

ICL  
Pathway

*Internal Audit Plan : 1999*

Ref: IA/PLA/002  
Version: 2.0  
Date: 04/05/00

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**Document Title:** Internal Audit Plan : 1999

**Document Type:** Plan

**Abstract:** This document provides details of the ICL Pathway Internal Audit Plan for 1999. 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	07/12/98	Initial draft
0.2	19/01/99	Second draft for Management Team circulation
1.0	26/01/99	Raised to issue following agreement from Management Team
1.1	20/08/99	Half year revision to reflect progress to date
1.2	04/01/99	Full year revision including 1999 Resume
2.0	04/05/00	Raised to issue status for formal sign-off

### 0.2 Approval authorities

Name	Position	Signature	Date
M. Bennett	Director Quality & Risk		

### 0.3 Associated documents

	Reference	Vers	Date	Title	Source
[1]	CR/FSP/006			Audit Trail Functional Specification	Pathway
[2]	IA/MAN/004			Horizon System Audit Manual (NR2)	Pathway
[3]	IA/MAN/002			Internal Audit Manual	Pathway

### 0.4 Abbreviations

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## *0.5 Changes in this version*

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## 1 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 work with the sponsor organisations in Joint Audits as described in the Horizon System Audit Manual (NR2) [2].
- 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 [3].

## 2 Scope

This document describes a series of planned audits to be executed during 1999 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

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## 4 *Maintaining the Plan*

The Plan will be updated on a quarterly basis to reflect any changes brought about by sponsor request and to firm up on dates left deliberately vague at the beginning of the year.

The details of Actual Start, Completion Date and Report Reference will also be added.

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## 5 Internal Audit Plan : 1999

Subject Area/Product	SRI	Planned Start	Actual Start	Complete	Report Ref.
Customer Services (completion of 1998 audit)	N	September 98	16/11/98	09/03/99	IA/REP/011
Systems Division : Design (R2+)	N	February [1]	08/09/99	28/10/99	IA/REP/015
Change Management - Interface between Change Control & Delivery	N	February	18/03/99	02/06/99	IA/REP/012
Programmes Division : Implementation/Roll Out (NR2)	N	March	31/03/99	08/09/99	IA/REP/013
Systems Division : Development (R2+)	N	April [1]	08/09/99	28/10/99	IA/REP/015
Security Policy Deployment [P&S Acceptance R698/C2 Schedule A02]	N	April [2]	11/03/99	12/07/99	IA/REP/014
Systems Division : Test & Integration (R2+)	N	May [1]	08/09/99	28/10/99	IA/REP/015
Acceptance Review Audits [Audit Acceptance]	Y	May – June [3]	10/03/99	30/06/99	IA/ACR/002
Programme Office	N	Q2	Cancelled		
Business Development [Potential joint audit with POCL]	Y	Q3	Cancelled		
Invoicing/CCS [Potential joint audit with POCL & BA]	Y	Q3 [4]			
Quality & Risk Management	N	Q3/Q4	Cancelled		
Security Audit of Celestica Manufacturing Process	N	May	06/10/99	18/10/99	IA/REP/016
Dublin Development Centre (Data Warehouse)	N	October	13/10/99	29/11/99	IA/REP/017
ISO9001 Compliance Audit Report	N	December [5]	30/11/99	15/12/99	IA/REP/018

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**Notes :**

- [1] Postponed pending re-organisation to Q3.
- [2] Received 12<sup>th</sup> July and raised to Issue 9<sup>th</sup> December without amendment.
- [3] Complete date deemed to be date Acceptance Closure Report issued.
- [4] Became joint with POCL following BA withdrawal. In the event became an activity to agree commercial audit trail with POCL.
- [5] A report of reports showing internal audit coverage against ISO9001 Requirements



## 6 1999 Resume of Activity

### 6.1 Background

The first half of the audit year was overshadowed by the involvement of Internal Audit staff in the Acceptance process. Although not the largest or most complex element of the system the fact that both customers (POCL & BA) were actively involved in the audit solution ensured that acceptance planning meetings were long and interesting affairs and that attention to detail and the interpretation of the printed word was paramount. The removal of the Benefit Payment Card from the solution during May simplified the final parts of acceptance but meant that considerable effort that had already been expended in steering Acceptance was redundant. During June and July Internal Audit was also actively involved in the decommissioning work and acted as the prime interface with BA in the handing over of BA data to BA Internal Audit.

The early part of 1999 was also spent in inducting and acclimatising the new Auditor into both ICL and Pathway. This resource transferred to Group Internal Audit in November.

### 6.2 1999 Audit Achievements

This resume concentrates on the programme of audits conducted during 1999. The following paragraphs provide a brief synopsis of the execution of the audits, the outcome and any conclusions that might be drawn.

#### 6.2.1 Verification Centre

This audit was conducted in November 1998 and reported in January 1999. However, it was not possible to close the Corrective Action Plan until October 1999 after a security review of the Celestica manufacturing process had been carried out. The reasons for the delay have been explored and are trivial. The effect however, was to render the security review worthless since it should have been completed before roll out commenced mid year.

#### 6.2.2 Customer Services

This audit was started in September 1998 and reported in March 1999. It is the intention to re-visit areas of Customer Services during 2000. 34 Corrective Actions were raised and the closure statistics are :

Open after 40 weeks	3
35 - 40 weeks to Close	3
30 - 35 weeks to Close	5

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25 - 30 weeks to Close	4
20 - 25 weeks to Close	9
15 - 20 weeks to Close	2
10 - 15 weeks to Close	1
5 - 10 weeks to Close	
0 - 5 weeks to Close	1
Closed immediately	6

### 6.2.3 Change Management

Concern had been expressed during 1999 that there appeared to be a breakdown of process between the Change Control process and the actioning of approved CPs into the development lifecycle. An audit was commissioned into this aspect of Change Management and identified a number of areas for improvement. It also ventured into other areas, including time recording, and made recommendations accordingly. 12 Corrective Actions were raised and the closure statistics are :

Open after 22 weeks	6
15 - 20 weeks to Close	5
0 - 5 weeks to Close	1

### 6.2.4 Implementation/NRO Preparation

This audit was undertaken with a 'looking ahead to NR2 and NRO' focus. The audit got off to a slow start, due in part to the Auditor's lack of familiarity with Pathway's organisations and processes. Despite this, and some early resistance to the report content, the recommendations have been well received by this part of the organisation as evidenced by the acceptance and closure of corrective actions. 27 Corrective Actions were raised and the closure statistics are :

Open after 14 weeks	2
10 - 14 weeks to Close	3
5 - 10 weeks to Close	10
0 - 5 weeks to Close	3

### 6.2.5 Security Policy Deployment

This audit was included in the programme primarily to support the Policies and Standards Acceptance activities. The work was conducted by personnel from the Alliance & Leicester BS under the terms of the prevailing contract, one of whom has subsequently joined Pathway. Although the audit was conducted in the middle of the year the corrective actions were not fully identified or agreed

until mid November. 14 Corrective Actions were raised and the closure statistics are :

Open after 6 weeks	7
o - 4 weeks to Close	3
Closed immediately	4

#### 6.2.6 Systems Division CSR + Development

During 1998 a series of Mid Stage Quality Audits was conducted in the then Development Directorate. The 1999 Plan included a repeat series to be conducted during the year. During Q1 a major re-organisation of Development was being planned and it was decided to postpone the CSR+ audits until Q3 and carry out a single pass across the lifecycle. This became a significantly larger piece of work than originally intended, took more resources than planned and spawned a secondary MSQA into the Dublin Development Centre. The report was issued during the last week on October and the CAP during the first week in December.

Many of the corrective actions are likely to take some time to complete but it is pleasing to report that 5 of the 27 raised have already been closed.

#### 6.2.7 Dublin Development Centre

This audit was a supplementary to the CSR+ Development audit and covered the Data Warehouse development. The timescales for report and CAP production are similar and so far 4 of the 9 actions raised have been cleared.

#### 6.2.8 ISO9001 Coverage

The CSR+ Development audit identified that the achievement of ISO9001, a contractual requirement, was not being given sufficient management attention. The ISO Programme Board was established to address the shortcoming and to support this various audits completed during 1999 were re-visited and the observations mapped against the requirements of ISO9001. It is proposed to continue this during 2000 to provide evidence of the continuing audit programme required by the Standard.

#### 6.2.9 Cancellations

Inevitably there were some cancellations from the original programme published in January. They were :

- a. Programme Office. As the scope of the Change Management audit had expanded and elements of PO activity were to be looked at by the CSR+ audit it was decided to cancel this audit.
- b. Business Development. The uncertainty surrounding future business made this audit redundant.

- c. Quality & Risk Management. This became a victim of time at the end of the year and will be an early candidate for 2000.

#### 6.2.10 Joint Working

Apart from Acceptance work there were no opportunities to carry out any joint audits with POCL or their agents. The Acceptance activities included two 'audits', carried out to prove the principles of audit access (R697) and the audit trail (R699) :

- a. Commercial Audit Trail. A visit to FELo1 by POCL/BA to review the Common Charging System, Data Warehouse and invoicing arrangements followed by a trip to BRAo1 to look at the Reconciliation Exception Database. Five minor recommendations were made, one of which was rejected and the other four have been cleared.
- b. Operational Audit Trail. A visit to FELo1 to test the content, retention and accessibility of the audit trail. A number of audit data extractions were made for each party which led to some investigative work when POCL were unable to reconcile the data to their sources. (NB. We were ultimately shown to be right!)

### 6.3 Conclusions and Projections

#### 6.3.1 1999 Conclusions

Acceptance was a major distraction in 1999 and, to an extent, resulted in audit activity being pushed to the second half of the year. That said the programme was largely completed and the cancellations were low risk. Those audits that were completed were, I believe, well received and worthwhile.

Pathway management's attitude to Corrective Actions is improving, but only very slowly, and the expectation still seems to be to wait until pushed for a response by Internal Audit. A prime example of this was the audit of the Verification Centre which reported in January 1999 but did not close down the final Corrective Action until October, fully 10 months. There was no pressing reason for the delay other than lack of management attention and action.

There are signs that a more proactive approach is being taken and I commend Implementation's recent efforts to close down their actions.

#### 6.3.2 2000 Projections

Resourcing will be a problem in 2000. Stanley Loam, a qualified auditor who joined us in Q3/98, has transferred to Group Internal Audit and I anticipate using A&TC resource. This was tried in 1999 with only moderate success – it's to be hoped that better resource is available this year.

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Recent changes in POCL personnel will inevitably lead to an element of re-education and my intention is to reactivate the Audit Panel which proved successful in bridging the gap between the Contract and working level activities, hopefully to include Security matters.

It is also my intention to introduce the concept of the Audit Committee into Pathway such that audits are conducted on its behalf, reports are made to it and functional directors and managers are accountable to it for their corrective actions. I anticipate that this Committee will consist of Managing, Programme and Quality and Risk Directors from Pathway and, potentially, a representative from Group Internal Audit.