

## **Internal Audit reports identifying significant risk or 'of concern':**

### **PAYMENT CARD INDUSTRY STANDARDS**

#### **AUDIT COMMITTEE**

Date: 23<sup>rd</sup> November 2010

**Author: Head of Internal Audit**

**Wards Affected: None**

#### **Purpose**

Members requested that at least one individual audit report be presented to each meeting of the Committee. This report should be one that has been classified as being of 'significant risk' or 'of concern', if one had been issued since the previous meeting of the Committee. If not, then a report would be selected in liaison with the Chair of the Audit Committee.

Audit Committee requested that the Internal Audit report on Payment Card Industry Standards be presented to the committee.

#### **Recommendation**

- It is recommended that the contents of the report be noted.

## **1 Reasons**

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 Internal Audit's terms of reference require that at least one individual audit report be submitted to each meeting of the Committee.
- 1.3 Audit Committee requested that the Internal Audit report on Payment Card Industry Standards be presented to the November meeting of the Audit Committee.

## **2 Detail**

- 2.1 A copy of the report following the internal audit review of the Council's arrangements to ensure compliance with the Payment Card Industry Standards is attached as Appendix 1. The report was finalised on 29<sup>th</sup> July 2010 and an overall risk assessment of 'Of Concern' was given. The initial management response is also included in this report.
- 2.2 Key recommendations made in the report to achieve the improvements required include:

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- The re-programming of all relevant credit/debit card payment devices to ensure that the full 16-digit card number is no longer printed on the Merchant copy receipt.
  - Clarification should be provided by Corporate Finance to advise the correct length of time that credit/debit card receipts should be retained and then communicated to all departments.
  - Review of processing procedures to ensure that under no circumstance the cardholder's security number is retained on any paperwork being held as this is in breach of the Payment Card Industry Standards.
- 2.3 The Group Finance Manager (Technical) has also provided a summary (see Appendix 2) of progress since the issue of the Internal Audit report. A point-by-point update of progress in implementing each of the recommendations is also provided (see Appendix 3)
- 2.4 The audit report, management responses and updates on progress are submitted for Members consideration.
- 2.5 The Group Finance Manager (Technical) will be attending the meeting to answer any questions that Members may have.

#### Alternative Options

Not Applicable.

#### **Risk Management**

##### *Financial and Procurement Implications*

There are no direct financial implications arising from this report however the detailed audit report addresses the suitability of internal controls within the systems examined.

##### *Legal/Human Rights Implications*

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

##### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

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**Consultees**

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Various other officers – as listed in the attached audit report (see Appendix 1)

**Appendices / Background papers**

Appendix 1 – Internal Audit Report: Payment Card Industry Standards

Appendix 2 – Summary of Progress since the issue of the Internal Audit report

Appendix 3 – Update on individual Internal Audit recommendations

**Key Decision/Decision in Forward Plan**

Not Applicable