



Internal Audit Report

FINAL

Customer Services

Review of Business Continuity

December 2011

SECTION		PAGE
1	Introduction	1
2	Audit Scope and Objectives	1
3	Roles and Responsibilities	2
4	Risk Assessment	2
5	Corporate Governance	2
6	Main Findings	2
7	Recommendations	3
8	Audit Opinion	3
9	Acknowledgements	4
Appendix 1	Detailed Findings	
Appendix 2	Action Plan	
Appendix 3	Plan Update Process	

1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Business Continuity as part of the 2011 - 12 Internal Audit programme. The review focused initially on the status of business continuity planning (BCP) within the Community Services directorate, but was later extended to cover BCP on a council wide basis.

The key to successful Business Continuity is the drawing up and maintaining of plans (known as departmental recovery plans) which enable the Council to restore the delivery of critical services quickly after events such as a fire or severe weather event disrupts normal services. The Council has a statutory obligation to prepare for service disruption under the Civil Contingencies Act 2004 (the Act)

The Council engaged consultants Glen Abbot in 2008 to develop processes for identifying critical activities and preparing department recovery plans. About 120 activities were identified across the Council where it was considered that the Council needed to restore a service either immediately after disruption, or within varying periods up to 7 days following an event causing a loss of service.

During 2008, over 100 departmental recovery plans were prepared using processes and templates provided by Glen Abbot. Approximately half related to services delivered by the then Community Services Directorate.

2 AUDIT SCOPE AND OBJECTIVES

The initial objective of the review was to ensure that the Community Services Directorate was discharging the duty imposed by the Act, Section 2 to assess the risk of an emergency event occurring, identify the potential consequences of such an event and prepare plans to maintain services following such an event.

Although the review was conducted at the instigation of the Executive Director of Community Services, many of the issues needing to be addressed were found to apply equally to other departments and their services. Following discussions on the initial findings, it was agreed that action should be taken corporately to remedy weaknesses and enhance the processes, and the report was redrafted to reflect the corporate nature of the findings.

It is noted that the Council's responsibilities under the Act are not discharged solely through the medium of departmental recovery plans drawn up by departments and their services, and that some of the duties set out in the Act fall within the remit of the Civil Contingencies function.

3 ROLES AND RESPONSIBILITIES

The responsibility for developing and maintaining processes and procedures for Business Continuity rests with the Executive Director of Customer Services. The directorate is also responsible for monitoring compliance by services with the obligations in the Act with regard to Business Continuity, and this role requires them to establish that departmental recovery plans have been drawn up by services and are being kept up to date.

Individual services are responsible for identifying events likely to fall within S2 of the Act and for preparing and maintaining appropriate departmental recovery plans.

The Council as a corporate body should require reports to be prepared at appropriate intervals to provide confirmation or otherwise that it is complying with the Act.

4 RISK ASSESSMENT

Business continuity does not feature in the revised service risk registers. The new strategic risk register has not yet been published.

An assessment of the risk “The Council does not manage effectively the delivery of services following an event having the consequences described in S1 of the Civil Contingencies Act 2004” would, in the present circumstances, have a likelihood score of 4 (likely) and a consequence score of 4 (major, primarily for reputation), giving an overall score of 16 which is in the red zone. It should be possible to reduce this risk to a score of $3 \times 3 = 9$ which is in the amber zone.

5 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

6 MAIN FINDINGS

There is a process for assessing business continuity requirements which, with some modification, forms a suitable basis for preparing departmental recovery plans.

The plans require to be updated to take account of changes in staff, locations and telecommunications systems since the plans were first drawn up. They also need to be extended to cover schools.

The creation of a single database to hold all departmental recovery plans would be more efficient and effective than the existing process which has resulted in the creation of 110 separate Microsoft Word documents.

7 RECOMMENDATIONS

There are 13 recommendations of which 9 are of high priority and 4 are medium priority. The recommendations are shown in the action plan attached at Appendix 2 which has been compiled with the co-operation and agreement of the appropriate Supervisor / Manager.

In framing the recommendations, references to the Executive Director of Customer Services in the column for the responsible officer relate to his role with regard to the provision of a business continuity framework and monitoring the delivery and maintenance of departmental recovery plans by services. References to the Executive Director of Community Services relate to work required to extend the existing arrangements to cover schools. References to All Executive Directors are made when the work involves the review and updating of existing departmental recovery plans or the creating of new plans to reflect changing circumstances.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as high, medium or low. The definitions of each classification is set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

8 AUDIT OPINION

Based on the findings we can conclude that a suitable basis exists for the evaluation of critical activities and the preparation of departmental recovery

plans, but work is required to expand existing plans and bring them up to date, and to extend the exercise to cover schools. Implementation of the 13 recommendations contained in this report should return the level of control to a satisfactory position

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

9 ACKNOWLEDGEMENTS

Thanks are due to staff in Community Services and Customer Services for their co-operation and assistance during the Audit.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2 – ACTION PLAN

No	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Some of the consequences for which councils are expected to plan have been excluded from consideration when the departmental recovery plans were prepared.	High	Consideration should be given to all of the emergency events set out in Section 1(2) (a) – (h) of the Act when preparing departmental recovery plan templates	Head of Governance and Law	31 May 2012
2	A departmental recovery plan has not been created for all the activities deemed to be critical.	High	All activities identified as critical should be the subject of a departmental recovery plan, and a prioritised programme should be drawn up to complete this exercise.	Head of Governance and Law	31 May 2012
3	There is no definition in the Business Continuity Plan of what constitutes a critical activity.	High	There should be a clear definition of what constitutes a critical activity.	Head of Governance and Law	31 May 2012
4	Some plans are incomplete, with key data such as the plan owner or the relocation premises omitted.	High	All plans should have an owner and should identify suitable premises in the event that it becomes necessary to relocate.	Head of Governance and Law	31 May 2012
5	None of the plans have been updated to reflect changes in services, locations, staff and contact information since 2009	High	Guidance to be issued to all Executive Directors that all the existing plans should be reviewed and updated in accordance with the process outlined at Appendix 3	Head of Governance and Law	31 May 2012

No	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
6	It is a requirement that plans are reviewed annually and updated if required.	Medium	Guidance produced to support the update of DRPs should require the owners to certify, at least once a year, that the plans they are responsible for are up to date.	Executive Director of Customer Services	31 May 2012
7	Some plans for services in Kilmory propose relocating elsewhere within the building. This may not be a viable option in all circumstances.	High	Guidance produced to support the update of DRPs should require that where relocation within the same building is the preferred option, plans should identify a second relocation site in the event that the preferred site becomes unavailable in its entirety.	Head of Governance and Law	31 May 2012
8	The business continuity exercise undertaken in 2008 did not cover the potential loss of a school building.	High	An exercise to assess the likelihood and consequences of the loss of a school should be commenced as soon as possible, and suitable plans drawn up to address the continuity implications identified by this exercise	Executive Director of Community Services	Commence by 30 June 2012
9	Some plans may have been developed to address a range of activities of varying criticality and this may not deal adequately with critical elements within the activity.	Medium	Departmental services which provide a range of activities under a single umbrella heading should identify separately the criticality of the various activities and should develop a recovery plan aimed specifically at those activities deemed to be critical.	Head of Governance and Law	31 May 2012

No	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
10	Although most plans relate to the loss of, and reinstatement of, a service, some, such as the loss of a residential home require an immediate and resource intensive response to the loss of the building itself.	High	Where the loss of an activity requires an immediate response and involves substantial resources, departmental recovery plans should be extended to include all the logistical actions necessary in the immediate aftermath of the event	Executive Director of Community Services	30 June 2012
11	Plans are recorded on individual Word documents which are time consuming to update and which do not assist the efficient management of a major incident	High	The revised plans should be incorporated into a single database for use by all Council services	Head of Governance and Law	31 July 2012 Database to be designed and available for input by 31 March 2013
12	Involving communities and partners in the development of the plans would make it easier to engage with them and enlist their support should an emergency arise.	Medium	The Council should review the way it involves external parties in the development of the plans with a view to maximising the contribution they could make in managing emergencies.	Head of Governance and Law	31 May 2012
13	This exercise will involve a number of parties with a wide range of roles and responsibilities. There needs to be some form of oversight to ensure quality and timeliness objectives are met.	Medium	During the initial design and implementation phase, regular reports on progress should be submitted to the SMT.	Executive Director of Customer Services	From 1 April 2012 until SMT decide otherwise

APPENDIX 3 – Plan Update Process

1. Prepare a set of instructions for plan owners to assist in delivering the actions outlined below.
2. Use representative bodies such as loss control groups to confirm the continued existence of critical services.
3. Identify any new services introduced since 2008, and establish their criticality status.
4. For each departmental recovery plan establish a plan owner. In some cases this will be the person who owned the plan when it was first created. The actions at paragraphs 5 – 12 below are the responsibility of the plan owner.
5. Evaluate the criticality of the service. Where a service is deemed critical, the consequences of failing to resume service delivery within the maximum tolerable period of disruption should be quantified.
6. Review and update the persons named in the plan and their contact details.
7. Review and update the contact details for third parties named in the plan.
8. Where a relocation site has not been identified, a suitable site should be specified. All new and existing relocation sites should be inspected to confirm their availability and suitability in terms of size and available equipment.
9. All battle boxes and emergency grab bags should be inspected to confirm they are in the expected location and that the contents remain appropriate.
10. Where an event requires immediate action (such as the evacuation of a residential home) the plan should be expanded to include all the logistics required to achieve relocation and immediate settlement in the new location.
11. Where a plan assumes relocation within an existing building, an alternative relocation site should also be identified.
12. Plans should be tested in the aggregate to ensure that relocation sites will be able to accept all relocated services in the event of a worst case scenario, and that sufficient equipment is available.
13. A database should be created to hold all plans.