

Stevenage Borough Council

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

19 August 2010

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1 Executive Summary

Purpose of the report

ISAUK 260 requires communication of:

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

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

Status of the audit

- 1.5 At the time of writing this report, the audits of the Hertfordshire County Council Pension Scheme and Stevenage Homes Limited (SHL) are yet to be completed. The findings of these audits may impact upon the Council's pension liability and disclosures in the accounts.
- 1.6 We are yet to receive any formal questions or objections from the electors on the 2009/10 accounts.

Audit conclusions

Financial Statements Opinion

- 1.7 The Council produced its draft 2009/10 accounts in advance of the 30 June 2010 deadline and presented them to the Audit Committee on 28 June 2010. As in previous years, the working papers were of a satisfactory standard.
- 1.8 The key highlights from the audit are that the Council should ensure that
 - a complete audit trail is maintained to support all balances and movements in the Statement of Accounts, in particular around the consolidation of the group accounts and the cash flow statement, where a number of reclassification adjustments were required.
 - appropriate controls are in place to ensure that a complete list of all members expenses and allowances is reported in the statutory disclosures on its website.

- 1.9 As a result of the audit work performed, no adjustments were proposed that impact on the Income and Expenditure account. However a number of disclosure amendments were identified as a result of the work performed.
- 1.10 We anticipate providing an unqualified opinion on the Council's financial statements, following approval of the accounts by the Audit Committee on 6 September 2010.
- 1.11 Further details of the outcome of our financial statements audit are given in Section Two and Appendix B.

Value for Money Conclusion

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

The way forward

- 1.14 Matters arising from the financial statements and Value for Money audit have been discussed with the Head of Finance and the Strategic Director. We have made a number of recommendations, which are set out in the action plan at Appendix C. In addition to this, a number of recommendations have been included from the follow up review of the Council's IT systems (see Appendix D).

Use of this report

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

Acknowledgements

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

Grant Thornton UK LLP

19 August 2010

2 Detailed Findings

Introduction

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

Financial Statements Audit

Status of the audit

- 2.2 We carried out our audit in accordance with the final Accounts Audit Approach Memorandum presented to the Audit Committee on 22 July 2010. Our audit is substantially complete, subject to the following finalisation procedures:
- receipt of the audited Stevenage Homes Limited accounts and completion of our consolidation procedures
 - finalisation of the HCC pension fund audit
 - review of the final version of the financial statements
 - obtaining and reviewing the Council's Letter of Representation
 - updating our post balance sheet events review, to the date of signing the accounts.

Key risks

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

Exhibit One: 2009/10 Key audit risks

Key audit risk	Conclusion
Risk 1	
<p>Current Economic Climate</p> <p>The current economic climate brings a variety of risks to the audit of the Council's accounts. The revaluations undertaken on land and buildings remain a key area and will be considered in detail as part of the audit process. In addition to this, pressure on businesses leads to a higher risk of default on national nondomestic rates payments to the Council, as higher levels of unemployment lead to an increased risk of default in paying Council Tax. Other implications include a reduction in the level of capital receipts as sales of assets fall and reduced income from services such as car parking and leisure.</p>	<p>The revaluation of land and buildings has been reviewed in detail. The assumptions and methodology used by both the Council's internal valuation team and the external valuers have been reviewed and we consider them to be appropriate.</p> <p>The calculation methodology of the bad debt provision has been reviewed and we consider it reasonable.</p>
Risk 2	
<p>Investment balances</p> <p>There remains a risk of financial institutions becoming insolvent, which could potentially lead to overstatement of investment balances.</p>	<p>We have reviewed the Council's Treasury Management Strategy and considered the Council's investments against this policy. No issues were identified in the course of our work.</p>
Risk 3	
<p>Members allowances</p> <p>There continues to be significant public interest in the level of members allowances.</p>	<p>Members expenses have been agreed to the underlying records to ensure SORP and statutory disclosures are met. The Council should ensure that the website includes disclosure for all co-opted members.</p>
Risk 4	
<p>SORP requirements</p> <p>In particular, the 2009 SORP has changed the arrangements for accounting for Council Tax and NNDR. The prior year adjustment as a result of these changes will be considered alongside the treatment of Council Tax and NNDR in the current year.</p>	<p>The prior period adjustment and the continuing treatment of NNDR and Council Tax have been reviewed and tested and we have not identified any concerns with the accounting treatment.</p>

Key audit risk	Conclusion
Risk 5	
<p>Housing Benefits system There has been a change in the benefits system during 2009/10. This gives rise to an audit risk that there has been disruption to the service whilst the system was being changed.</p>	<p>We have reviewed the work performed by internal audit on the transfer of data between systems and reviewed. No significant risks were identified with regards to the transfer process.</p>
Risk 6	
<p>Group accounts We are required by auditing standards to gain sufficient assurance over the audit process for Stevenage Homes Limited before we sign the Group Accounts. There is a risk that this information is not available before 30 September.</p>	<p>The Stevenage Homes Limited accounts information has not been received as at 19.08.10. This information is expected before the end of August 2010.</p>
Risk 7	
<p>Elector questions Under section 15 of the Audit Commission Act, local government electors have the right to ask formal questions of the auditor or make formal objections to the 2009/10 accounts.</p>	<p>As at the date of writing this report, we have not been in receipt of any formal elector objections to the accounts.</p>
Risk 8	
<p>Use of Resources The Audit Commission has recently confirmed that all work related to CAA should cease.</p>	<p>Our VFM conclusion for 2009/10 will be based on the work we had completed prior to the Audit Commission's announcement. The Audit Commission is consulting on the approach to VFM conclusion work for 2010/11. It is likely that auditors will give their statutory VFM conclusion on the arrangements to secure economy, efficiency and effectiveness based on the following two criteria: - securing financial resilience - challenging how bodies secures economy, efficiency and effectiveness.</p>

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

Matters arising from the financial statements audit

- 2.5 We were presented with the draft financial statements on 23rd June 2010, in advance of the statutory deadline of 30 June 2010. The supporting working papers were also provided in accordance with the agreed timetable for audit, being available on the first day of the audit.

- 2.6 Regular liaison meetings were held between the audit team and key finance officers prior to the preparation of the draft accounts, and throughout audit fieldwork. This enabled early resolution of emerging issues. We would like to place on record our appreciation to those officers involved for their assistance during the audit.
- 2.7 Matters arising from the financial statements audit are set out below. Where appropriate, we have made recommendations for improvement, as set out in the agreed action plan at Appendix C.

Pensions

- 2.8 During the 2008-09 audit of the financial statements, the auditors of the Hertfordshire County Council pension fund identified an adjustment to the net assets of the pension fund which resulted in a material adjustment being processed in the 2008-09 accounts by the Council. For the 2009-10 financial year, the actuaries of the HCC pension fund have reflected this adjustment in 2009-10 rather than in 2008-09. As a result there are differences between the 2009-10 actuary report and the 2009-10 figures reported by SBC in the pensions note. No adjustments have been required to be processed in the Council's accounts as a result of this discrepancy as the Council has dealt with the accounting treatment correctly.

Members' Expenses and Allowances

- 2.9 Local Authorities' are required to disclose details by member of all expenses and allowances claimed in the year. Disclosure made on the Council's website does not include all co-opted members and therefore is different to the disclosure included within the financial statements.
- 2.10 The Council should ensure that the information disclosed on the website includes all co-opted members.

Cash Flow Statement

- 2.11 The audit trail to support the figures included in the draft cash flow statement was not complete and as part of our review of the cash flow statement and the related workings, a number of adjustments have been identified in the primary statement and the related notes.
- 2.12 The Council should ensure that the cash flow movements are supported by a complete audit trail and are clearly documented.

Other accounts issues arising

- 2.13 In addition to the matters raised above, there were a number of other minor presentational changes that arose during the course of our audit which have been made to the accounts.

Adjusted misstatements

- 2.14 Our audit identified a number of reclassification adjustments in relation to the cashflow and the group accounts, which have been processed by management. The adjusted misstatements are included at Appendix B. The adjustments are reclassifications and have no impact on the Council's general fund reserve.
- 2.15 Our audit also identified a number of other disclosure and presentational adjustments. These adjustments are included in Appendix B. There is no overall impact on the reported deficit or the general fund reserve.

Unadjusted misstatements

- 2.16 Our audit work did not identify any amendments to the accounts which have not been processed by management.

Financial Statements Opinion

- 2.17 We anticipate providing an unqualified opinion on the Council's financial statements, following approval of the accounts by the Audit Committee on 6 September 2010.

Financial performance

- 2.18 The Council has reported a deficit on the Income and Expenditure account of £43,239,000 (2008/09 £25,885,000) mainly due to the recognition of impairments on the value of land, buildings and investment properties, particularly the housing stock. There is no impact on General Fund balances as impairments are reversed out through the Capital Adjustment Account.
- 2.19 The Council under spent against the budget by £873,000 (2008/09 £133,000 over spend). Included within this under spend are a number of positive and negative variances, the most significant of which are included in the table below:

Most significant variances against budget

Budget area	Performance against budget
Housing Benefit payments (linked to increase in fees and charges)	£469k adverse
Transfer to reserves	£696k adverse
Increase in grants	£939k favourable
Increase in fees and charges	£978k favourable

- 2.20 The Council has reported a deficit on the Housing Revenue Account (HRA) of £29,669,000 (2008/09 £13,778,000). The main reason for the increase in this deficit is the recognition of impairments on the Housing Stock. There is no impact on HRA balances as impairments are reversed out through the Statement of Movement on the HRA Balance.
- 2.21 The current economic climate has placed significant pressure on the public sector, and local government in particular, to generate efficiencies and operate within reduced resources. The Council has given detailed consideration to the potential impact and its plans for managing it, including a revised Medium Term Financial Strategy and a revised Capital Strategy which were taken to the July meeting of the Executive.

Evaluation of key controls

- 2.22 We have undertaken sufficient work on key financial controls for the purpose of designing our programme of work for the financial statements audit. Our evaluation of the Council's key financial control systems did not identify any control issues that present a material risk to the accuracy of the financial statements.
- 2.23 We performed a high level, follow up review of the general IT control environment as part of the overall review of the internal control system and concluded that there were no material weaknesses within the IT arrangements that could adversely impact on our audit of

the accounts. A number of recommendations have been carried forward from 2008/09 and these have been included at Appendix D.

- 2.24 We have reviewed the work of internal audit and concluded that the scope and conduct of internal audit work was appropriate to provide adequate assurance on the effective operation of controls. We have therefore taken assurance from the work of internal audit in our evaluation of controls.

Annual Governance Statement

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

Value for Money

- 2.27 The Audit Commission's Code of Audit Practice requires us to assess whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In discharging this responsibility, we are required to review and, where appropriate, examine evidence that is relevant to the Council's corporate performance management and financial management arrangements.
- 2.28 Our 2010 Value for Money conclusion has been informed by work carried out on Use of Resources up until the abolition of Comprehensive Area Assessment, and other local risk based work carried out in accordance with our 2009/10 Audit Plan.
- 2.29 On the basis of the work completed, we propose to issue an unqualified Value for Money conclusion.
- 2.30 The outcome of the value for money work will be reported in full in a separate report to be presented to the Audit Committee.

Next steps

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

A Reporting requirements of ISA 260

The principal purpose of the ISA 260 report is:

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

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

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

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

ISA260 reporting requirement	Key messages
Audit Approach	<p>Our approach to the audit was set out in our 2009-10 audit plan. We have planned our audit in accordance with auditing standards and the Audit Commission's Code of Audit Practice. Other key factors to highlight include:</p> <ul style="list-style-type: none"> • We consider the materiality of items in the financial statements in determining the audit approach and in determining the impact of any errors. • We have been able to place appropriate reliance on the key accounting systems operating at the Council for financial statement audit purposes. • In 2009-10 we have been able to take assurance from the work of internal audit in respect of the key accounting systems.
Accounting Policies	<p>The Council has adopted appropriate accounting policies in the areas covered by our testing. Accounting policies are in accordance with the SoRP 2009.</p> <p>The Audit Committee should confirm that it is satisfied that the accounting policies adopted are the most appropriate, as required by IAS 8.</p> <p>We have considered the Council's financial plans and consider it appropriate for the Council to continue to account on a going concern basis.</p>
Material Risks	<p>The Audit Committee should confirm that it is not aware of any additional material risk areas facing the Council, including significant fraud risks.</p> <p>We have requested from the Council a Letter of Representation, to state that there are no additional material risks and exposures as at 6 September 2010, which should be reflected in the financial statements.</p> <p>We will also perform our own audit procedures to ensure that all significant risks and exposures to the Council have been recognised in the accounts as at 6 September 2010. We will focus on accounting provisions and cash flow forecasting over the next 12 months.</p>

ISA260 reporting requirement	Key messages
Audit Adjustments	We have discussed with management the adjustments to the accounts, primarily to improve the fair presentation of the financial statements, as well as the clarity and presentation of disclosure notes. These adjustments are summarised at Appendix B.
Unadjusted Errors	have not identified any unadjusted errors to the accounts which require reporting to those charged with governance.
Other Matters	We have made recommendations in respect of some areas for improvement in internal control. Recommendations and agreed action are listed in the Action Plan at Appendix C. IT recommendations rolled forwards have been included at Appendix D.

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B Adjustments to the financial statements

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

Adjustment Type

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

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

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

Adjustment type	£000	Accounts balance	Impact on financial statements
Classification	Various	<p>Group Accounts</p> <p>Consolidation review has identified two balances requiring reclassification to reflect adjustments made by the Council prior to the approval of the draft financial statements that were not adjusted for in the consolidation work paper.</p>	<p>Decrease Cultural Environmental & Planning Services net expenditure £454k</p> <p>Increase Housing Services net expenditure £454k</p> <p>Decrease other local authorities debtor £434k</p> <p>Increase government departments debtor £434k</p>

Adjustment type	£000	Accounts balance	Impact on financial statements
Classification / Disclosure	Various	<p>Cash Flow Statement</p> <p>Review of the movements on the cash flow statement identified a number of adjustments:</p> <ul style="list-style-type: none"> • note 29 was updated to tie through to the cash flow statement; • other capital cash receipts line was amended to (£6,313); • capital grants line was amended to (£2,253); • under management of liquid resources, net increase in other liquid resources was changed from £672k to £1,788k. This is to correctly reflect the movement in the NNDR balance. This adjustment is also reflected in note 29; • in note 28 the contribution to/from provisions was adjusted to £222k. This correctly reflects the movement in the bad debt provision; and • in note 28, the movement on debtors was amended to (£2,391k) to properly reflect the movement in the balance. 	<p>No impact on the reported deficit or the general fund reserve.</p> <p>Reclassification and disclosure adjustments only.</p>
Disclosure	16	<p>Audit Fee</p> <p>Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor, included an accrual £16k of fees relating to IFRS support for 09/10 restatement.</p> <p>This fee does not relate to 2009-10 audit services and has been removed from the disclosure.</p>	<p>No impact on the reported deficit or the general fund reserve.</p> <p>Disclosure adjustment only.</p>

Adjustment type	£000	Accounts balance	Impact on financial statements
Disclosure	Various	<p>Pension Costs</p> <p>A number of disclosure adjustments have been identified in the pension costs disclosure.</p> <ul style="list-style-type: none"> the reconciliation of the present value of scheme liabilities was updated so that the brought forward balance (1 April) agreed to the carried forward balance (31 March). the reconciliation of the present value of scheme assets was updated so that the brought forward balance (1 April) agrees to the carried forward balance (31 March). the 2009/10 element of the scheme history disclosure was updated to take into account (a) and (b) above. 	<p>No impact on the reported deficit or the general fund reserve.</p> <p>Disclosure adjustment only.</p>
Disclosure	625	<p>HRA I&E</p> <p>The figure for "HRA Services share of Corporate and Democratic Core" of £652k was omitted from the draft accounts. Balance to be included and I&E deficit on the HRA to be updated to £29,669k. No amendment needed to the figure of £29,669k carried through to the SMHRA as correctly treated in the draft accounts.</p>	<p>Increase the deficit on the HRA by £625k.</p> <p>No impact on the deficit on the HRA I&E per the Statement of Movement on HRA Balance as carried forward correctly.</p>

The net impact on the balance sheet is nil and there is no impact on the Council's income and expenditure position.

C Action Plan

Rec. No.	Para Ref	Recommendation	Priority H/M/L	Council response	Implementation date and responsibility
1	2.9 - 2.10	<p>Members Expenses</p> <p>The Council should ensure that the members' expenses disclosure on the website includes information for all co-opted members.</p>	Medium	The co-opted Members will be added to the website information for the next update in September	September 2011 Constitutional Services Manager
2	2.11 - 2.12	<p>Cash Flow Statement</p> <p>The Council should ensure that the cash flow movements are supported by a complete audit trail and are clearly documented.</p>	Medium	The issues have been addressed and will be incorporated into the 2010/11 accounts process.	March 2011 Accountancy Manager

D IT follow up recommendations

Rec. No.	Para Ref	Recommendation	Priority H/M/L	Council response	Implementation date and responsibility
1		The Council should perform a review of the identified accounts to determine whether these are generic accounts and if they should remain. We recommend that the Council issues unique accounts for each user.	High	<p>It is Council policy for all users to be issued unique domain accounts. These accounts are created in accordance with guidelines that conform to recognised good practice.</p> <p>Generic accounts are only used to create shared mailboxes. These accounts have no access privileges and cannot be used to access the domain.</p>	Complete
2		Regular reviews of network and Integra accounts should be performed, including inactive accounts, to ensure that accounts that no longer have a business need do not remain within the systems.	High	<p>Domain accounts are disabled or deleted when the IT service is notified that a member of staff is leaving the authority.</p> <p>Integra accounts are reviewed on a monthly basis by the Systems Accountant using Payroll Leavers data.</p>	Complete

3		We fully support management's decision to issue an offsite location options paper to the Board and recommend that this is performed as a matter of priority. Following the approval of the offsite location, a Business Continuity Plan should be developed and formally tested. The results from the testing should be recorded and relevant action should be taken as required.	High	Agreed. The offsite locations option paper has only recently been presented to SMB following a comprehensive options evaluation. A formal plan will be developed once the second site has been implemented (anticipated Q4 2010/11). It is common practice for IT staff to conduct post action reviews to ensure any learning points are identified.	April 2011 ICT Service, Security & Standards Manager
4		We have found a programme of IT projects that the Council is in the process of completing in order to comply with the GCSX Code of Connection. We would like to emphasise that the plans should be followed through not only to comply with the Code of Connection but also to address security vulnerabilities arising from the absence of such controls.	High	Agreed. The Council were able to successfully demonstrate compliance with the GCSX Code of Connection and the connection was renewed for a further year. Work is already underway to ensure that the Council will be able to comply when it is reassessed later in 2010/11. Penetration testing to identify potential vulnerabilities, both internally and externally, has been commissioned and completed. There recommendations of which are being implemented on a risk basis, and has included discussion with suppliers to address any issues identified within their products.	January 2011 ICT Service, Security & Standards Manager
5		Interface documentation should be developed and maintained to capture all inter-dependencies between systems.	Medium	Work to fully document the interfaces between systems is underway. A knowledge base (wiki) has been established in order to ensure that this documentation is both accessible and of a common standard. Also being considered is the impact of SOA on interfaces and the associated documentation.	April 2011 Business and Knowledge Systems Manager

6		<p>A review of the data protection policy should be performed to ensure its applicability.</p>	Medium	<p>The Council's Data Protection Policy has been recently reviewed by the Borough Solicitor. In practice policies and codes of practice are now developed for specific areas usually in line with guidance issued by the Information Commissioner and kept under constant review by the Borough Solicitor. For example, data sharing protocols with the Police have been reviewed in 2010.</p> <p>Comprehensive training for officers and members in a number of sessions over the last year.</p>	Complete
7		<p>All leaver requests should be raised via the Helpdesk system by either HR or Payroll, as and when a leaving date is determined.</p> <p>Further, we support the process followed by Payroll in sending weekly leaver lists to IT and Finance. However, we recommend that this list is expanded to also incorporate temporary staff.</p>	Medium	<p>Notifying IT is part of the corporate leavers process, which line managers must complete once they become aware that a member of staff is leaving the employment of the Council.</p> <p>Once notification to close / suspend / terminate a users domain account has been received, a call is raised within the IT Helpdesk System and allocated to the appropriate member of the IT team in accordance with procedure.</p>	Complete
8		<p>The Systems Accountant should check to see if this is an existing facility within the system. If yes, it should be set to remember 5 previous passwords and prevent their re-use. Consideration should be given to the existing network security control where the parameter has been set to remember 20 previous passwords and prevent their re-use.</p>	Low	<p>There is a control box for all users on set up which will stop the reuse of passwords. This means that the last 8 passwords used cannot then be reused. This was implemented during April 2010 by ticking the appropriate box for all active Integra users.</p>	Complete

9	An assessment of risks associated with the location of the server room should be performed in conjunction with plans to set up a second, offsite data centre. This will minimise risks that threats to physical security are not identified and decrease vulnerability to security risks, resulting from site location and/or layout.	Low	Agreed. The risks associated with the location of the current server room have been considered as part of the evaluation of options for the second site. A full assessment of risks, along with the identification of appropriate mitigating actions, will be undertaken as part of implementing the second site.	April 2011 ICT Service, Security & Standards Manager
10	<p>Post-implementation reviews should be conducted for all major upgrades to Integra and other key financial systems to ensure that the objectives of the upgrade were met and all outstanding issues resolved. Further, the review will allow identification of lessons learned, therefore preventing these issues from arising in future upgrades.</p> <p>Further, management should ensure test scenarios for major system upgrades cover user access testing to ensure that following the upgrade, the access has been accurately transferred.</p>	Low	Agreed. A comprehensive testing plan is in place in relation to the ongoing Integra Open Enterprise upgrade, which is the first major version upgrade since the completion of the Audit.	December 2010 Business and Knowledge Systems Manager

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