good practice actions were identified in the risk management processes. We found there are corporate procedures in place to identify and assess risk, and controls have been identified to minimise the possibility of unexpected and unplanned situations developing. We found that risk management processes are embedded which provide a greater level of assurance that risk management is effective.

Business Continuity
There are adequate plans in place to minimise disruption to operations following loss of life, buildings or assets, including the road bridge and key IT systems, however these need to be further tested.

Summary of Main Findings and Recommendations

We found that:

Risk Management
- a formal risk management process is in place which includes: assessing the organisation's propensity for risk; risk identification and assessment; risk mitigation and reporting and monitoring of key risks;
- risk management policies and processes are formally documented;
- responsibility for managing risks are clearly assigned;
- staff are adequately trained in risk management;
- there is an ongoing formal review of risk management procedures for continual improvement and further embedding risk management within the organisation; and
- key risks have been identified and are being appropriately controlled and mitigated.

Business Continuity
- a Board-wide Business Continuity Plan (BCP) is in place covering all of the Board's activities;
- the Board's BCP is considered workable and has been properly communicated to members of staff and Senior Officers. The BCP was formerly tested in 2012 due to adverse weather conditions however no further desktop testing has been undertaken on other disaster scenarios identified in the plan. We recommend that the Board devises a testing programme for the BCP; and
- the processes and procedures in place follow recommended good practice as defined by BS 25999 'Business continuity management', except for the point raised above.

Acknowledgements

We would like to thank all staff at the Board who assisted us during our review.

HENDERSON LOGGIE

2. Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
	Business Continuity					
2.2.6	**R1** Devise a testing programme for the BCP, with all findings from tests followed up and used to fine tune the processes.	C	Agreed	Y	Bridge Manager	31 December 2014

3. Main Report

1.   Risk Management

1.1   Risk Management Requirements

1.1.1   Tay Road Bridge Joint Board's Financial Regulations state that 'The Bridge Manager, in conjunction with the Treasurer, will ensure that the risks faced by the Board are identified and quantified and that effective measures are taken to reduce, eliminate or insure against them' and 'The Bridge Manager is responsible for ensuring that there is a Strategic Risk Management Plan and Risk Register in place which demonstrates the Board's approach to managing strategic risk and that this is reviewed and reported to the Board annually'.

1.2   Risk Management Good Practice

1.2.1   There is a wide range of guidance on what constitutes good practice on risk management. This includes:

- Institute of Risk Management/AIRMIC/Alarm - A Risk Management Standard;
- Managing risk in government – National Audit Office 2011;
- HM Treasury Guidance including (2004) Orange Book: Management of Risk – Principles and Concepts;
- HSE - Principles of Sensible Risk Management;
- ISO/FDIS 31000 Risk Management – Principles and guidelines;
- BS31100:2008 Risk Management – code of practice; and
- AS/NZS ISO 31000: 2009 Risk Management.

1.2.2   Each standard or framework provides a way of categorising risk to assist identification, assessment and evaluation. The different 'types' of risk that are recognised can be used to tailor an approach to suit any organisation and have the same key principles.

1.2.3   For this review we have chosen best practice in risk management for government organisations set out in 'The Orange Book: Management of Risk – Principles and Concepts' (the 'Orange Book') issued by HM Treasury.

1.2.4   The Orange Book provides a broad based general guidance on the principles of risk management using a risk management model consisting of the following elements:
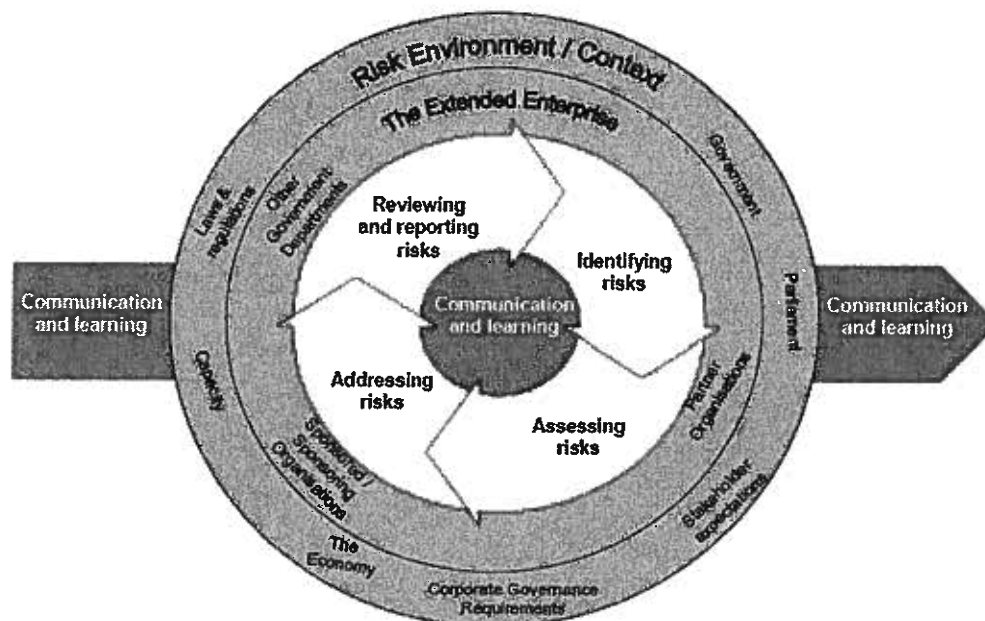
1.   Identifying risks;
2.   Assessing risks;
3.   Addressing risks;
4.   Reviewing and reporting risks;
5.   Communication and learning;
6.   The Extended Enterprise; and
7.   Risk Environment and Context.

This is depicted graphically overleaf.

3. Main Report

HENDERSON LOGGIE

1. Risk Management (Continued)

Risk management model

1.3 Identifying Risks

1.3.1 The Board approved its Risk Management Strategic Plan and Strategic Risk Register 2012-14 in September 2013. The Strategy and Register were developed with input from the Board's Insurers and Dundee City Council's (DCC) Risk and Business Continuity Manager. The Board's senior officers are collectively responsible for all governance matters, including preparing, monitoring, maintaining and updating the Board's Risk Register and ensuring there is an adequate Risk Management Policy and Business Continuity Plan (BCP). The Bridge Manager has drawn up a risk strategy, a risk register and a BCP. The senior officers are comprised of the Bridge Manager, Clerk to the Board, Engineer to the Board and Treasurer and are considered an appropriate group to take ownership for risk management.

1.3.2 We reviewed these documents using a good practice checklist and confirmed that the key elements of risk identification, mitigation, reporting and monitoring were documented with key risk management tools in use such as a probability and severity scoring matrix and traffic light system to describe the risk prioritisation and scoring process.

1.4 Measuring Risks

1.4.1 Information on the risk register is captured showing the 'inherent risk' to the Board i.e. *'the exposure arising from a specific risk before any action has been taken to manage it'* (Source: The Orange Book) in order that the Board knows what its exposure will be if control should fail.

1.4.2 Furthermore, 'residual risk', defined as *'the exposure arising from a specific risk after action has been taken to manage it and making the assumption that the action is effective'*, (Source: The Orange Book) has also been included in the risk register.

3. Main Report

1. Risk Management (Continued)

1.4.3   At the level of a specific risk it is likely that a level of exposure that is acceptable can be defined in terms of both a tolerable impact if a risk is realised, and tolerable frequency of that impact. It is against this that the 'residual risk' has to be compared to decide whether or not further action is required. Tolerability may be informed by, for example, the value of assets lost or wasted in the event of an adverse impact or stakeholder perception of an impact.

1.4.4   Ten key risks have been identified on the risk register with existing controls for them documented. The residual risks are reviewed to determine the residual risk score and further actions to be taken then identified.

1.4.5   Prioritisation within the traffic light system scores risk from one to eight as 'green' and that these are adequately controlled with no specific action required. There were no risks scored 'red' (17 and over) and three risks have been scored 'amber'. Since the completion of the bridge pier protection works in 2012 the most significant risk on the register with a score of 12 is changes in Government with revised policies / strategies. The nature of this risk is such that it is largely out of the Board's control and as such there are no controls or further mitigating actions that can be put in place.

1.5   Addressing Risks

1.5.1   There are five key aspects of addressing risk:

1.   Tolerate – the exposure may be tolerable without any further action being taken or the ability to do anything may be limited or the cost of action is greater than the benefits;

2.   Treat – action (control) is taken to constrain the risk to an acceptable level. Controls may be sub-divided into the following categories according to their purpose: preventive; corrective; directive and detective. Such controls appear to be in place across all areas

3.   Transfer – this may be by insurance or paying a third party to take the risk in another way. A Service Level Agreement is in place with Dundee City Council for Insurance and Risk Management Services. In relation to 'General Risk Management' services to be provided under the agreement are:

   • Identify areas of client operations in which unacceptable and preventable losses are occurring;
   • Quantify such losses and advise on means of avoidance and control;
   • Undertake property and liability survey visits. Produce survey reports with appropriate recommendations and instigate system of follow-up to ensure implementation;
   • Undertake scrutiny of lease documents, contract terms and conditions with a view to eliminating unnecessary risk exposures; and
   • Advise and participate in the implementation of safety and loss reduction initiatives (e.g. driver training, property security, legislative requirements).

4.   Terminate – some risks will only be treatable, or containable to acceptable levels, by terminating the activity; and

5.   Take the opportunity – this is not an alternative to the above but should be considered whenever tolerating, transferring or treating a risk. Such opportunities may include taking up the use of new technologies or closer partnership working.

3. Main Report

1. Risk Management (Continued)

1.6 Reviewing and Reporting Risks

1.6.1 Management of risk has to be reviewed and reported on for two main reasons:

- To monitor whether or not the risk profile is changing; and
- To gain assurance that risk management is effective, and to identify when further action is necessary.

1.6.2 Processes should be put in place to review whether risks still exist, whether new risks have arisen, whether the likelihood and impact of risks has changed, report significant changes that adjust risk priorities, and deliver assurance that it remains appropriate and effective. In addition, the overall risk management process should be subjected to regular review to deliver assurance that it remains appropriate and effective. The review processes should:

- Ensure that all aspects of the risk management process are reviewed at least once a year;
- Ensure that risks themselves are subjected to review with appropriate frequency; and
- Make provision for alerting the appropriate level of management to new risks or to changes in already identified risks so that the change can be appropriately addressed.

1.6.3 The Risk Management Strategic Plan contains details of monitoring arrangements which requires the risk register to be reviewed annually and for an annual report on performance and updating to be submitted to the Board for approval. The plan also details that the risk register be reviewed annually. The Bridge Manager confirmed that he reviewed the risks within the register with DCC's Risk and Business Continuity Manager earlier in 2013 and that there have been no changes with no new legislation or service delivery changes giving rise to new risks or revised scores.

1.7 Communication and Learning

1.7.1 It is important to ensure that all employees understand, in a way appropriate to their role, what the Board's risk strategy is, what the risk priorities are, and how their particular responsibilities fit into that framework. If this is not achieved, appropriate and consistent embedding of risk management will not be achieved and risk priorities may not be consistently addressed.

1.7.2 The Board's Risk Management Strategy recognises that the risk management is a continuous process which requires awareness to be demonstrated from employees at all levels. Details on the roles and responsibilities of Board Members and Board Officers, and their involvement in risk identification, prioritisation and control are clearly outlined in the risk strategy.

1.8 Extended Enterprise / Risk Environment and Context

1.8.1 Communication with partner organisations about risk issues is important. The Board has inter-dependencies with its constituent authorities – the delivery of the Board's objectives depends upon / impacts upon the delivery of the constituent authorities objectives. Effective liaison is essential to facilitate an agreed risk management approach that will allow all parties to achieve their objectives. To this end the Board's Risk Management Strategic Plan and Risk Register were developed by the Bridge Manager in conjunction with the Insurance and Risk Manager from Dundee City Council.

1.8.2 The Board also has certain dependencies on contractors or other third parties, such as for the supply of CCTV services, and these relationships require to be considered to ensure that appropriate communication and understanding about respective risk priorities is achieved. The Board's BCP identifies scenarios which may affect operations and includes contact details of key contractors and third parties.

3. Main Report   HENDERSON LOGGIE

1.   Risk Management (Continued)

1.8   Extended Enterprise / Risk Environment and Context (continued)

1.8.3   It is also important to communicate with stakeholders about the way in which the Board is managing risk to give them assurance that the Board will deliver in the way in which they expect, and to manage stakeholder expectation of what the Board can actually deliver. The Board's risk register is presented by the Bridge Manager to the Joint Board annually with key risks, new or changed risks discussed by Board Members.

1.8.4   Other factors contributing to the environment in which risk has to be managed include laws and regulations and changes in Government policy. At the time of our review this was identified on the risk register as the most critical risk faced by the Board.

2.   Business Continuity

2.1   Arrangements in Place
2.1.1   A Board Business Continuity Plan (BCP) was developed in 2010 by the Bridge Manager in conjunction with DCC's Risk and Continuity Manager. This included drawing up a framework for the effective management to respond to a major incident affecting the Board. The objective of the BCP is to assist the Board define an incident response structure that will enable an effective response and recovery from disruptions. We reviewed the plan using the British Standard BS 25999 'Business Continuity Management' code of practice and confirmed that the plan includes the key elements required including core business activities, key contacts, roles and responsibilities, incident definitions and notification, escalation and reporting procedures.

2.1.2   The plan sets out that in the event of an incident there will be an Incident Management Team who is responsible for invoking the plan and co-ordinating action. It also covers providing communications to the media, Board Officers, Board Members and employees who are involved in carrying out specific actions assigned to them or undertaking responsibilities as outlined in the BCP.

2.1.3   Responsibility for declaring an 'emergency' and invoking the BCP lies with the Bridge Manager, or the Officer acting on the Manager's behalf.

2.1.4   In the event of invoking the BCP an operational base would be set up in accommodation provided by Dundee City Council. The plan also sets out details of management, communications, logging, recovery actions for various disaster scenarios and reporting of an incident.

2.1.5   The Bridge Manager is responsible for keeping the BCP framework up-to-date and is also responsible for updating the lists of staff contact numbers in the BCP.

2.2   BS 25999 'Business continuity management'
2.2.1   British Standard (BS) 25999 'Business continuity management' outlines recommended practice to be followed in order to develop a good business continuity management system. BS 25999 defines business continuity management as 'managing the recovery or continuation of business activities in the event of a business disruption, and management of the overall programme through training, exercises and reviews, to ensure the business continuity plan(s) stays current and up-to-date'. BS 25999 is published in two parts – Part 1: Code of practice; and Part 2: Specification.

3. Main Report

2. Business Continuity (continued)

2.2 BS 25999 'Business continuity management' (continued)

2.2.2 BS 25999 defines requirements for a management systems approach to business continuity management based on good practice for use in large, medium and small organisations operating in industrial, commercial, public and voluntary sectors.

Part 2 of BS 2599 sets out a specification for:

- Planning the business continuity management system (BCMS);
- Implementing the BCMS;
- Monitoring and reviewing the BCMS; and
- Maintaining and improving the BCMS.

2.2.3 Planning the BCMS includes establishing the BCMS and embedding BCM at the Board. Implementing the BCMS includes understanding the organisation needs; determining the strategy; developing a response; and exercising, maintaining and reviewing BCM arrangements. Monitoring and reviewing includes internal audit and management review of the BCMS. Maintaining and improving the BCMS includes preventative actions and continual improvement.

2.2.4 As part of this audit we reviewed the Board's BCP against BS 25999 and noted a number of areas for improvement or highlighting which are outlined in the following paragraphs.

2.2.5 In the event of an incident staff would be informed by contact through mobile phones, however if communication links were down senior officers also have staff home phone numbers in the BCP so they could personally contact staff if necessary.

2.2.6 *Observation*
From discussions with staff we noted that there has been no desktop scenario testing of the BCP although it was tested during a live BCP event in 2012. Feedback from staff after the event noted that the BCP was easily understood and carried out effectively. We were advised that desktop scenario testing is planned to be carried out in early 2014.

We suggest that the Board should have a programme to ensure: exercises are carried out at planned intervals and when significant changes occur; carrying out a range of different exercises that taken together validate the whole of the business continuity arrangements; carrying out a post-exercise review; and producing a written report of the exercise, outcome and feedback, including required actions.

Risk
BCP arrangements may not work in practice and staff readiness for incidents may not be as good as it could be.

Recommendation
R1 Devise a testing programme for the BCP, with all findings from tests followed up and used to fine tune the processes.

Benefit
In the event of an incident, staff will be able to react more quickly and there is greater assurance that the BCPs are robust.

3. Main Report

2. Business Continuity (continued)

2.3 Specific Risks Highlighted in Our Audit Needs Assessment

2.3.1 As part of our Audit Needs Assessment issued in May 2013, we advised we would undertake a review of certain BCP-related risks. Overall, we found that all significant risks have been identified and included on the risk register and effective contingency plans have been established for BCP-related risks. These are discussed in more detail below.

Disruption to operations following loss or breakdown of key items of equipment

2.3.2 From discussion with staff, we identified key equipment as IT equipment (hardware, servers and software), with some equipment used in bridge monitoring operations, such as CCTV. Loss of IT hardware and servers is included in the DRP (Disaster Recovery Plan), and from discussion with staff we were advised that delivery times for servers and hardware was short, and possible within two days of order.

Building Loss

2.3.3 In the event of a major disaster affecting the Board's offices the BCP would be invoked. Temporary accommodation would be provided by DCC in the short term.

Staff Shortage

2.3.4 Staff may be unavailable for a number of reasons including; significant loss of life due to a major fire or explosion; widespread illness; adverse weather conditions; or mass resignation or industrial action. The DRP details that in the event of a staffing issue the Incident Management Team would rationalise resources to cover all critical operations wherever possible.

HENDERSON LOGGIE

Chartered Accountants

Tay Road Bridge Joint Board

Procurement and Creditors / Purchasing 2013/14

Internal Audit Report No: 2014/06

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144

Contents

Page No.

Management Summary   HENDERSON LOGGIE

Introduction

As part of the Internal Audit programme at Tay Road Bridge Joint Board ('the Board') for 2013/2014 we carried out a review of the key internal controls in place over procurement and creditors / purchasing. Our Audit Needs Assessment, completed in August 2013, identified this as an area where risk can arise and where Internal Audit can assist in providing assurance to the Joint Board and management that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Board's Financial Regulations cover capital and revenue expenditure and include sections on Orders for Works, Goods and Services; and Payment of Accounts. Supporting the Financial Regulations are detailed tender and office procedures, which guide staff through the procurement and payment procedures to be applied.

Scope of the Audit

This audit focussed on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We also considered whether the Procurement Strategy and procedures in place support best value purchasing across the organisation in relation to non-pay spend.

Objectives of the Audit

The objectives of our audit were to obtain reasonable assurance that:

- procurement procedures support best value purchasing in relation to non-pay spend;
- procurement procedures are appropriate for all levels of expenditure and are complied with throughout the organisation;
- the risk of unauthorised and excessive expenditure is minimised;
- all liabilities are fully and accurately recorded; and
- all payments are properly authorised, processed and recorded.

Audit Approach

From discussions with the Bridge Manager and other relevant staff, we established what procurement strategies, procedures and monitoring arrangements are in place. These were evaluated to establish if they follow recognised good practice.

Specifically, we sought to establish whether the procurement procedures ensure that areas of high spend are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements are utilised where appropriate.

A sample of items of expenditure were selected from the payment run reports and tested to ensure compliance with the Board's Financial Regulations and procedures.

Management Summary   HENDERSON LOGGIE

Action Plan

This report sets out two improvement actions, which we consider necessary to ensure efficient delivery of each objective and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations are graded to denote the level of importance that should be given to each one. These gradings are as follows:

A   Fundamental issues which require the consideration of the Joint Board.

B   Significant matters which can be resolved by the Bridge Manager or Administrative Officer.

C   Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

Overall we obtained reasonable assurance that:

- although the Board does not have a formal Procurement Strategy, the tender and office procedures in place support best value purchasing in relation to non-pay spend;
- procurement procedures are appropriate for all levels of expenditure and are generally complied with throughout the organisation. Due to the specialist nature of the board's business we found a relatively high proportion of purchases that had less than the maximum recommended number of quotes, however in all cases appropriate procedures for approving this course of action had been followed;
- the risk of unauthorised and excessive expenditure is minimised;
- all liabilities are fully and accurately recorded; and
- all purchase payments are properly authorised, processed and recorded.

Summary of Main Findings and Recommendations

The Board's tender procedures stipulate that where an order for goods, services, works or utilities is £10,000 or less then quotations should be obtained in accordance with the Board's office procedures; however the office procedures refer to the threshold being £5,000. In addition, the office procedures refer to the old financial system and not the current system. We recommend that the office procedures are brought into line with the Board's tender procedures and updated to reflect the change in the financial system.

Whilst the Board's Administrative Officer reviews all payment run reports for reasonableness, a sample of payments are not traced back to the original invoice. We recommend that the Administrative Officer checks a sample of payments back to the original invoice and either annotates those checked on the payment run report or maintains a spreadsheet that records the payments checked. This will help to gain assurance that payments are only made for goods / services that have been received and that relate to genuine business expenses.

One contract for consultancy input on runway beams and gantries had not been tendered since the 1980s due to the specialist knowledge and expertise of the current contractor. Quotes are however received from the contractor and approved before each piece of work is carried out and this arrangement was agreed as reasonable due to the nature of the work. Waste disposal work is of a value that should require three quotes and this has not been done since the 1990s. It has already been decided to obtain quotes following changes in waste disposal legislation expected in 2015 and this action is also agreed as reasonable.

Acknowledgements

We would like to thank all staff at the Board who assisted us during our review.

Action Plan

HENDERSON LOGGIE

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
	Tenders / Quotations					
2.2	**R1** The Board's office procedures should be revised to ensure they are in line with the Board's tender procedures and refer to the current financial system, Civica Financials, rather than the previous financial system.	B		Y	Administrative Officer	Complete
	Payments are Properly Authorised, Processed and Recorded					
4.4	**R2** The Administrative Officer should check a sample of payments back to the original invoice and either annotate those checked on the payment run report or maintain a spreadsheet that records the payments checked.	B		Y	Administrative Officer	Complete

148

Main Report

HENDERSON LOGGIE

1. Achieving Best Value

1.1 The Board does not have a formal Procurement Strategy in place; however tender and office procedures have been developed in order to ensure best value is achieved when purchasing goods / services. The Board maintains an approved suppliers list and each supplier on this list is a Dundee City Council (the Council) approved supplier. By using the Council's approved suppliers the Board is able to obtain the same level of discounts for goods / services as the Council.

1.2 At the time our previous procurement and creditors / purchasing audit was performed the Board had not established its own approved suppliers list but instead had access to the Council's list of approved suppliers. Our Internal Audit Report 2011/06, issued in June 2011, highlighted that the Council's approved suppliers list was not accessible by staff out-with the Administration team and we recommended that such a list be made available to all staff. Our review found that the Board's and the Council's approved suppliers list is still only accessible within the Administration Office; however the Bridge Manager and Administrative Officer consider this to be sufficient as only staff members within the Administration Office are responsible for raising and authorising purchase orders.

1.3 The Board participates in the Tayside Purchasing Consortium (TPC) in working towards achieving best value. At the time our audit was performed the Board were in the process of tendering for CCTV maintenance through the TPC and had previously used TPC to obtain rates for replacement vehicles. The Council also participates in a number of procurement programmes at various levels, to which the Board has access, which include national contracts awarded through the Office of Government Commerce (OGC) and sector specific contracts awarded through Scotland Excel.

2. Tenders / Quotations

2.1 In accordance with the Board's tender procedures:
- Tenders shall be sought for goods, services or works in excess of £50,000 unless the Clerk, because of special circumstances, decides this would not be justified or appropriate. All such tenders shall be reported to the Joint Board for approval.
- The above procedure also applies to goods, services or works valued between £25,000 and £50,000; however these tenders need not be submitted for Joint Board approval if specific provision has been made in the approved estimates.
- At least three quotations should be obtained when purchasing goods, services or works valued between £10,000 and £25,000, and if for any good and substantial reason three quotations cannot be obtained then the Clerk's approval is required.
- For goods, services, works or utilities £10,000 or less quotations should be obtained in accordance with the Board's office procedures.

2.2 *Observation*
The Board's tender procedures state that where an order for goods, services, works or utilities is £10,000 or less then quotations should be obtained in accordance with the Board's office procedures; however the office procedures refer to the threshold being £5,000. This issue was also noted within our Internal Audit Report 2011/06. Discussion with the Bridge Manager confirmed that the threshold is £10,000. Our review also found that the office procedures refer to the previous financial system 'Authority Financials', which has since been replaced by Civica Financials.

Risk
The office procedures are out of date and do not reflect current working practice; this may cause confusion for staff, particularly new staff.

Main Report

2. Tenders / Quotations (Continued)

2.2 (Continued)

Recommendation
R1 The Board's office procedures should be revised to ensure they are in line with the Board's tender procedures and refer to the current financial system, Civica Financials, rather than the previous financial system.

Benefit
The Board's purchasing procedures are consistent throughout the organisation and reflect current working practice.

2.3 For the 15 purchases within our sample we sought assurance that tenders / quotes had been obtained in accordance with the Board's tender procedures. Included within our sample were three purchases relating to capital works with a contract value in excess of £50,000. As these purchases related to capital works no purchase orders were raised. In two instances we found tenders had been undertaken and reported to the Joint Board for approval in accordance with the Board's tender procedures. In one instance, relating to consultancy services associated with the runway beam and gantries, we were advised that a tender for the service had not been performed since the 1980s. The Bridge Manager stated that the current consultant has extensive knowledge of the gantries and it would be too expensive and timely for another consultant to gain this expertise. We were however advised that quotes are always obtained from the consultant prior to any work being performed.

2.4 Our sample included one purchase valued between £25,000 and £50,000 and this related to emergency repairs carried out on the Board's safety boat. Although this work was not tendered our review confirmed that the Clerk to the Board had accepted that a single quotation would be received for this work and that the cost of the work would be reclaimed from the Board's insurers.

2.5 Included within our sample were two purchases valued between £10,000 and £25,000. In one instance the purchase related to insurance for which no purchase order is raised. Our review confirmed that insurance is negotiated by the Council on the organisation's behalf under a Service Level Agreement and that the insurance programme is submitted to the Joint Board each year. A purchase order was raised for the remaining purchase, which related to spare parts for signs, however only one quote was obtained due to the specialist nature of the parts. Our review confirmed that in accordance with the Board's tender procedures the Clerk had accepted a single quote in this instance.

2.6 Seven purchases within our sample were valued between £1,000 and £10,000 and in five instances we found a purchase order had been raised. In two instances no purchase order was raised as the service was under contract. In four instances we found that only one quote had been obtained as the specialist nature of the goods / service meant that only one supplier was available. In the remaining three instances, relating to the purchase of fuel and training, we found that only one quote had been sought due to the location of the supplier. The Maintenance Supervisor advised that it was impractical to have the Board's vehicles offsite for longer than required and there were cost implications in having vehicles travel further than necessary for fuel. In addition, we were advised that it is cheaper to have staff attend training events that are closer to the Board rather than pay staff travel, lunch and accommodation expenses. In accordance with the office procedures our review found that the Bridge Manager had consented to only one quote being obtained for the above purchases. In all instances the Bridge Manager had authorised the invoice.

150

2.   Tenders / Quotations (Continued)

2.7   The two remaining purchases within our sample had a value less than £1,000. In one instance we found a purchase order had been raised and a quote sought in accordance with the office procedures. In the other instance no purchase order had been raised as the service, relating to waste disposal, was under contract. Although the value of the purchase was less than £1,000 the overall waste disposal contract is valued between £1,000 and £10,000 and therefore three quotations should be sought for the contract, unless otherwise agreed by the Bridge Manager. The Maintenance Supervisor advised that quotes had not been sought for this contract in over 15 years; however we were advised that legislation surrounding waste disposal is due to change next year and that quotes will be sought for this contract following the legislative changes. Our review found that the Bridge Manager had consented to the continuous use of the waste disposal supplier but required quotes to be sought following the legislative changes.

3.   Risk of Unauthorised and Excessive Expenditure

3.1   All purchase orders and invoices within our sample appeared to be appropriately authorised; however our review found that there were no specimen signatories maintained by the Board for those with authorisation responsibilities. Although no specimen signatories are maintained our review found that only five members of Board staff have the authority to authorise purchase orders, whilst three members of staff can authorise invoices. Given the small number of staff with authorisation rights and the low staff turnover at the Board this has been accepted.

3.2   All invoices are stamped as 'entered' when posted on to the financial system and the system flags up any invoices with the same value that have been posted to the same supplier. Such controls help to prevent invoices being paid twice in error.

3.3   Monthly management reports, issued by the Council to the Board's management team, highlight for each revenue budget head the monthly and cumulative actual spend; full year budget; balance available; and percentage spent. These reports allow the management team to identify actual and potential budget overspends. The Departmental Accountant at the Council and the Bridge Manager also meet, at least quarterly, to discuss the Board's current and projected revenue and capital expenditure. In addition, quarterly revenue and capital monitoring reports are issued to the Joint Board.

4.   Payments are Properly Authorised, Processed and Recorded

4.1   A Service Level Agreement is in place between the Board and the Council who maintain the Board's Purchase and General Ledger functions including the processing of purchase ledger payments.

4.2   The Administrative staff at the Board post invoices into a creditors' interface of the Council's financial system on a daily basis. The Council perform daily and weekly payment runs depending on the payment terms which exist for each supplier as coded in the financial system. Some suppliers are set as 'pay immediately' and some are set as 14 or 30 days payment terms.

Main Report

4. *Payments are Properly Authorised, Processed and Recorded (Continued)*

4.3   Discussion with purchase ledger staff at the Council confirmed that when each payment run is performed staff ensure that each payment is matched to a creditor account and that the payment has been matched against the invoice in the ledger. To evidence that this review has been performed the BACS control sheet is initialled by the staff member. A copy of the payment run reports are sent to the Board and reviewed by the Administrative Officer for reasonableness. Until recently hard copies of the payment run reports were sent to the Board and the Administrative Officer initialled these to evidence her review. The Administrative Officer advised that payment run reports are now received electronically and reviewed on screen. In an attempt to become a paperless office these reports are not printed off and initialled. This has been accepted and therefore no recommendation has been raised within this report.

4.4   *Observation*
As part of our audit we randomly selected 15 payment runs throughout 2013/14. In each instance we found the BACS control sheet had been initialled by a member of Council staff and the payment run report initialled by the Board's Administrative Officer. Whilst the Administrative Officer reviews the payment runs for reasonableness a sample of payments are not traced back to the original invoice.

Risk
Payment may be made for goods / services that have not been received or that are not genuine business expenses.

Recommendation
R3   The Administrative Officer should check a sample of payments back to the original invoice and either annotate those checked on the payment run report or maintain a spreadsheet that records the payments checked.

Benefit
Increased likelihood that payments are only made for goods / services that have been received and are bona fide business expenses.

HENDERSON LOGGIE
Chartered Accountants

Tay Road Bridge Joint Board

**Procurement and Creditors / Purchasing
2013/14**

Internal Audit Report No: 2014/06

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154

Contents

Page No.

Management Summary

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This audit focussed on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We also considered whether the Procurement Strategy and procedures in place support best value purchasing across the organisation in relation to non-pay spend.

Objectives of the Audit

The objectives of our audit were to obtain reasonable assurance that:

- procurement procedures support best value purchasing in relation to non-pay spend;
- procurement procedures are appropriate for all levels of expenditure and are complied with throughout the organisation;
- the risk of unauthorised and excessive expenditure is minimised;
- all liabilities are fully and accurately recorded; and
- all payments are properly authorised, processed and recorded.

Audit Approach

From discussions with the Bridge Manager and other relevant staff, we established what procurement strategies, procedures and monitoring arrangements are in place. These were evaluated to establish if they follow recognised good practice.

Specifically, we sought to establish whether the procurement procedures ensure that areas of high spend are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements are utilised where appropriate.

A sample of items of expenditure were selected from the payment run reports and tested to ensure compliance with the Board's Financial Regulations and procedures.

Management Summary

HENDERSON LOGGIE

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This report sets out two improvement actions, which we consider necessary to ensure efficient delivery of each objective and these are discussed within the text for clarity. An action plan for implementation of these recommendations can be found at Section 2 of this report.

To aid the use of the action plan, our recommendations are graded to denote the level of importance that should be given to each one. These gradings are as follows:

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B   Significant matters which can be resolved by the Bridge Manager or Administrative Officer.

C   Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

Overall Conclusion

Overall we obtained reasonable assurance that:

- although the Board does not have a formal Procurement Strategy, the tender and office procedures in place support best value purchasing in relation to non-pay spend;
- procurement procedures are appropriate for all levels of expenditure and are generally complied with throughout the organisation. Due to the specialist nature of the board's business we found a relatively high proportion of purchases that had less than the maximum recommended number of quotes, however in all cases appropriate procedures for approving this course of action had been followed;
- the risk of unauthorised and excessive expenditure is minimised;
- all liabilities are fully and accurately recorded; and
- all purchase payments are properly authorised, processed and recorded.

Summary of Main Findings and Recommendations

The Board's tender procedures stipulate that where an order for goods, services, works or utilities is £10,000 or less then quotations should be obtained in accordance with the Board's office procedures; however the office procedures refer to the threshold being £5,000. In addition, the office procedures refer to the old financial system and not the current system. We recommend that the office procedures are brought into line with the Board's tender procedures and updated to reflect the change in the financial system.

Whilst the Board's Administrative Officer reviews all payment run reports for reasonableness, a sample of payments are not traced back to the original invoice. We recommend that the Administrative Officer checks a sample of payments back to the original invoice and either annotates those checked on the payment run report or maintains a spreadsheet that records the payments checked. This will help to gain assurance that payments are only made for goods / services that have been received and that relate to genuine business expenses.

One contract for consultancy input on runway beams and gantries had not been tendered since the 1980s due to the specialist knowledge and expertise of the current contractor. Quotes are however received from the contractor and approved before each piece of work is carried out and this arrangement was agreed as reasonable due to the nature of the work. Waste disposal work is of a value that should require three quotes and this has not been done since the 1990s. It has already been decided to obtain quotes following changes in waste disposal legislation expected in 2015 and this action is also agreed as reasonable.

Acknowledgements

We would like to thank all staff at the Board who assisted us during our review.

Action Plan

HENDERSON LOGGIE

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
	Tenders / Quotations					
2.2	R1 The Board's office procedures should be revised to ensure they are in line with the Board's tender procedures and refer to the current financial system, Civica Financials, rather than the previous financial system.	B		Y	Administrative Officer	Complete
	Payments are Properly Authorised, Processed and Recorded					
4.4	R2 The Administrative Officer should check a sample of payments back to the original invoice and either annotate those checked on the payment run report or maintain a spreadsheet that records the payments checked.	B		Y	Administrative Officer	Complete

Main Report   HENDERSON LOGGIE

1.   Achieving Best Value

1.1   The Board does not have a formal Procurement Strategy in place; however tender and office procedures have been developed in order to ensure best value is achieved when purchasing goods / services. The Board maintains an approved suppliers list and each supplier on this list is a Dundee City Council (the Council) approved supplier. By using the Council's approved suppliers the Board is able to obtain the same level of discounts for goods / services as the Council.

1.2   At the time our previous procurement and creditors / purchasing audit was performed the Board had not established its own approved suppliers list but instead had access to the Council's list of approved suppliers. Our Internal Audit Report 2011/06, issued in June 2011, highlighted that the Council's approved suppliers list was not accessible by staff out-with the Administration team and we recommended that such a list be made available to all staff. Our review found that the Board's and the Council's approved suppliers list is still only accessible within the Administration Office; however the Bridge Manager and Administrative Officer consider this to be sufficient as only staff members within the Administration Office are responsible for raising and authorising purchase orders.

1.3   The Board participates in the Tayside Purchasing Consortium (TPC) in working towards achieving best value. At the time our audit was performed the Board were in the process of tendering for CCTV maintenance through the TPC and had previously used TPC to obtain rates for replacement vehicles. The Council also participates in a number of procurement programmes at various levels, to which the Board has access, which include national contracts awarded through the Office of Government Commerce (OGC) and sector specific contracts awarded through Scotland Excel.

2.   Tenders / Quotations

2.1   In accordance with the Board's tender procedures:
*   Tenders shall be sought for goods, services or works in excess of £50,000 unless the Clerk, because of special circumstances, decides this would not be justified or appropriate. All such tenders shall be reported to the Joint Board for approval.
*   The above procedure also applies to goods, services or works valued between £25,000 and £50,000; however these tenders need not be submitted for Joint Board approval if specific provision has been made in the approved estimates.
*   At least three quotations should be obtained when purchasing goods, services or works valued between £10,000 and £25,000, and if for any good and substantial reason three quotations cannot be obtained then the Clerk's approval is required.
*   For goods, services, works or utilities £10,000 or less quotations should be obtained in accordance with the Board's office procedures.

2.2   *Observation*
The Board's tender procedures state that where an order for goods, services, works or utilities is £10,000 or less then quotations should be obtained in accordance with the Board's office procedures; however the office procedures refer to the threshold being £5,000. This issue was also noted within our Internal Audit Report 2011/06. Discussion with the Bridge Manager confirmed that the threshold is £10,000. Our review also found that the office procedures refer to the previous financial system 'Authority Financials', which has since been replaced by Civica Financials.

Risk
The office procedures are out of date and do not reflect current working practice; this may cause confusion for staff, particularly new staff.

Main Report

2. *Tenders / Quotations (Continued)*

2.2   *(Continued)*

Recommendation
R1   The Board's office procedures should be revised to ensure they are in line with the Board's tender procedures and refer to the current financial system, Civica Financials, rather than the previous financial system.

Benefit
The Board's purchasing procedures are consistent throughout the organisation and reflect current working practice.

2.3   For the 15 purchases within our sample we sought assurance that tenders / quotes had been obtained in accordance with the Board's tender procedures. Included within our sample were three purchases relating to capital works with a contract value in excess of £50,000. As these purchases related to capital works no purchase orders were raised. In two instances we found tenders had been undertaken and reported to the Joint Board for approval in accordance with the Board's tender procedures. In one instance, relating to consultancy services associated with the runway beam and gantries, we were advised that a tender for the service had not been performed since the 1980s. The Bridge Manager stated that the current consultant has extensive knowledge of the gantries and it would be too expensive and timely for another consultant to gain this expertise. We were however advised that quotes are always obtained from the consultant prior to any work being performed.

2.4   Our sample included one purchase valued between £25,000 and £50,000 and this related to emergency repairs carried out on the Board's safety boat. Although this work was not tendered our review confirmed that the Clerk to the Board had accepted that a single quotation would be received for this work and that the cost of the work would be reclaimed from the Board's insurers.

2.5   Included within our sample were two purchases valued between £10,000 and £25,000. In one instance the purchase related to insurance for which no purchase order is raised. Our review confirmed that insurance is negotiated by the Council on the organisation's behalf under a Service Level Agreement and that the insurance programme is submitted to the Joint Board each year. A purchase order was raised for the remaining purchase, which related to spare parts for signs, however only one quote was obtained due to the specialist nature of the parts. Our review confirmed that in accordance with the Board's tender procedures the Clerk had accepted a single quote in this instance.

2.6   Seven purchases within our sample were valued between £1,000 and £10,000 and in five instances we found a purchase order had been raised. In two instances no purchase order was raised as the service was under contract. In four instances we found that only one quote had been obtained as the specialist nature of the goods / service meant that only one supplier was available. In the remaining three instances, relating to the purchase of fuel and training, we found that only one quote had been sought due to the location of the supplier. The Maintenance Supervisor advised that it was impractical to have the Board's vehicles offsite for longer than required and there were cost implications in having vehicles travel further than necessary for fuel. In addition, we were advised that it is cheaper to have staff attend training events that are closer to the Board rather than pay staff travel, lunch and accommodation expenses. In accordance with the office procedures our review found that the Bridge Manager had consented to only one quote being obtained for the above purchases. In all instances the Bridge Manager had authorised the invoice.

Main Report

2.   Tenders / Quotations (Continued)

2.7   The two remaining purchases within our sample had a value less than £1,000. In one instance we found a purchase order had been raised and a quote sought in accordance with the office procedures. In the other instance no purchase order had been raised as the service, relating to waste disposal, was under contract. Although the value of the purchase was less than £1,000 the overall waste disposal contract is valued between £1,000 and £10,000 and therefore three quotations should be sought for the contract, unless otherwise agreed by the Bridge Manager. The Maintenance Supervisor advised that quotes had not been sought for this contract in over 15 years; however we were advised that legislation surrounding waste disposal is due to change next year and that quotes will be sought for this contract following the legislative changes. Our review found that the Bridge Manager had consented to the continuous use of the waste disposal supplier but required quotes to be sought following the legislative changes.

3.   Risk of Unauthorised and Excessive Expenditure

3.1   All purchase orders and invoices within our sample appeared to be appropriately authorised; however our review found that there were no specimen signatories maintained by the Board for those with authorisation responsibilities. Although no specimen signatories are maintained our review found that only five members of Board staff have the authority to authorise purchase orders, whilst three members of staff can authorise invoices. Given the small number of staff with authorisation rights and the low staff turnover at the Board this has been accepted.

3.2   All invoices are stamped as 'entered' when posted on to the financial system and the system flags up any invoices with the same value that have been posted to the same supplier. Such controls help to prevent invoices being paid twice in error.

3.3   Monthly management reports, issued by the Council to the Board's management team, highlight for each revenue budget head the monthly and cumulative actual spend; full year budget; balance available; and percentage spent. These reports allow the management team to identify actual and potential budget overspends. The Departmental Accountant at the Council and the Bridge Manager also meet, at least quarterly, to discuss the Board's current and projected revenue and capital expenditure. In addition, quarterly revenue and capital monitoring reports are issued to the Joint Board.

4.   Payments are Properly Authorised, Processed and Recorded

4.1   A Service Level Agreement is in place between the Board and the Council who maintain the Board's Purchase and General Ledger functions including the processing of purchase ledger payments.

4.2   The Administrative staff at the Board post invoices into a creditors' interface of the Council's financial system on a daily basis. The Council perform daily and weekly payment runs depending on the payment terms which exist for each supplier as coded in the financial system. Some suppliers are set as 'pay immediately' and some are set as 14 or 30 days payment terms.

Main Report   HENDERSON LOGGIE

4.   *Payments are Properly Authorised, Processed and Recorded (Continued)*

4.3   Discussion with purchase ledger staff at the Council confirmed that when each payment run is performed staff ensure that each payment is matched to a creditor account and that the payment has been matched against the invoice in the ledger. To evidence that this review has been performed the BACS control sheet is initialled by the staff member. A copy of the payment run reports are sent to the Board and reviewed by the Administrative Officer for reasonableness. Until recently hard copies of the payment run reports were sent to the Board and the Administrative Officer initialled these to evidence her review. The Administrative Officer advised that payment run reports are now received electronically and reviewed on screen. In an attempt to become a paperless office these reports are not printed off and initialled. This has been accepted and therefore no recommendation has been raised within this report.

4.4   *Observation*
As part of our audit we randomly selected 15 payment runs throughout 2013/14. In each instance we found the BACS control sheet had been initialled by a member of Council staff and the payment run report initialled by the Board's Administrative Officer. Whilst the Administrative Officer reviews the payment runs for reasonableness a sample of payments are not traced back to the original invoice.

Risk
Payment may be made for goods / services that have not been received or that are not genuine business expenses.

Recommendation
R3   The Administrative Officer should check a sample of payments back to the original invoice and either annotate those checked on the payment run report or maintain a spreadsheet that records the payments checked.

Benefit
Increased likelihood that payments are only made for goods / services that have been received and are bona fide business expenses.

HENDERSON LOGGIE
Chartered Accountants

Tay Road Bridge Joint Board

Payroll
2013/14

Internal Audit Report No: 2014/07

Draft Issued: 09 April 2014

Final Issued: 11 April 2014

164

Contents

1. Management Summary

Introduction and Background

As part of the Internal Audit programme at the Tay Road Bridge Joint Board ('the Board'), for 2013/14, we carried out a review of the key internal controls surrounding payroll.

Payroll is the single largest revenue expense for the Board. Our Audit Needs Assessment, issued in August 2013, identified payroll as an area where risk can arise and where Internal Audit can assist in providing assurances to the Joint Board and management that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Board has a Service Level Agreement (SLA) in place with Dundee City Council ('the Council') for the provision of payroll processing services. The current SLA covers the period from 1 April 2012 to 31 March 2015. The calculation of net pay and the production of payslips is carried out by the Council, using its Resourcelink payroll software. All data relating to new employees, leavers and variations to pay for existing employees is entered by a member of staff at the Board, utilising a secure direct link to the Council's payroll software. BACS payments to employees are made by the Council.

Audit Scope

The audit reviewed the adequacy and effectiveness of the processes and procedures in place to ensure that payments made on the payroll system are valid, authorised, made accurately and monitored. The audit covered the input and output from the Council's payroll system but not the Council system itself.

Objectives of the Audit

The specific objectives of the review were to seek reasonable assurance that:

- all new posts are appropriately approved;
- starters and leavers are properly treated and enter and leave the payroll system at the correct dates;
- there is correct calculation of gross pay and deductions, including PAYE, national insurance and pension contributions;
- overtime payments and other variations to pay are properly authorised, processed and recorded;
- there is robust approval and checking of changes to employee standing data;
- payroll reconciliations are completed and reviewed on a timely basis;
- monitoring information is adequate for identifying incorrect payroll payments and to allow budget holders to manage their budgets effectively; and
- payments, whether to staff or paying deductions over to third parties, are properly authorised, processed and recorded within the Board's main financial system.

Audit Approach

From discussion with Administrative staff, and a review of procedural documentation, we identified the key internal controls in place within the Board's payroll system and compared these with expected controls. Audit testing was then carried out to ensure that the controls in place are operating effectively.

1. Management Summary

Overall Conclusion

The conclusion on the specific objectives of our audit are that:

- all new posts are appropriately approved;
- starters and leavers are properly treated and enter and leave the payroll system at the correct dates;
- there is correct calculation of gross pay and deductions, including PAYE, national insurance and pension contributions;
- overtime payments and other variations to pay are properly authorised, processed and recorded;
- there is robust approval and checking of changes to employee standing data;
- payroll reconciliations are completed and reviewed on a timely basis;
- monitoring information is adequate for identifying incorrect payroll payments and to allow budget holders to manage their budgets effectively; and
- payments, whether to staff or paying deductions over to third parties, are properly authorised, processed and recorded within the Board's main financial system.

Summary of Main Findings and Recommendations

There were no errors, omissions, or issues identified in the detailed testing we performed.

Our review found that payroll exception reports were not received from the Council on a regular basis, however when such reports are received they are reviewed by the Board's Administrative Officer who is also responsible for inputting payroll amendments onto the system and authorising final payroll payment runs.

Payroll amendments entered onto the system by the Administrative Officer are to be recorded in a book and the amendments checked to the system by the Administrative Assistant and authorised by the Bridge Manager. There is a risk that amendments omitted from the book could still be entered onto the system by the Administrative Officer. Such amendments may be undetected by the Administrative Assistant and Bridge Manager who do not review the final payroll payment runs or exception reports.

This issue was discussed with the Bridge Manager who considered that the monthly management reports issued by the Council, which highlight actual versus budgeted spend for each staff cost ledger code, would identify any significant unexpected variances. As the Bridge Manager believes that the current controls in place are sufficient no recommendation has been raised within this report; however it should be noted that having exception reports reviewed and signed off by a member of staff independent of those inputting payroll amendments to the system is good practice.

Acknowledgements

We would like to take this opportunity to thank the staff at the Board who assisted us during our audit.

2. Main Report

1. New Posts and Starters / Leavers

1.1 An establishment is in place at the Board and all newly created posts must be authorised by the Bridge Manager. At the time our review was performed there had been no new posts created during the year.

1.2 A 'new starts' report, generated by the payroll system (Resourcelink) at the time of our audit, confirmed there had been no new staff members appointed during the year. For the most recently appointed staff member, appointed in November 2012, we agreed that a 'new start form' had been completed and signed by the employee and Administrative Officer; that the details on the form had been correctly entered into the payroll system; and that the staff member's first payslip had been calculated correctly.

1.3 A 'leavers' report highlighted that two members of staff had ceased employment at the Board during the year. In each instance we found that appropriate notification of cessation of employment was in place; that the payroll system had been correctly updated for the leaver; the employee's final gross pay had been calculated correctly and their pay had ceased on their last day of service.

2. Gross Pay and Deductions

2.1 A sample of ten employees' payslips were selected at random throughout the year and each employee's gross pay, pension contributions, PAYE and NIC deductions were checked for accuracy. In each instance we found the employee's gross pay had been calculated correctly based on their contract, scale point increments and shift allowances, where appropriate. For each employee we obtained documentation confirming that the employee had opted to join the pension scheme. In all instances we found that the pension contributions, PAYE and NIC deductions had been calculated correctly.

2.2 Our testing found that nine of the employees within our sample had made other non-statutory deductions, in addition to their pension contributions. In all but one instance the deduction was agreed to a signed mandate. One of the deductions related to a student loan, which is automatically deducted from an employee's pay and does not require a signed mandate to be completed.

3. Variations to Pay

3.1 The Administrative Officer and Administrative Assistant are the only members of Board staff with access to Resourcelink. These employees input all monthly payroll amendments, such as overtime, mileage, sickness and maternity details, and changes to employee standing data to the system. Amendments relating to Operations staff and all starter and leaver details are recorded in a book maintained by the Administrative Officer. The Administrative Officer signs the book, each month, to evidence that the amendments and starter / leaver details have been entered onto the payroll system. The Administrative Assistant then checks that the details have been entered correctly and signs the book to evidence this. Similarly, all monthly payroll amendments relating to Maintenance staff are recorded on a 'payroll input' spreadsheet maintained by the Administrative Assistant. The spreadsheet is signed by the Administrative Assistant once she has entered the details onto the payroll system and then signed by the Administrative Officer to evidence that the details per the spreadsheet have been agreed to the entries in the system.

2. Main Report   HENDERSON LOGGIE

3.   *Variations to Pay (Continued)*

3.2   A control sheet is completed each month and issued along with the above 'payroll input' spreadsheet and book and supporting documentation for each amendment, such as authorised overtime sheets, to the Bridge Manager. The control sheet is signed by the Administrative Officer and Administrative Assistant as confirmation that the amendments have been entered onto the payroll system and checked. The Bridge Manager agrees each amendment per the 'payroll input' spreadsheet / book to appropriate supporting documentation before signing the control sheet as authorised. Once the amendments have been authorised Dundee City Council ('the Council') are informed that the draft payroll payment run can be generated.

3.3   Four of the ten employee payslips within our sample included overtime pay and three included stand-by pay. In each instance we found that the overtime and stand-by hours and rates were recorded on official forms; the forms had been signed by the employee, authorised by the supervisor and verified by the Administrative Officer or Bridge Manager; the hours and rates were correctly recorded on the 'payroll input' spreadsheet / book and the control sheet for that month was authorised by the Bridge Manager.

3.4   Two of the payslips within our sample included statutory sick pay. In each instance we found an 'absence notification' form had been completed and signed by the employee and their supervisor. We agreed the sick pay was calculated correctly based on the employee's hourly rate and the number of days absent from work.

4.   *Employee Standing Data*

4.1   A report was unable to be generated from the payroll system, which highlighted all changes to employee standing data during the year. Discussion with the Administrative Officer highlighted that all changes to an employee's address or bank details is recorded on an 'amendments to staff details' form, which is signed by the employee and the staff member inputting the details onto the payroll system. The form is also signed as authorised by the Bridge Manager. Whilst reviewing the personnel files for the ten employees within our sample we identified one employee who had changed their details during the year and for whom an 'amendments to staff details' form had been completed and appropriately authorised.

5.   *Payroll Reconciliations*

5.1   The payroll figure in Resourcelink is reconciled to the payroll control account balance within the general ledger on a monthly basis. The reconciliations are performed by the Council under the Service Level Agreement in place between the Council and the Board. Our review found that payroll reconciliations were e-mailed to the Board's Administrative Officer each month and filed electronically. In each instance we found that the reconciliations were initialled by the Administrative Officer to evidence that these had been reviewed.

6.   *Monitoring Information*

6.1   Our Internal Audit Report 2011/04, issued in June 2011, identified that payroll exception reports were not being generated and independently reviewed. The report highlighted that the Administrative Officer was responsible for inputting employees pay details into the payroll system, checking the draft payroll payment run and authorising the final payroll payment run, which resulted in no segregation of duties. A recommendation was raised stating that exception reports should be requested from the Council and reviewed by the Bridge Manager to ensure that incorrect payments and details were identified prior to the final payroll run being authorised.

2. Main Report

6.   *Monitoring Information (Continued)*

6.2   Discussion with the Administrative Officer highlighted that exception reports are now being received from the Council but not on a regular basis. The reports are e-mailed to the Administrative Officer who reviews these on screen; however such reports are not reviewed by other members of Board staff. The Administrative Officer continues to check the draft payroll payment run and authorise the final payroll payment run. As noted at paragraph 3.1 above, the Administrative Officer is responsible for inputting all payroll amendments relating to Operations staff into Resourcelink. Although such amendments are to be recorded in a book and the amendments checked to the system by the Administrative Assistant, and later authorised by the Bridge Manager, there is a risk that amendments omitted from the book could still be processed in the system. Such amendments may go undetected by the Administrative Assistant and Bridge Manager who do not review the final payroll payment runs or exception reports received from the Council.

6.3   This issue was discussed with the Bridge Manager who considered that the monthly management reports issued by the Council, which highlight actual versus budgeted spend for each staff cost ledger code, would identify any significant unexpected variances. As the Bridge Manager believes that the current controls in place are sufficient no recommendation has been raised within this report, however it is recognised that having exception reports reviewed and signed off by a member of staff independent of those inputting payroll amendments into the system is good practice.

7.   *Payroll Payment Runs*

7.1   The Administrative Officer is responsible for reviewing the draft payroll payment runs received from the Council and authorising the final payroll payment runs. As part of our audit we reviewed the monthly final payroll payment runs received from the Council during 2013/14 and in each instance found that these had been initialled by the Administrative Officer to evidence her review of these reports. As part of the Service Level Agreement the Council are responsible for processing the Board's payroll and recording the payroll entries within the Board's finance system.

HENDERSON LOGGIE
Chartered Accountants

Tay Road Bridge Joint Board

Follow Up
2013/14

Internal Audit Report No: 2014/08

Draft Issued: 15 April 2014

Final Issued: 25 April 2014

172

Contents

HENDERSON LOGGIE

1. Management Summary

Introduction and Background

We have been appointed as Internal Auditors to the Tay Road Bridge Joint Board ('the Board') for the period 1 April 2013 to 31 March 2016. The Internal Audit Plan for 2013/2014 includes time for follow-up work on the recommendations made in our Internal Audit reports issued during 2012/2013. These were:

2013/02 – Data Protection / Freedom of Information;
2013/03 – Budget Setting and Budgetary Control;
2013/04 – Physical Security and Asset Management; and
2013/05 – Delivery of Major Project – Pier Protection Works.

There were also five outstanding actions from 2011/12 that required to be followed up again this year.

Audit Scope and Objectives

The objective of our follow-up review is to assess whether recommendations made in internal audit reports from 2012/13 have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

The audit approach taken was as follows:

- to request from responsible officers for each report listed above an update on the status of implementation of the recommendations made;
- to ascertain by review of supporting documentation, for any significant recommendations within the reports listed above, whether action undertaken has been adequate; and
- preparation of a summary of the current status of the recommendations for the Board.

Overall Conclusion

The Board has made progress in fully implementing five of the 15 recommendations contained within the internal audit reports listed above. A further one outstanding action point from the Employment Legislation and Policies, Recruitment and Staff Performance & Development report, and one outstanding action from the Corporate Governance and Planning report, both issued in 2011/12 have now been fully implemented.

Of the remaining 13 recommendations, 11 have been assessed as 'little or no progress made' with a further two assessed as having no event occurring to action the recommendation. Work is planned to address the majority of the outstanding recommendations. Some recommendations have been delayed due to competing priorities and others will be progressed when time and resources allow. Management may wish to revisit those recommendations which are still outstanding to ensure that they remain relevant and achievable. Revised implementation dates have been agreed for these recommendations and they will be followed up again next year.

1. Management Summary

HENDERSON LOGGIE

	From Original Reports			From Follow-Up Work Performed			
Area	Recommendation Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	No Event to Trigger Action
Data Protection / Freedom of Information	Critical	-	-	-	-	-
	Significant	4	-	-	3	1
	Routine	2	-	-	1	1
Budget Setting and Budgetary Control	Critical	-	-	-	-	-
	Significant	-	-	-	-	-
	Routine	1	1	-	-	-
Physical Security and Asset Management	Critical	-	-	-	-	-
	Significant	2	1	-	1	-
	Routine	5	2	2	1	-
Delivery of Major Project – Pier Protection Works	Critical	-	-	-	-	-
	Significant	1	1	-	-	-
	Routine	-	-	-	-	-
From 2011/12						
Employment Legislation and Policies, Recruitment and Staff Performance & Development	Critical	-	-	-	-	-
	Significant	1	-	-	1	-
	Routine	1	1	-	-	-
Corporate Governance and Planning	Critical	-	-	-	-	-
	Significant	2	1	-	1	-
	Routine	-	-	-	-	-
IT Network Arrangements	Critical	-	-	-	-	-
	Significant	-	-	-	-	-
	Routine	1	-	-	1	-
Total		20	7	2	9	2

Four actions with 'little or no progress made' in the Data Protection / Freedom of Information report are to be implemented in 2014 once formal policies have been developed and a further one action with 'no event to trigger action' will be implemented once this has been completed.

Two actions with 'little or no progress made' in the Physical Security and Asset Management report are to be addressed during 2014.

The recommendations with 'little or no progress made' in the Employment Legislation and Policies, Recruitment and Staff Performance & Development report and the IT Network Arrangements report are to be implemented at the next staff handbook review, which is scheduled to be completed by the end of 2014.

1. Management Summary

HENDERSON LOGGIE

Overall Conclusion (continued)

The one remaining action from the 2011/12 Corporate Governance and Planning report will be implemented once the local Code of Corporate Governance is updated later in 2014.

Acknowledgements

We would like to thank all staff at the Board who assisted us during our review.

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Data Protection / Freedom of Information 2013–02						
Roles and Responsibilities						
R1 The Board's Scheme of Delegation should document the individual(s) responsible for implementing the FoI(S)A at the Board.	B	Agreed. The Scheme of Delegation will be updated to include the roles and responsibilities of the Clerk to the Board and the Bridge Manager	Y	Clerk	*Original* 30 June 2013 *Revised* 31 December 2014	Roles and responsibilities to be incorporated into Scheme of Delegation which is planned to be updated in 2014. *Little or No Progress Made*
R2 Where appropriate, Data Protection and FoI responsibilities should be clearly documented within the employment contracts and job descriptions of Board staff members.	B	Agreed	Y	Clerk/Bridge Manager	*Original* 30 June 2013 *Revised* 31 December 2014	Job descriptions will be reviewed and updated as and when posts become available. No new appointments have been made since recommendation was originally raised. *No Event to Trigger Action*

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Data Protection / Freedom of Information 2013-02 (continued)						
Training						
R3 The Bridge Manager should consider developing a handout to be issued during induction, which refers to the Board's overall Data Protection and FoI responsibilities. The handout could potentially refer to the Board's Data Protection and FoI policies and procedures (refer to R4 and R5 at question 7 for further details).	C	Agreed	Y	Clerk/Bridge Manager	*Original* 30 September 2013 *Revised* 31 December 2014	Still outstanding. Hand out to be developed in 2014. *Little or No Progress Made*
Policies and Procedures						
R4 Consideration should be given to preparing, and having the Board formally approve, a Data Protection Policy which summarises the main principles of the Data Protection Act; incorporates the 'Code of Practice for Operation of CCTV equipment' and the subject access request procedures; and outlines the Board's policies for the retention, archiving and destruction of employees' personal details.	B	Agreed	Y	Clerk/Bridge Manager	*Original* 30 June 2013 *Revised* 31 December 2014	Data Protection Policy to be developed in 2014 which will incorporate points included in recommendation raised. *Little or No Progress Made*

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Data Protection / Freedom of Information 2013–02 (continued)						
R5 Consideration should be given to preparing, and having the Board formally approve, a FoI Policy which summarises the Board's approach and responsibilities under the FoI(S)A. Included within the Policy or supporting FoI procedures should be the reporting structure and processes in place for dealing with information requests.	B	Agreed	Y	Clerk/Bridge Manager	*Original* 30 June 2013 *Revised* 31 December 2014	FoI Policy to be developed in 2014 which will incorporate points raised in recommendation. *Little or No Progress Made*
R6 Should recommendations 4 and 5 be implemented, a timetable should be established to regularly revisit and review the policies and procedures. Good practice suggests that this should be undertaken on an annual basis.	C	Agreed	Y	Clerk/Bridge Manager	*Original* 30 June 2013 *Revised* 31 December 2014	Once recommendations 4 and 5 have been completed policies will be subject to regular review. *No Event to Trigger Action*

2. Updated Action Plan – 2012/13

HENDERSON LOGGIE

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Budget Setting and Budgetary Control 2013–03 *Information Available to Budget Holders* *Procedures in Place* R1 Consideration should be given to recording on the PO spreadsheet, maintained by the Administration Assistant, the value of each PO raised.	C		Y	Bridge Manager	31 March 2013	Values of all POs raised now recorded on the PO spreadsheet. *Fully Implemented*

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Physical Security and Asset Management 2013–04						
Asset Records						
R1 The Maintenance Supervisor should undertake an exercise to reconcile both Plant and Equipment registers that are in use. Consideration should also be given to rationalising existing inventories further by combining the Plant and Equipment register with the minor furniture and equipment inventory. Once completed both the Admin Assistant and Maintenance Supervisor should ensure that a final register is agreed and determine responsibility for maintaining it going forward.	C		Y	Maintenance Supervisor	31 July 2013	Both Plant and Equipment registers now reconciled and rationalised into a single register incorporating minor furniture and equipment. *Fully Implemented*

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Physical Security and Asset Management 2013–04 (continued)						
R2 As part of the rationalisation of inventories detailed at R1 the Board should determine a protocol for items to be included on the inventory. For example, furniture and equipment in excess of £250 plus all items >£250 where a) the item will be used outside the Board's premises; or b) the item is portable e.g. camera; or c) the item will require to be Portable Appliance Tested (PAT). Any items identified below this level should be deemed consumables and removed.	C		Y	Bridge Manager/ Maintenance Supervisor	*Original* 31 July 2013 *Revised* 31 December 2014	Consideration now given to value and use of items to be added to asset inventory, however a protocol has yet to be formalised. *Partially Implemented*

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Physical Security and Asset Management 2013–04 (continued)						
Timely Reporting of Acquisitions, Transfers and Disposals						
R3 Controls could be further improved by implementing an 'Authority for Disposal / Scrap' form which could be completed and authorised by the Bridge Manager / Maintenance Supervisor. The form should record details of the asset disposed / scrapped, including asset reference and the reason for this. Copies of authorised forms should then be passed to DCC to ensure that the FAR for major fixed assets is also updated and to calculate any gain / loss on disposal. Details of disposals should also be used to update the PAT database where necessary.	C		Y	Bridge Manager / Maintenance Supervisor	*Original* 31 July 2013 *Revised* 31 December 2014	'Authority for Disposal / Scrap' form still to be developed. No assets disposed or scrapped since recommendation was originally raised. *Little or No Progress Made*

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Physical Security and Asset Management 2013–04 (continued) *Verification Exercises* **R4** Consideration should be given to implementing a procedure for asset movements to ensure movements are authorised appropriately and the individuals responsible for maintaining asset records are notified as soon as practicable to ensure that the asset location is updated.	C		Y	Bridge Manager / Maintenance Supervisor	*Original* 31 July 2013 *Revised* 31 December 2014	Staff aware of need to ensure the asset register is updated to reflect location, however procedure has yet to be formally documented. *Partially Implemented*
Asset Identification **R5** Consideration should be given to introducing a standard method of tagging assets. Further consideration should also be given to the assets on the new combined asset register/ inventory recommended at **R1** when deciding which assets require to be tagged.	B		Y	Maintenance Supervisor	*Original* 31 July 2013 *Revised* 31 December 2014	Decision has yet to be made on the best method for tagging assets. *Little or No Progress Made*

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Physical Security and Asset Management 2013–04 (continued)						
Maintenance Contracts						
R6 A register of maintenance contracts, including their renewal date, should be maintained. This should be reviewed regularly to identify contracts approaching their expiry date so that renewal can be considered and take place if required.	B		Y	Maintenance Supervisor	31 July 2013	Register now in place. *Fully Implemented*
Health & Safety Testing and Risk Assessment						
R7 In order that the Board complies with legislation the PAT database should be extended to include fields for recording the dates that devices were last tested, how often the device should be tested and the date that devices are due to be re-tested.	C		Y	Maintenance Supervisor	31 July 2013	Fields now added to PAT database. *Fully Implemented*

HENDERSON LOGGIE

2. Updated Action Plan – 2012/13

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2014
Delivery of Major Project – Pier Protection Works 2013–05						
R1 A formal post project review of the Pier Collision Protection Works should be conducted as soon as time and resources allow. The review should include: • an internal evaluation of lessons learned; • mechanisms and a policy for making information available within and outside the Board; • a process for feeding back to Contractor and consultancy teams as well as the various stakeholder groups; and • appropriate help and expertise from external sources where the required skills to undertake such a review are not available within the Board.	B		Y	Engineer/Bridge Manager	30 September 2013	Post project review conducted in August 2013 involving the Bridge Manager, project designer and project contractor. No major issues identified from review. ***Fully Implemented***

HENDERSON LOGGIE

3. Updated Action Plan – 2011/12

Employment Legislation and Policies, Recruitment and Staff Performance & Development 2012–02

Staff Access to Policies

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at April 2014
R1 To ensure that the amendments to employment policies within staff handbooks are being made, staff should be asked to bring their handbook to their annual staff review so that the Administration Manager can review and revise handbooks where relevant.	C	To be notified to staff prior to next review	Y	Administration Officer	*Original* 31 December 2012 *Revised* 31 December 2013	To be implemented during 2013 reviews. *Little or No Progress Made*	Staff reviews currently in progress which includes a review of staff handbooks. *Fully Implemented*
R2 The staff review process should be formally incorporated into the staff handbook.	B	To be incorporated in the next review of the Staff Handbook or by December 2012 whichever sooner.	Y	Administration Officer	*Original* 31 December 2012 *Revised* 31 December 2013 *Revised* 31 December 2014	To be implemented during 2013 reviews. *Little or No Progress Made*	Still to be completed. Handbook to be updated once staff reviews have been completed. *Little or No Progress Made*

HENDERSON LOGGIE

3. Updated Action Plan – 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at April 2014
Corporate Governance and Planning 2012–03 *Corporate Governance*							
R3 The Board should include within the Code of Corporate Governance (or Service Plan) a section which identifies the key partnerships and relationships that the Board has with other bodies.	B		Y	Bridge Manager	*Original* 31 December 2012 *Revised* 30 June 2013	Key partnerships and relationships not included at present. *Little or No Progress Made*	Key partnerships and relationships identified in Code of Corporate Governance. *Fully Implemented*
R5 The local Code of Corporate Governance should be updated to reflect the changes made since the introduction of the Business Continuity Plan and changes in both the external and internal auditors.	B	Agreed	Y	Bridge Manager	*Original* 31 December 2012 *Revised* 30 June 2013 *Revised* 31 December 2014	Local Code of Corporate Governance has yet to be updated. *Little or No Progress Made*	Still to be completed. *Little or No Progress Made*

HENDERSON LOGGIE

3. Updated Action Plan – 2011/12

Recommendation	Grade	Comments	Agreed	Responsible Officer	Agreed Completion Date	Progress at April 2013	Progress at April 2014
IT Network Arrangements 2012~04 *Acceptable Use Policy* R4 The Use of Computing Facilities policy should be reviewed to ensure it properly reflects the Board's current IT operation, in particular its adoption of mobile computing. This should cover: • Security of the devices; • Connection to third party networks; and • Data encryption.	C	Agreed – this will be updated at next review of Staff Handbook	Y	Bridge Manager	*Original* 31 December 2012 *Revised* 31 December 2013 *Revised* 31 December 2014	New policies forthcoming and a major review of handbook will be complete by 31/12/2013. *Little or No Progress Made*	Still to be completed. *Little or No Progress Made*

HENDERSON LOGGIE

Chartered Accountants

Tay Road Bridge Joint Board

Annual Report to the Joint Board and the Bridge Manager on the Provision of Internal Audit Services for 2013/14

Internal Audit Report No: 2014/09

Draft Issued: 27 May 2014

Final Issued: 28 May 2014

190

Contents

1. Annual Report and Opinion   HENDERSON LOGGIE

1.1   We were formally re-appointed in April 2013 as internal auditors of Tay Road Bridge Joint Board ('the Board') for the period 1 April 2013 to 31 March 2016. This report summarises the internal audit work performed during 2013/14.

1.2   An Audit Needs Assessment (ANA), based on the areas of risk that the Board is exposed to, was prepared as part of our internal audit programme for 2013/14 (internal audit report 2014/01, issued August 2013). The ANA was prepared following discussion with the Bridge Manager and the external auditors, and with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom and from a review of previous internal and external audit reports, and covered the three-year internal audit cycle from 2013/14 to 2015/16. The ANA was based on the previous internal audit risk assessment updated to reflect changes in the internal and external environment in the intervening period, and our own assessment of the risks faced by the Board. Following on from the ANA, a Strategic Plan was formulated covering the three-year cycle.

1.3   The work undertaken in 2013/14 is set out in the Annual Plan for 2013/14. The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3.

1.4   An analysis of time spent against budget is at Section 4. This shows that the two contingency days allocated in the plan have not been required.

Significant Issues

1.5   There were no significant issues identifying major internal control weaknesses arising from our internal audit work. In general, procedures were operating well in the areas selected, but in some cases areas for further strengthening were identified and action plans have been agreed to address these issues.

Opinion

1.6   In our opinion the Board operates adequate and effective internal control systems as defined in the ANA. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during the current year and as the internal auditor for the Board for the previous three years.

2. Reports Submitted

HENDERSON LOGGIE

Report number	Title	Action points	Grade A	Grade B	Grade C
2014/01	Audit needs Assessment and Strategic Plan 2013 to 2016	N/A	-	-	-
2014/02	Annual Plan 2013/14	N/A	-	-	-
2014/03	Health & Safety	5	-	1	4
2014/04	General ledger	1	-	-	1
2014/05	Risk Management and Business Continuity Planning	1	-	-	1
2014/06	Procurement and Creditors / Purchasing	2	-	2	-
2014/07	Payroll	0	-	-	-
2014/08	Follow-Up Reviews	N/A	-	-	-

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. The gradings are as follows:

A   Issues which require the consideration of the Board.

B   Significant matters which the Bridge Manager can resolve.

C   Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale.

3. Summary of Results and Conclusions   HENDERSON LOGGIE

2014/01 – ANA and Strategic Plan 2013 to 2016

Final Issued May 2013

A comprehensive ANA based on the areas of risk that the Board is exposed to was undertaken in May 2013. A Strategic Plan to cover the three-year internal audit cycle was then formulated (refer to paragraph 1.2 above).

2014/02 – Annual Plan 2013/14

Final Issued August 2013

The purpose of this document was to present the annual operating plan for the year ended 31 March 2014. The plan was based on the proposed allocation of audit days for 2013/14 set out in the ANA and Strategic Plan 2013 to 2016.

The detailed scope, objectives and audit approach for each audit assignment to be undertaken, arrived at following discussion with the Bridge Manager, were set out in the report.

2014/03 – Health & Safety

Final Issued January 2014

This audit reviewed the arrangements in place within the Board to deal with Health and Safety issues.

On the basis of the work carried out, reasonable assurance was obtained that the overall arrangements for dealing with H&S issues are adequate and a number of areas were identified where good practice has been applied.

The conclusions on each of the objectives for our review are that the Board has:

- a H&S Policy Statement and documented procedures which are communicated to all staff, however several of the safe working procedures have not been reviewed within the required timeframe;
- a formal risk identification and assessment process in place, however several Control of Substances Hazardous to Health (COSHH) assessments have yet to be completed;
- a H&S training programme which includes induction training, refresher training and training for new equipment or legislation;
- regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the HSE;
- an incident and accident recording system with follow-up and implementation of new controls where required; and
- regular reporting of H&S to management and the Board.

2014/04 – General Ledger

Final Issued January 2014

This review covered the processes and controls in place for operating aspects of the general ledger, month and year-end financial closure and updating user access rights and adding / removing users on the main financial system.

On the basis of the work done, we obtained reasonable assurance that:

194

3. Summary of Results and Conclusions   HENDERSON LOGGIE

2014/04 – General Ledger (continued)

- the chart of accounts, coding structure, reports and procedures are adequate in respect of production of the Board's management accounts and financial statements;
- key controls are in place over the trial balance structure. However there was not always evidence of independent review of control account reconciliations and journal entries;
- there is adequate control and reconciliation of the main feeder systems to the general ledger; and
- changes to the main financial system's user access rights, the addition of new users and removal of leavers are appropriately approved and updated on a timely basis.

2014/05 – Risk management and Business Continuity Planning

Final Issued February 2014

This audit considered whether there are:

- corporate procedures in place to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing, and
- adequate plans in place to minimise disruption to operations following loss of life, buildings or equipment.

In relation to our specific audit objectives we found that:

Risk Management
A number of good practice actions were identified in the risk management processes. We found there are corporate procedures in place to identify and assess risk, and controls have been identified to minimise the possibility of unexpected and unplanned situations developing. We found that risk management processes are embedded which provides a greater level of assurance that risk management is effective.

Business Continuity
There are adequate plans in place to minimise disruption to operations following loss of life, buildings or assets, including the road bridge and key IT systems, however these need to be further tested.

2014/06 – Procurement and Creditors / Purchasing

Final Issued April 2014

This audit focussed on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We also considered whether the Procurement Strategy and procedures in place support best value purchasing across the organisation in relation to non-pay spend.

Overall we obtained reasonable assurance that:

- although the Board does not have a formal Procurement Strategy, the tender and office procedures in place support best value purchasing in relation to non-pay spend;

3. Summary of Results and Conclusions   HENDERSON LOGGIE

2014/06 – Procurement and Creditors / Purchasing (continued)

- procurement procedures are appropriate for all levels of expenditure and are generally complied with throughout the organisation. Due to the specialist nature of the board's business we found a relatively high proportion of purchases that had less than the maximum recommended number of quotes, however in all cases appropriate procedures for approving this course of action had been followed;
- the risk of unauthorised and excessive expenditure is minimised;
- all liabilities are fully and accurately recorded; and
- all purchase payments are properly authorised, processed and recorded.

2014/07– Payroll

Final Issued April 2014

The audit reviewed the adequacy and effectiveness of the processes and procedures in place to ensure that payments made on the payroll system are valid, authorised, made accurately and monitored. The audit covered the input and output from the Council's payroll system but not the Council system itself.

We concluded that:

- all new posts are appropriately approved;
- starters and leavers are properly treated and enter and leave the payroll system at the correct dates;
- there is correct calculation of gross pay and deductions, including PAYE, national insurance and pension contributions;
- overtime payments and other variations to pay are properly authorised, processed and recorded;
- there is robust approval and checking of changes to employee standing data;
- payroll reconciliations are completed and reviewed on a timely basis;
- monitoring information is adequate for identifying incorrect payroll payments and to allow budget holders to manage their budgets effectively; and
- payments, whether to staff or paying deductions over to third parties, are properly authorised, processed and recorded within the Board's main financial system.

2014/08 – Follow-Up Reviews

Final Issued April 2014

We carried out a follow-up review of recommendations made in the following internal audit reports issued during 2012/13:

- Internal Audit Report 2013/02 – Data Protection / Freedom of Information;
- Internal Audit Report 2013/03 – Budget Setting and Budgetary Control;
- Internal Audit Report 2013/04 – Physical Security and Asset Management; and
- Internal Audit Report 2013/05 – Delivery of Major Project – Pier Protection Works

There were five outstanding actions from 2011/12 that were required to be followed up again this year.

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that, where little or no progress had been made towards implementation, that plans were in place to progress them.

3. Summary of Results and Conclusions   HENDERSON LOGGIE

2014/08 – Follow-Up Reviews (continued)

The Board has made progress in fully implementing five of the 15 recommendations contained within the internal audit reports from 2013. A further one outstanding action point from the Employment Legislation and Policies, Recruitment and Staff Performance & Development report, and one outstanding action from the Corporate Governance and Planning report, both issued in 2011/12, have now been fully implemented.

Of the remaining 13 recommendations, 11 have been assessed as 'little or no progress made' with a further two assessed as having no event occurring to action the recommendation. Work is planned to address the majority of the outstanding recommendations. Some recommendations have been delayed due to competing priorities and others will be progressed when time and resources allow. Management may wish to revisit those recommendations which are still outstanding to ensure that they remain relevant and achievable. Revised implementation dates have been agreed for these recommendations and they will be followed up again next year.

4. Time Spent – Budget v Actual

HENDERSON LOGGIE

Internal Audit	Report number	Planned days	Actual days feed	Days to fee at April 2014	Days to spend / WIP	Variance
Reputation						
Health & Safety	2014/03	4	4	-	-	-
Staffing issues						
Payroll	2014/07	4	-	4	-	-
Financial Issues						
General Ledger	2014/04	3	3	-	-	-
Procurement and creditors / purchasing	2014/06	4	-	4	-	-
Organisational Issues						
Risk Management / Business Continuity Planning	2014/05	5	5	-	-	-
Other Audit Activities						
Liaison with External Audit)	N/A					
Management and Planning)	2014/02	4	3	1	-	-
Attendance at Joint Board)	N/A					
Follow-up Reviews	2014/08	2	-	2	-	-
ANA	2014/01	2	2	-	-	-
Contingency		2	-	-	-	2
Total		30	17	11	-	2
		======	=====	=====	=====	======

5. Operational Plan for 2014/15   HENDERSON LOGGIE

5.1   Following our appointment as internal auditors for the period from 1 April 2013 to 31 March 2016 we prepared an Audit Needs Assessment and Strategic Plan for 2013 to 2016 (internal audit report 2014/01, issued August 2013).

5.2   The following is an extract from the Strategic Plan, in relation to 2014/15, which will be discussed with management, and updated if appropriate before being finalised for next year.

Tay Road Bridge Joint Board Strategic Plan 2013/14 to 2015/16

Proposed Allocation of Audit Days

	Planned 14/15 Days
Reputation *Health and Safety*	
Staffing Issues *Recruitment and retention / HR policies* *Payroll*	6
Estates and Facilities *Physical Security*) *Asset management*) *Delivery of major projects*	
Financial Issues *Budget setting / budgetary control* *General ledger* *Procurement and creditors / purchasing* *Debtors / income* *Cash & bank / Treasury management*	
Organisational Issues *Risk management / Business continuity* *Corporate governance and control environments* *Corporate planning* *Insurance arrangements*	6 4
Information and IT *IT network arrangements* *Data protection / FOI*	8
Other Audit Activities Management and Planning) External audit) Attendance at audit committees) Follow-up reviews ANA	4 2
Total	30