

**ICL Pathway**

**Internal Audit Plan : 1998**

Ref: IA/PLA/001  
Version: 1.0  
Date: 19/01/99

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**Document Title:** Internal Audit Plan : 1998

**Document Type:** Plan

**Abstract:** This document provides details of the ICL Pathway Internal Audit Plan for 1998. It also provides a brief report on audit activities and draws conclusions based on the reports output and experiences gained during the year.

**Status:** Approved

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## 0 Document control

### 0.1 Document history

Version	Date	Reason
0.1	28/04/98	Initial draft
0.2	28/04/98	Following feedback from MHB.
0.3	12/05/98	Following feedback from DG. Removal of process element to Internal Audit Manual.
0.4	20/05/98	Removal of audit activity in June, July and August to make room for Acceptance work.
1.0	19/01/99	Raised to approved and including 1998 Resume.

### 0.2 Approval authorities

Name	Position	Signature	Date
M. Bennett	Director Quality & Risk		
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### 0.3 Associated documents

	Reference	Vers	Date	Title	Source
[1]	CR.FSP/006	2.2	08/09/98	Audit Trail Functional Specification	Pathway
[2]	IA/MAN/002			Internal Audit Manual	Pathway

### 0.4 Abbreviations

### 0.5 Changes in this version

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## Introduction

Schedule A03 and Requirement 697 establish a right of audit access to ICL Pathway by the sponsor organisations, their external auditors or other agents operating on their behalf. This could entail ICL Pathway being subject to a continual programme of audits by external organisations and the potential for disruption in normal operations. Audits carried out by external organisations will have their own objectives and any benefit to ICL Pathway would be secondary.

The Internal Audit function in ICL Pathway has been established to meet two key objectives :

- a. To provide the interface between ICL Pathway and the sponsor organisations in the implementation of the requirements of the Audit Trail Functional Specification [1].
- b. To provide an independent audit capability within ICL Pathway, as a service to management, and on which the Internal Audit units of the external organisations can potentially place their reliance.

The ICL Pathway Internal Audit function is described in the Internal Audit Manual [2].

## 2 Scope

This document describes a series of planned audits to be executed during 1998 in support of both objectives identified above.

The document does not include any sponsor organised audit activity.

## 3 Audit Plan Content

The Plan contains the following information :

- a. Identification of audit subject Area/System/Department.
- b. Shared Reporting Indicator (SRI). [Y = shared; N = internal]
- c. Planned start date.
- d. Actual start date.
- e. Completion date. (Defined as date Report issued).
- f. Audit Report Reference

## ICL Pathway

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## 4 Internal Audit Plan : 1998

Subject Area/Product	SRI	Planned Start	Actual Start	Complete	Report Ref.
MSQA#1 : Design (NR2)	N	Nov 1997	12/11/97	04/12/97	IA/REP/002
MSQA#2 : Development (NR2)	N	February	10/02/98	03/03/98	IA/REP/003
MSQA#3 : Product Integration Testing (NR2)	N	March	18/03/98	17/04/98	IA/REP/005
MSQA#4 : T & I (NR2)	N	April	01/04/98	20/05/98	IA/REP/006
POCL/BA Release 1c Post Implementation Review	Y	April	Cancelled		
Consolidated MSQA Report	N	May	15/05/98	18/06/98	IA/REP/004
Reconciliation Exception Handling	Y	May	01/06/98	01/07/98	IA/REP/007
Customer Requirements	N	May	Cancelled		
Customer Services	[1]	September	16/11/98	January 1999	IA/REP/011
Sub Contractor Control	N	October	Cancelled		
Acceptance Technical Testing & Witnessing (facilitation role)	Y	October	26/10/98	06/11/98	Unreferenced
Payment Card Helpdesk Operation	Y	November	Cancelled		
The Validation Centre (late addition)	N	November	November	19/11/98	IA/REP/010

[1] Ultimately dependent on scope of audit.

## 5 1998 Resume of Activity

### 5.1 Background

During 1997 it became increasingly clear that a dedicated audit function was required in QRM to address the contractual audit requirement, the scope of which was increasing with each passing day. The work to be undertaken then and in the future included :

- a. Interpreting the contractual audit requirement and, working with Systems Division, document and provide assistance in their implementation.
- b. Liaising with the Internal Audit units of BA and POCL ensuring that their service requirements were being addressed.
- c. Operating as the prime interface with these groups in the event of their wanting to audit aspects of our business.
- d. Conducting audits within the ICL Pathway domain to provide assurance to management about the controls in place and, as a by product, assurance to BA and POCL Internal Audit that such a programme of work was taking place.

In October 1997 the Internal Audit function was 'born' from a standing start with no personnel, processes, plans or relationships in place. An Audit Manager was appointed and work started to establish the unit. In August 1998 an additional Auditor was appointed bringing the unit's strength to 2.

Girobank and other QRM resource has been used in conducting audits during the year.

### 5.2 1998 Audit Achievements

This resume concentrates on the last element of work, conducting a programme of audits during 1998. The following paragraphs provide a brief synopsis of the execution of the audits, the outcome and any conclusions that might be drawn.

#### 5.2.1 NR2 Mid Stage Audits

Four Mid Stage Audits were conducted and the results consolidated into a single Improvement Programme. There were 11 main areas of concern which were being addressed through some 32 specific corrective actions. The areas for concern were :

- a. The control of documentation sets and baselines.
- b. Documentation content and the potential for implementing OPENframework principles on the project.

- c. Protection of assets, particularly intellectual property rights.
- d. Inadequate programme metrics.
- e. Rework costs, particularly PinICLs.
- f. The adequacy of unit and link testing.
- g. The interface between Development and PIT.
- h. The review arrangements between Design and Test & Integration.
- i. The software delivery mechanism in PIT.
- j. The relationship with The Solution Centre.
- k. The impact of the new ICL Trading Rules.

As at 20<sup>th</sup> January 1999 there were 12 corrective actions at status 'closed', 14 at status 'Action' and 6 at status 'Open' and there was no evidence that the Corrective Action Plan had been reviewed since the beginning of July. A review of the CAP with the responsible bodies identified that all corrective actions bar eight had been addressed and could be closed. The remaining 'Open' actions were all part of an OPEN/framework initiative taking place in Design. This is ongoing and the status will be reviewed during the Design MSA for R2+.

There will be a repeat series of Mid Stage Audits for R2+ during 1999.

### 5.2.2 Reconciliation Exception Database

The operation of RED by the Business Support Unit is a core activity and one subject to close scrutiny by the customer. It was felt appropriate to take an early look at this activity with a view to assisting BSU management establish effective controls over its operation. The audit results suggested that not much assistance was required, the unit was well controlled and only relatively minor recommendations emerged.

### 5.2.3 The Validation Centre

The role of TVC becomes more important the closer the project gets to National Roll Out. The audit of this unit identified some fundamental process issues, particularly around the relationship between TVC, PIT and Celestica. A worthwhile exercise.

### 5.2.4 Customer Services

Again, this audit was undertaken with a 'looking ahead to NR2 and NRO' focus. Overall the opinion was very favourable with a number of relatively minor recommendations emerging around the operation of the Service Support Centre. BSU/RED was again audited but here it was to see how the earlier recommendations had been applied to the move from FEL01 to BRA01.

### 5.2.5



### **Honourable Cancellations**

Audits can be cancelled for a number of reasons, some valid, some not. Excluding the Ric PIR which will be discussed later the following audits were cancelled :

- a. Customer Requirements. Due for May but was delayed until it became a victim of competing assignments during Q3.
- b. Sub-Contractor Control. Due for October but cancelled due to EPOSS Task Force and PinICL QFP commitments.
- c. Payment Card HelpLine. Due for November but subsumed into the Customer Services audit.

#### **5.2.6 Early Lessons in Joint Working**

During Q2 the Audit Panel felt it would be useful and instructive to attempt to conduct some Joint Working Activity. The subject would be a Post Implementation Review of Release 1c and the key objectives would be to see how well all parties had performed and identify any issues that needed to be addressed before NR2 and NRO. Early meetings agreed Terms of Reference, proposed dates and personnel. The agreed approach was that each Audit Group would review activities inside it's own domain and come back to a 'show and tell' session afterwards. An overall report would be produced and this would be shared.

It was at this point that BA announced that they had been advised by their Contracts people that while they anticipated being able to see the outcome of the POCL and Pathway work they, BA, would not be sharing anything with anybody!

Needless to say the whole concept fell apart and the audit was abandoned.

#### **5.2.7 And Later Success**

The informal approach in Q2 was overtaken by a more formal requirement for the Authorities to audit Technical Testing as part of the Acceptance process and carry out witnessing of selected tests during Q4. Again TORs were agreed and a team of auditors from POCL and BA spent a couple of weeks poring over process, Test Strategies, HLTPs and Scripts. Our role was to facilitate this and the subsequent witnessing of acceptance tests.

The audit was a success and the Authorities Auditor's report, while trying hard not to be too enthusiastic, clearly indicates that they were impressed with the degree of organisation and control exercised in the area by Pathway.

### **5.3**



## Conclusion

It has not been easy juggling the demands of the customer, the delivery of the audit solution and the introduction of an audit programme. That said I believe the audits conducted during 1998 have been worthwhile and have resulted in recommendations of value to Pathway.

The process is not yet right, for example the follow-up of Corrective Action Plans needs to be more rigorous but this has to be matched by an acceptance by the individuals responsible for those actions, and their Directors, that they have to include these actions in their plans and execute them.

Pathway also has to be wary of viewing internal audits as the 'silver bullet' that of itself will improve the quality of the Pathway product and services. A key objective in conducting audits is to provide assurance that Managers are managing and delivering their plans to requirements, be they time, function, quality or cost. They do not aim to provide a backstop quality control function to Managers nor to act as an organisation's conscience where that organisation relinquishes that responsibility.