

PROGRESS AGAINST THE 2012-13 AUDIT PLAN

1. INTRODUCTION

- 1.1 The purpose of this report is to inform members of the Audit Committee of progress made against the 2012-13 audit plan, which was approved in July 2012.

2. INTERNAL AUDIT PLAN 2012-13 KEY POINTS

- 2.1 Appendix 1 shows the progress made against the audit plan. Progress is demonstrated by recording the current status of each audit at the time of putting this report together 5th March 2013.

- 2.2 Where audits have been completed, the assurance level and number of agreed recommendations made have been shown. (The Audit Strategy provides a description of assurance levels). The number of audits which have resulted in limited assurance have increased this year (one in 2011/12). There does not appear to be evidence of one specific reason for this. EMT has noted this increase and requested that if this trend continues, that a detailed analysis is undertaken to identify the cause.

- 2.3 Having re-evaluated the audit plan and remaining resources days available, it is estimated that three audits totalling 24 days will not be completed within the year. This is due to additional time spent on the payroll, accounts payable, income, write offs and national non domestic rates audits. The three audits are;

- Community safety
- Partnerships
- Engineering Works

Before coming to this conclusion a risk assessment was undertaken on the value of completing these audits over any other within the year and considering if this work could be slipped to 2013/14. It is the opinion of the Internal Audit Manager that non completion of these audits during 2012/13 will not have an impact on the ability to provide a yearend opinion.

- 2.4 The ICT services audit totalling 25 days will not be undertaken by Internal Audit. Ernst & Young IT Auditors have completed work which would otherwise have been duplicated by Internal Audit. Internal Audit will request the outcome of the independent review to supplement the year end opinion. The resources days of internal audit have been diverted to additional days required to support the Contracts Project work.

- 2.5 Appendix 2 lists audit work, where the outcomes will not result in an issued report, therefore assurance levels will not be provided. Good progress has been made on projects, although no work has been commenced corporately on the Financial Regulations review, although plans are in place to address this. A more detailed reviewed will be provided in the year end report.

- 2.6 Internal Audit monitors progress made against agreed audit recommendations. Where high priority recommendations are overdue they are reported to EMT and Audit Committee. As at 5th March the following recommendation is overdue;

- Swipe card renewal agreement

Whilst some progress has been made this recommendation has not been signed off as complete. The “contract” is due for renewal as at 31.3.13. Services have started to consider future requirements which will inform the new specification. It is acknowledged that changes to legislation may have an impact on swipe card usage (this relates to Council Tax and rents payments mainly)

EMT have requested that they are kept updated on the progress made against this recommendation. Internal Audit will report back in six weeks time (19th April) or by the actual completion date (which ever is the sooner).

3. FINANCIAL IMPLICATIONS & CRIME AND DISORDER IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report, however inadequate coverage may result in areas of control weaknesses not being identified with the raised potential for fraud and adverse comment from the External Auditor with regards to the level of assurance that can be placed on the work of the internal audit team.

4. ENVIRONMENTAL MATTERS & EQUALITY AND DIVERSITY IMPLICATIONS

- 4.1 There are no matters arising directly from this report.

5. RECOMMENDATION

- 5.1 The Audit Committee note the content of the report.

For Further Information Please Contact:

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Background Papers:

Internal Audit Plan 2012/13
Audit Committee - July 2012

Audit Plan Timetable and Performance

Audit Area	Status	Assurance level	Number of Recommendations				Additional Comments
			High	Medium	Low	VFM	
Continuous Monitoring	Ongoing	n/a	n/a	n/a	n/a	n/a	on target
Benefit Subsidy Claim Testing	Completed	n/a	n/a	n/a	n/a	n/a	completed within target time
Licensing	Completed	Reasonable	5	9	0	0	Completed - 2 days over target
Rent accounting	Completed	Reasonable	3	12	1	0	Completed - 1 day over target
Council Tax	Completed	Reasonable	2	7	4	0	Completed - 3 days over target
Treasury Management	Completed	Reasonable	0	0	3	0	Completed - 1 day over target
Refuse	Completed	Reasonable	2	7	1	0	Completed - 1 day over target
Write Offs/Ons	Completed	Limited	3	8	5	0	Completed - 5 days over target due to additional testing and preparation of a new policy
Accounts Receivable	Completed	Limited	2	9	5	0	Completed - within target time
Payroll	Completed	Limited	3	17	13	4	Completed - but took twice as long as originally estimated due to additional testing requirements
PCI - DSS	Completed	Limited	6	0	0	0	Completed within target time
Accounts Payable	Completed	Limited	5	13	4	1	Completed - but over target time. Increased sample sizes
Leader	Completed	n/a	0	0	0	0	Completed well within target time
National Non Domestic Rates	Draft						Issued - with service for agreeing the action plan
Main Accounting	Draft						With supervisor for review
Bank Reconciliations	Draft						With supervisor for review
Building Control	Draft						With supervisor for review
VAT	Draft						With supervisor for review
Experian	Draft						With supervisor for review
Income	WIP						Additional testing undertaken. Testing completed preparing draft report
Housing Benefits	WIP						Testing completed to draft report
Vehicle and Plant Maintenance	WIP						Testing completed to draft report
Building Maintenance	WIP						Testing completed to draft report
H&L Centres	WIP						Testing in progress
Asset Management	WIP						Testing in progress
Development Control	WIP						Testing in progress
Health and Safety	WIP						Planning stage
Risk Management	WIP						Planning stage
Insurance	WIP						Testing in progress
Business Continuity	WIP						Testing in progress
Procurement & Contract Audit (joint)	WIP						Testing in progress
Safeguarding	WIP						Testing in progress
Personnel/HR							Plan to start mid March.

Governance & Delegations (joint)							Plan to start mid March.
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Audits which will not be undertaken during 2012/13

Audit	Comment
Partnerships (10 days)	Insufficient time to undertake
Community Safety (5 days)	
Engineering Works (9 days)	
ICT Audit	Additional testing undertaken by E&Y - avoids duplication of work.

Audit Work	Comment
Advice and Liaison	
Audit Commission/Ernest & Young (External Audit)	Ongoing liaison throughout the year
Authorised Signatories	Ongoing - providing advice for managers
Contracts Advice	Ongoing - providing advice for managers
Waivers	Ongoing - providing advice for managers and EMT. Report issued for 11/12
Projects/Policy Review	
Bank Implementation	Change substantially complete for NDFC and NFNPA
Contract Project	New policy and procedures drafted following an extensive project. New Policy to be presented to Council on 15th April 2013 for approval
Financial Regulations	To follow, after the approval of the new contract standing order policy to ensure they are aligned
Corporate Projects (inc Ringwood Gateway, Housing, Estates & Valuations, Dibden Golf Course)	Project team reviews - Time spent on Housing project team to date
ICT - Audit Trails	Nothing completed
New IT Systems & Agresso Development	ICT and Audit to work together on significant ICT changes to systems
Fraud/ Investigation Related	
Investigations	Any concerns will be separately reported, nothing to report to date
Banking - Irregularities	Ongoing - nothing to report to Committee as a concern
Fraud Training	New e-form package. Ongoing
Single Person Discount and Tenancy Fraud	Tenancy fraud towrk with Benefit Investigations team.
Telephone and Mobile Monitoring	Unable to effectively monitor following loss of web access. Manual process of invoice review
Incident Reporting	New e-form template drafted. ICT to assist with its implementation onto Forestnet
3 Party Contracts	
3rd Party Contracts	Ongoing - all Town Council work completed. Partners are happy with performance to date.
Other	
Contingencies	Ongoing
Non Productive Time	Includes training and corporate meetings.
Management	Ongoing