

REPORT TO: AUDIT AND RISK MANAGEMENT SUB-COMMITTEE – 25 JANUARY 2010

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 49-2010

1.0 PURPOSE OF REPORT

To submit to Members of the Audit and Risk Management Sub-Committee a summary of the Internal Audit Reports finalised since the last Sub-Committee.

2.0 RECOMMENDATIONS

Members of the Sub-Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1. The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to Management for a formal response and submission of Management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by Management.

4.2. Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Members and Management with key information which includes the reason for undertaking the review, summary financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of Management's response to the audit report. The full reports are available to Members on request.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive and Director of Finance have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Sallie Dailly, Chief Internal Auditor

DATE: 8 January 2010

i) INTERNAL AUDIT REPORT 2009/03

Department	Information Technology
Subject	Backup of Resourcelink and Authority Financials

Introduction
<p>A review of the backup of Resourcelink, an integrated payroll and personnel system, and Authority Financials, the Council's financial system, was part of the planned internal audit work.</p> <p>In line with other enterprises and organisations, Dundee City Council is heavily reliant on many IT packages for the delivery of services and ongoing day to day processing. The Council uses Resourcelink for recording details of employees and ensuring that salaries are paid accurately and timeously to employees. Authority Financials, another major system, provides the Council with creditor, debtor and general ledger facilities. In order that the Finance Department can discharge its duties, it is essential that these systems and the data contained within them are robust.</p> <p>To ensure that business can carry on as normal in the event of any malfunction or incident, best practice dictates that key systems should be backed up nightly and that copies of the backup should be stored methodically offsite in a secure, fireproof location.</p> <p>The data and software for the main Council systems, including Resourcelink and Authority Financials, are held on servers located at two sites; Floor 1 Tayside House and Shore Terrace. The Council Information Technology Department has purchased Tivoli Storage Manager (TSM) system that automates data backup and restore functions for the IT packages held on the servers. Frequency and level of backup taken is determined by the schedule established for each package and for both Resourcelink and Authority Financials backups are undertaken every night, including weekends.</p>
Scope and Objectives
<p>The overall object of the review was to examine the systems operated in respect of backup processes, remedial action and restoration of data contained in Resourcelink and Authority Financials. Procedures operated for other systems were excluded from this review.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main areas commented upon in the report are as follows:</p> <ul style="list-style-type: none"> To further strengthen controls operated in respect of backup procedures, recurring faults on the fault logs should be addressed as soon as possible, tapes awaiting uplift to offsite storage should be held overnight in a location which would provide protection from fire or flood and a copy of the system recovery report should be held offsite. In addition, the feasibility of undertaking periodic exercises to test restoration of Resourcelink and Authority Financials from backup to a test environment should be considered. To improve procedures operated in respect of remote access by external suppliers, stricter measures for facilitating and monitoring such activity should be implemented at the earliest opportunity.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Head of Information Technology and appropriate action agreed to address the matters raised.</p>

ii) INTERNAL AUDIT REPORT 2009/06

Department	Information Technology
Subject	Security of Assets - Laptops

<p>Introduction</p> <p>As part of the planned internal audit work a review of the security of assets was undertaken.</p> <p>In broad terms an asset is tangible property such as land, buildings or equipment which is used in the operation of a business. In the public sector, local authorities have a wide-ranging portfolio of assets which are used in the delivery of services. Audit Scotland estimates that across Scotland these assets have a worth of the order of £26 billion.</p> <p>At a national level there is an increasing number of press reports relating to the security of assets particularly in the context of IT devices. For example in late January 2009 it was reported by the Ministry of Defence that over the last five years there have been losses and thefts of some 1,640 IT devices and that during 2008 in excess of 200 laptops were identified as having been lost or stolen.</p> <p>This review focused on the laptops and T-Mobile MDA handsets (smart phones) that have been purchased by the Council. The master inventory records for both laptops and smart phones are centralised, the former being maintained by Information Technology (IT) and the latter by Support Services. Currently there are of the order of 970 laptops which are less than five years old and approximately 50 smart phones in use. This report details the recommendations relating to procedures operated in respect of laptops. Internal Audit Report 2009/31 details the recommendations made in respect of procedures operated in respect of smart phones.</p>
<p>Scope and Objectives</p> <p>The overall objective was to ensure that the Council has a structured approach to tracking these items, that there are reasonable measures in place in relation to the security of such items and confirm that laptops are connected to the network regularly for antivirus software updates.</p>
<p>Conclusion</p> <p><i>The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.</i></p> <p>The main area highlighted in the report is as follows:</p> <ul style="list-style-type: none"> • In order that there are accurate records of all IT equipment prior to the relocation of staff to various sites across the city, IT staff should confirm details of the laptops held by departments and raise employee awareness of the requirement to connect laptops to the network for antivirus software updates.
<p>Management Response to the Audit Report</p> <p>The audit findings and recommendations were formally reported to the Head of Information Technology and appropriate action agreed to address the matters raised.</p>

iii) INTERNAL AUDIT REPORT 2009/13

Department	Corporate
Subject	Monitoring of Internet Usage

Introduction

A review of the Council's monitoring of internet usage was undertaken as part of the planned internal audit work.

Dundee City Council provides internet facilities which are essentially for use in pursuing Council business. Employees may as a privilege use the internet for personal use but this should generally be limited to lunch times or outwith working hours providing the internet resources are not required for Council business.

Employees who are authorised to have access to the worldwide web have been issued with a personal copy of the Council's Guidelines for the use of computer, internet and email. Staff are required to sign for this document in order that there is a formal record which confirms that they have been provided with this information and are aware of their responsibilities in relation to this area. The guidelines clearly identify examples of unacceptable use of internet resources and state that the Information Technology (IT) Department routinely records and analyses all internet connections and reports are available to departmental managers. Each employee who has authorised access to the worldwide web has a unique login and password which enables IT staff to track internet activity associated with individual employees.

The Assistant Chief Executive (Management) and the Head of Information Technology submitted Report No. 270-2006, Monitoring System for Internet Violations, to the former Personnel Committee in 2006. This report recommended that, on a monthly basis, designated senior officers, with support provided by a designated officer within the IT Department, monitor and consider the content of the reports on internet usage.

Scope and Objectives

The overall object of the review was to examine the systems operated by the Council in respect of monitoring internet usage. The monitoring of internet activity by members of the public accessing the internet via Council systems, for example at libraries, was excluded from this review.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas highlighted in the report are as follows:

- To facilitate a consistent approach, the policy, practices and reports underpinning the monitoring and management of internet usage should be reviewed in conjunction with relevant departmental managers. In addition, the management information requirements of departments should be reviewed to ensure that both the initial and any subsequent data being provided to managers facilitates effective monitoring.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Head of Personnel and the Head of Information Technology and appropriate action agreed to address the matters raised.

iv) INTERNAL AUDIT REPORT 2009/15

Department	Finance Revenues
Subject	Non Domestic Rates - Billing, Collection and Refunds

Introduction

A review of the billing, collection and refunds of non domestic rates was undertaken as part of the planned internal audit work.

The occupier of a non domestic property i.e. properties such as shops, offices, warehouses and factories, and any other property that is not classed as domestic, normally pays rates. If a property is empty, the owner or tenant may pay a reduced rate. Non Domestic Rates payable are based on the rateable value of the property and the rate poundage which is set annually by the Cabinet Secretary for Finance and Sustainable Growth. The UBR for 2008/09 was 45.8p for properties with a rateable value of £29,000 or below. Properties with a rateable value in excess of £29,000 were subject to a supplement of 0.4p which made a small contribution to the Small Business Bonus Scheme (SBBS). This provided rate relief of between 20% and 80% for businesses with properties with a cumulative rateable value of £15,000 or less. For financial year 2009/10, the rate poundage is 48.1p, the supplement for properties over £29,000 is 4p and the SBBS provides relief of between 25% and 100%.

Non Domestic Rates can be paid by direct debit, online via the internet, by telephone, by post and in person. The Finance Revenues Division actively encourages payment by direct debit as this payment method gives an estimated annual saving to the Council of approximately £5.40 per payer over other methods. Income for Non Domestic Rates for 2008/09 was of the order of £59.6m. Sums collected from local authorities are paid into a national pool and subsequently redistributed to levying authorities on the basis of population. Dundee City Council made a net contribution to the pool of £5.1m in 2008/09.

Scope and Objectives

The overall objective of this review was to examine the guidance available to staff, review the procedures operated in respect of non domestic rates billing, collection and refunds, assess the effectiveness of the controls and formally report the findings.

Conclusion

The principal conclusion drawn from this review is that there is a sound system of control designed to achieve the system objectives and that the controls are being consistently applied.

v) INTERNAL AUDIT REPORT 2009/16

Department	Waste Management
Subject	Statutory Performance Indicator WM3 - Refuse Recycling

Introduction
<p>The Local Government Act 1992 requires the Accounts Commission to give such direction as it thinks fit for requiring Councils, Fire and Police Authorities to publish such information relating to their activities in any financial year or such other period as is specified in the direction as will facilitate comparisons of the standards of performance achieved between periods and enable the drawing of conclusions about the discharge of the bodies' functions under Part 2 (Community Planning) of the Local Government in Scotland Act 2003.</p> <p>Statutory Performance Indicators (SPIs) cover a broad spectrum of services such as respite care, school occupancy, council tax collection and planning applications and Dundee City Council's are compiled at a departmental level. The SPIs to be reported upon are reviewed annually by the Accounts Commission and as a result of this exercise new SPIs may be introduced. In addition, for existing SPIs, the definitions may be unaltered, changed, simplified or SPIs may be deemed to be transitional ie they do not meet the selection criteria but have been retained for other reasons. For 2008/09 one new SPI has been introduced, four have been changed and two have been simplified and these cover a variety of topics.</p> <p>One of the simplified indicators was SPI WM3 - Refuse Recycling which is compiled by the Waste Management Department and consequently it was included in the 2008/09 SPIs to be reviewed. The Council's External Auditor, Audit Scotland, places reliance on the reviews of SPIs carried out by Internal Audit and uses them to inform their annual SPI return.</p>
Scope and Objectives
<p>The objective of the audit was to examine the systems underpinning the compilation of indicators which were either new, changed or simplified for 2008/09.</p>
Conclusion
<p><i>On the basis of examining the procedures and data used, and obtaining explanations and carrying out such tests as deemed necessary, it is considered that appropriate systems are in place to ensure that the Statutory Performance Indicator can be compiled in line with the guidance issued by the Accounts Commission.</i></p>

vi) INTERNAL AUDIT REPORT 2009/17

Department	Housing
Subject	2008/09 Statutory Performance Indicators
Introduction	
<p>The Local Government Act 1992 requires the Accounts Commission to give such direction as it thinks fit for requiring Councils, Fire and Police Authorities to publish such information relating to their activities in any financial year or such other period as is specified in the direction as will facilitate comparisons of the standards of performance achieved between periods and enable the drawing of conclusions about the discharge of the bodies' functions under Part 2 (Community Planning) of the Local Government in Scotland Act 2003.</p> <p>Statutory Performance Indicators (SPIs) cover a broad spectrum of services such as respite care, school occupancy, council tax collection and planning applications and Dundee City Council's are compiled at a departmental level. The SPIs to be reported upon are reviewed annually by the Accounts Commission and as a result of this exercise new SPIs may be introduced. In addition, for existing SPIs, the definitions may be unaltered, changed, simplified or SPIs may be deemed to be transitional ie they do not meet the selection criteria but have been retained for other reasons. For 2008/09 one new SPI has been introduced, four have been changed and two have been simplified and these cover a variety of topics.</p> <p>SPIs HS1- Response Repairs was simplified, SPI HS7 - Homelessness was changed whilst SPI HS2 - Housing Quality was new for 2008/09. Consequently they were included in the 2008/09 SPIs to be reviewed by Internal Audit. The Council's External Auditor, Audit Scotland, places reliance on this work and uses it to inform their annual SPI return. This report highlights areas for improvement in relation to the compilation of indicators by the Housing Department. Where areas for improvement in the compilation of performance indicators were identified in other departments, these have been the subject matter of separate reports.</p>	
Scope and Objectives	
<p>The objective of the audit was to examine the systems underpinning the compilation of indicators which were either new, changed or simplified for 2008/09.</p>	
Conclusion	
<p><i>On the basis of examining the procedures and data used in the compilation of this Statutory Performance Indicator, obtaining explanations and carrying out such tests as deemed necessary, it is considered that improvements require to be made to the systems currently used to ensure that the Statutory Performance Indicator(s) can be compiled in line with the guidance issued by the Accounts Commission.</i></p> <p>The main area which requires to be addressed is as follows:</p> <ul style="list-style-type: none"> To assist the Council to fulfil its statutory obligations, the department should ensure that they have adequate systems in place to provide the information necessary for the compilation of SPIs. 	
Management Response to the Audit Report	
<p>The audit findings and recommendations were formally reported to the Director of Housing and appropriate action agreed to address the matters raised.</p>	

vii) INTERNAL AUDIT REPORT 2009/18

Department	City Development
Subject	Statutory Performance Indicator CM8 - Asset Management
Introduction	
<p>The Local Government Act 1992 requires the Accounts Commission to give such direction as it thinks fit for requiring Councils, Fire and Police Authorities to publish such information relating to their activities in any financial year or such other period as is specified in the direction as will facilitate comparisons of the standards of performance achieved between periods and enable the drawing of conclusions about the discharge of the bodies' functions under Part 2 (Community Planning) of the Local Government in Scotland Act 2003.</p> <p>Statutory Performance Indicators (SPIs) cover a broad spectrum of services such as respite care, school occupancy, council tax collection and planning applications and Dundee City Council's are compiled at a departmental level. The SPIs to be reported upon are reviewed annually by the Accounts Commission and as a result of this exercise new SPIs may be introduced. In addition, for existing SPIs, the definitions may be unaltered, changed, simplified or SPIs may be deemed to be transitional ie they do not meet the selection criteria but have been retained for other reasons. For 2008/09 one new SPI has been introduced, four have been changed and two have been simplified and these cover a variety of topics.</p> <p>SPI CM8 - Asset Management is compiled by the City Development Department. This indicator was not changed for financial year 2008/09 but was included in the SPIs reviewed because the indicator was deemed unreliable in both 2006/07 and 2007/08 owing to a lack of robust information. Given this, the Council's External Auditor, Audit Scotland, sought assurance that appropriate systems were now in place and requested that Internal Audit include this particular indicator in the SPIs to be reviewed. Work carried out on SPIs by Internal Audit is used to inform Audit Scotland's annual SPI return. This report highlights areas for improvement in relation to the compilation of indicators by the City Development Department. Where areas for improvement in the compilation of performance indicators were identified in other departments, these have been the subject matter of separate reports.</p>	
Scope and Objectives	
The objective of the audit was to examine the systems underpinning the compilation of SPI CM8 - Asset Management.	
Conclusion	
<p><i>On the basis of examining the procedures and data used in the compilation of this Statutory Performance Indicator, obtaining explanations and carrying out such tests as deemed necessary, it is considered that improvements require to be made to the systems currently used to ensure that the Statutory Performance Indicator(s) can be compiled in line with the guidance issued by the Accounts Commission.</i></p> <p>The specific area commented upon in the report is as follows:</p> <ul style="list-style-type: none"> In order that the Council can fulfil its statutory obligations, the City Development Department should ensure that there is adequate forward planning to allow the relevant data to be gathered, checked and submitted timeously to Audit Scotland. 	
Management Response to the Audit Report	
The audit findings and recommendations were formally reported to the Director of City Development and appropriate action agreed to address the matters raised.	

viii) INTERNAL AUDIT REPORT 2009/19

Department	Corporate
Subject	Statutory Performance Indicator- CM1- Sickness Absence

Introduction
<p>The Local Government Act 1992 requires the Accounts Commission to give such direction as it thinks fit for requiring Councils, Fire and Police Authorities to publish such information relating to their activities in any financial year or such other period as is specified in the direction as will facilitate comparisons of the standards of performance achieved between periods and enable the drawing of conclusions about the discharge of the bodies' functions under Part 2 (Community Planning) of the Local Government in Scotland Act 2003.</p> <p>Statutory Performance Indicators (SPIs) cover a broad spectrum of services such as respite care, school occupancy, council tax collection and planning applications and Dundee City Council's are compiled at a departmental level. The SPIs to be reported upon are reviewed annually by the Accounts Commission and as a result of this exercise new SPIs may be introduced. In addition, for existing SPIs, the definitions may be unaltered, changed, simplified or SPIs may be deemed to be transitional ie they do not meet the selection criteria but have been retained for other reasons. For 2008/09 one new SPI has been introduced, four have been changed and two have been simplified and these cover a variety of topics.</p> <p>One of the changed indicators was SPI CM1 - Sickness Absence which is compiled by Finance Department Payroll staff and consequently it was included in SPIs reviewed by Internal Audit. The Council's External Auditor, Audit Scotland, places reliance on the work carried out by Internal Audit on SPIs and uses it to inform their annual SPI return. This report highlights areas for improvements in relation to the compilation of this indicator. Where areas for improvement in the compilation of other performance indicators were identified, these have been the subject matter of separate reports.</p>
Scope and Objectives
<p>The objective of the audit was to examine the systems underpinning the compilation of indicators which were either new, changed or simplified for 2008/09.</p>
Conclusion
<p><i>On the basis of examining the procedures and data used in the compilation of this Statutory Performance Indicator, obtaining explanations and carrying out such tests as deemed necessary, it is considered that improvements require to be made to the systems currently used to ensure that the Statutory Performance Indicator(s) can be compiled in line with the guidance issued by the Accounts Commission.</i></p> <p>The main area which requires to be addressed is as follows:</p> <ul style="list-style-type: none"> In order to ensure that the Council can fulfil its statutory obligations, the Payroll Manager should explore with Northgate the possibility of having a sickness absence report written that will fully provide the information required for this performance indicator.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Head of Financial Services and appropriate action agreed to address the matters raised.</p>

ix) INTERNAL AUDIT REPORT 2009/20

Department	Social Work
Subject	Statutory Performance Indicators
Introduction	
<p>The Local Government Act 1992 requires the Accounts Commission to give such direction as it thinks fit for requiring Councils, Fire and Police Authorities to publish such information relating to their activities in any financial year or such other period as is specified in the direction as will facilitate comparisons of the standards of performance achieved between periods and enable the drawing of conclusions about the discharge of the bodies' functions under Part 2 (Community Planning) of the Local Government in Scotland Act 2003.</p> <p>Statutory Performance Indicators (SPIs) cover a broad spectrum of services such as respite care, school occupancy, council tax collection and planning applications and Dundee City Council's are compiled at a departmental level. The SPIs to be reported upon are reviewed annually by the Accounts Commission and as a result of this exercise new SPIs may be introduced. In addition, for existing SPIs, the definitions may be unaltered, changed, simplified or SPIs may be deemed to be transitional ie they do not meet the selection criteria but have been retained for other reasons. For 2008/09 one new SPI has been introduced, four have been changed and two have been simplified and these cover a variety of topics.</p> <p>One of the changed indicators was Statutory Performance Indicator ASW1 - Community Care Services which is compiled by the Social Work Department and consequently it was included in SPIs reviewed by Internal Audit. The Council's External Auditor, Audit Scotland, places reliance on the work carried out by Internal Audit on SPIs and uses it to inform their annual SPI return. This report highlights areas for improvements in relation to the compilation of indicators by the Social Work Department. Where areas for improvement in the compilation of performance indicators were identified in other Departments, these have been the subject matter of separate reports.</p>	
Scope and Objectives	
<p>The objective of the audit was to examine the systems underpinning the compilation of indicators which were either new, changed or simplified for 2008/09.</p>	
Conclusion	
<p><i>On the basis of examining the procedures and data used in the compilation of this Statutory Performance Indicator, obtaining explanations and carrying out such tests as deemed necessary, it is considered that improvements require to be made to the systems currently used to ensure that the Statutory Performance Indicator(s) can be compiled in line with the guidance issued by the Accounts Commission.</i></p> <p>The area commented up in the report is as follows:</p> <ul style="list-style-type: none"> In order that the Social Work Department can readily fulfil its statutory obligations, staff should ensure that there are adequate systems to enable the accurate compilation and submission of SPIs. These should include forward planning to ensure that there are appropriate arrangements in place where there have been changes in staff compiling SPIs, changes in systems providing the source data or in Accounts Commission requirements in terms of SPIs to be submitted. 	
Management Response to the Audit Report	
<p>The audit findings and recommendations were formally reported to the Director of Social Work and appropriate action agreed to address the matters raised.</p>	

x) INTERNAL AUDIT REPORT 2009/29

Department	Support Services - Architectural Services
Subject	Extensions to Capital Contracts

Introduction
<p>A review of the extensions to capital contracts was undertaken as part of the planned internal audit work.</p> <p>The Council prepares Capital Plans for General Services and Housing on an annual basis which sets out the planned spend for the forthcoming three-year period. The General Services capital plan for the period 2009-2012 (Report No. 32-2009) was approved by the Policy and Resources Committee on 12 February 2009. Budgeted capital expenditure for 2009/10, 2010/11 and 2011/12 is £48.8m, £84.6m and £44.8m respectively. The Housing capital plan for the period 2009-2012 (Report No. 318-2009) was approved by the Policy and Resources Committee on 1 July 2009. Budgeted capital expenditure for housing, including planned maintenance, for 2009/10, 2010/11 and 2011/12 is £28.8m, £27.2m and £26.3m respectively. Expenditure will be financed from a variety of sources including borrowing, capital grants and capital receipts.</p> <p>The vast majority of construction works required are facilitated by Architectural Services staff in conjunction with the relevant department. Due cognisance is taken of the Tender Procedures included in the Council's Schemes of Administration when awarding these contracts and works may be done on a Partnership basis. Such arrangements are covered by the Council's Partnering Guidelines for Construction Contracts.</p> <p>In some cases, contracts are extended where additional work is identified during the contract. In these cases, where the additional work is integral to the original contract and cannot be separated, the Council would normally use the same contractor. Contractors would be expected to carry out any additional work at the same rates as the existing contract although allowance would be made for certain price alterations.</p> <p>Alternatively, additional works may be identified by the client department, for example, where the number of council houses included in a modernisation programme is increased. In such cases the contract for additional work is not automatically awarded to the original contractor. The preferred contractor for the additional works is decided after all relevant matters such as benefits to be achieved through economies of scale, prevailing market conditions, quality of work and time constraints have been taken into consideration.</p> <p>During financial year 2008/2009 approximately 144 capital contracts were awarded of which in region of 9 were extended.</p>
Scope and Objectives
<p>The overall objective of this review was to examine the procedures operated in respect of awarding capital contracts in situations where further work on a contract already awarded is required.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that there is a sound system of control designed to achieve the system objectives and that the controls are being consistently applied.</i></p>

xi) INTERNAL AUDIT REPORT 2009/31

Department	Support Services
Subject	Security of Assets - Smart Phones
Introduction	
<p>As part of the planned internal audit work a review of the security of assets was undertaken.</p> <p>In broad terms an asset is tangible property such as land, buildings or equipment which is used in the operation of a business. In the public sector, local authorities have a wide-ranging portfolio of assets which are used in the delivery of services. Audit Scotland estimates that across Scotland these assets have a worth of the order of £26 billion.</p> <p>At a national level there is an increasing number of press reports relating to the security of assets particularly in the context of IT devices. For example in late January 2009 it was reported by the Ministry of Defence that over the last five years there have been losses and thefts of some 1,640 IT devices and that during 2008 in excess of 200 laptops were identified as having been lost or stolen.</p> <p>This review focused on the laptops and T-Mobile MDA handsets (smart phones) that have been purchased by the Council. The master inventory records for both laptops and smart phones are centralised, the former being maintained by Information Technology and the latter by Support Services. Currently there are of the order of 970 laptops which are less than five years old and approximately 50 smart phones in use. This report details the recommendations relating to procedures operated in respect of smart phones. Internal Audit Report 2009/06 details the recommendations made in respect of procedures operated in respect of laptops.</p>	
Scope and Objectives	
<p>The overall objective was to ensure that the Council has a structured approach to tracking these items, that there are reasonable measures in place in relation to the security of such items and confirm that laptops are connected to the network regularly for antivirus software updates. .</p>	
Conclusion	
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The areas highlighted in the report are as follows:</p> <ul style="list-style-type: none"> To improve security over smart phones, departments should be instructed that they must provide Support Services staff with signed receipts from all staff issued with smart phones and also with details of any transfers of handsets between employees. 	
Management Response to the Audit Report	
<p>The audit findings and recommendations were formally reported to the Depute Chief Executive (Support Services) and appropriate action agreed to address the matters raised.</p>	