



PROGRESS AGAINST THE 2013/14 AUDIT PLAN

1. INTRODUCTION

- 1.1 The purpose of this report is to inform members of the Audit Committee of progress made against the 2013/14 audit plan, which was approved in March 2013.

2. INTERNAL AUDIT PLAN 2013/14 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.
- 2.2 Where audits have been completed, the assurance level and number of agreed recommendations made have been shown. No audits have been awarded “Limited” or “No” Assurance at this time. (See description details within Appendix 1)
- 2.3 The Executive Director S151, has agreed that half of the resource time of one Auditor will be utilised to support the corporate contract role until December 2013. This will have an impact on the delivery of the audit plan. It is estimated that there will be a loss of 72 productive days. The Internal Audit Manager is reviewing options to resource this gap and reassessing the audit plan risks as not filling this role will result in audits not completed which may bring rise to unidentified control weaknesses and the inability to provide an opinion on the control environment. This impact will be continued to be closely monitored and an update provided back to Audit Committee.
- 2.4 Appendix 2 lists other audit work where the outcome will not result in an issued report, therefore assurance levels are not provided. Work for Third parties is recorded within this Appendix. Both Town Council Audits were completed on time. There are no significant issues or frauds that need to be brought to your attention at this time.
- 2.5 All high priority recommendations made by Internal Audit have been agreed with services. Internal Audit monitors progress made against agreed audit recommendations to ensure they are implemented within the agreed deadlines. Where those high priority recommendations are “overdue” (i.e not fully implemented by the deadline) they are reported to EMT and Audit Committee. The following recommendations are overdue;
- Payment Card Industry Data Security Standards (PCI DSS)
As previously reported to Audit Committee, improvements were required to demonstrate that the Council obtains and maintains the PCI DSS accreditation. Since the last meeting the Council has undertaken a roll out of an upgraded system which has further improved its standards. Significant progress has been made since the last meeting. To fulfil all audit recommendations, assurance is required from a Qualified PCI Assessor, that all reasonable security standards have now been completed.
 - Experian (Credit Referencing Agency)
The current version of the software used does not provide adequate management information to ensure controls are in place are effective. This service was tendered earlier in the year but the procurement exercise was unsuccessful. The service will go back out to the market again, early in 2014 and if successful should resolve the recommendation made.

- Accounts Receivable (also known as Debtors)
The Accounts Receivable software currently operates across two “systems” dependant on whether the Invoice is a reoccurring charge (known as a Periodic) or a one off invoice. The part of the system which is used to raise, manage and store one off invoices is no longer supported by the software provider. This risk has been raised in the last 2 annual audits. A long action date was agreed to ensure there was sufficient time to test the module. Internal Audit can evidence that testing has been undertaken but not yet completed.
- Swipe Card Contract (payment option)
In previous audit reports, updates have been provided on the need to procure a new provision for the Swipe Card payment option. This recommendation has been progressed significantly and the service, with the assistance of Internal Audit, are looking to make the necessary updates to change provider. This recommendation will be removed from future progress reports as the recommendation is now deemed completed although the contract itself now needs to be project managed in with the opportunity of making savings and utilising improved technologies.

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:

Lucinda Upton
Internal Audit Manager
Tel: (023) 8028 5588
E-mail: lucinda.upton@nfdc.gov.uk

Background Papers:

Internal Audit Plan 2012/13
Audit Committee - July 2012

Audit Area	Days	Q1	Q2	Q3	Q4	Assurance level	Number of Recommendations				Additional Comments
							High	Medium	Low	VFM	
Income streams	20	WIP				N/A	N/A	N/A	N/A	N/A	
Expenditure streams	20	WIP				N/A	N/A	N/A	N/A	N/A	
Subsidy Testing	50	Completed				N/A	N/A	N/A	N/A	N/A	N/A
Governance	15	Completed				N/A	N/A	N/A	N/A	N/A	Review of Local Code of Good Governance
Land Charges	15	Completed				Reasonable	1	3	0	0	
Trees (Council owned)	10	Completed				Reasonable	2	10	6	0	
Pest Control	8	Completed				Reasonable	0	6	4	2	
Dog Wardening	8	Completed				Reasonable	0	5	7	0	
Engineering Works	15	WIP									Auditor time reduced as providing Corporate Contract Support
Procurement/Contract Management	30	Draft									
Central Purchasing/Stores	15		Draft								
Housing Needs/Homelessness/Housing Register/B&B	15		Draft								This audit has been brought forward from Q4 to fit with service restrucure
Resident Involvement	5		WIP								This audit has been brought forward from Q3
Information Governance	15		WIP								
Landlord services (rents)	15		WIP								
Treasury Management	5		WIP								
Council Tax	20		WIP								
Payroll (inc NFNPA testing)	25										
Member Allowances & Expenses	5										
Income	15										
Accounts Payable	15										
Main Accounting System inc bank reconciliation	20										
Accounts Receivable	15										
National Non Domestic Rates	20										
Benefits & Fraud Investigation	15										
Building Works - Reactive	15										This audit has been put back from Q2 to fit with contractor timescales
Sports and Play Development and Other Community Grants	15										
Asset Management	10										
IT Audit	15										This audit has been put back to Q4
ICT Maintenance	15										This audit has been put back to Q4

Audit Plan Timetable and Outcomes 2013/14

Leader (on third party behalf)	2									
Safeguarding	2									
Estate Management (non housing stock) Valuers & Hythe Market	15									
Environmental Health - Commercial	15									
Domestic Refuse - Waste and Recycling inc special collections and garden waste	15									
Parking & Enforcement	15									
Economic Development	10									Moved from Q2
Section 106 / CIL	10									Moved from Q2
Highways & Traffic Management	15									
Partnerships (Assurance)	10									
Electoral Services	10									
Community Safety & CCTV (Inc Anti Social Behaviour)	10									

During Quarter one, both Town Council audits were also completed. This equated to 11 days of work for a fee.

During Quarter two, audit time also provided to NFNPA. Result of these audits are not provided to NFDC.

Audit Work	Comment
Advice and Liaison	
Ernst & Young (External Audit)	Ongoing liaison throughout the year
Authorised Signatories	Ongoing - providing advice for managers
Contracts Advice	Ongoing - providing advice for managers - this role has been increased until December 2013
Waivers	Ongoing - providing advice for managers and EMT. Report being drafted for 12/13
Financial Regulations	Ongoing - providing advice for managers.
Projects/Policy Review	
Financial Regulations	Work in progress - recommendation in AGS. Regulations redrafted and ready for consultation.
Corporate Projects (inc Housing and Reactive Works)	Part of Housing review team. To commence project for purchase of contractor system
Fraud/ Investigation Related	
Investigations	Internal Audit will investigate all reported cases
Banking - Irregularities and general H&L queries	Nothing to report to Committee as a significant concern at this time.
Fraud Training	New training module in place. Being rolled out with assistance from ICT as an e-learning process
Policy review	Due in January 2014
NFI overview	Will review progress in September 2013
Incident Reporting	New e-form template drafted. ICT to assist with its implementation onto Forestnet
3 Party Contracts	
Town Council - Audit 1	Completed
Town Council - Audit 2	Completed
Dorset partners	Ongoing throughout the year
Other	
Contingencies	Ongoing
Audit Management (inc Performance Management, Planning, Supervision/signing off of audits, Meeting and Committee attendance, annual reporting, liaison with external audit etc) and Team training and development, office routine, meetings and Contingency	Ongoing