

PROGRESS AGAINST THE 2014/15 AUDIT PLAN

1. INTRODUCTION

- 1.1 The purpose of this report is to inform members of the Audit Committee of progress made against the 2014/15 audit plan, which was approved in March 2014.

2. INTERNAL AUDIT PLAN 2014/15 PROGRESS

- 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 (5 January 2015).
- 2.2 Where audits have been completed, the assurance level and number of agreed recommendations made have been shown.
- 2.3 Eleven NFDC audits have been fully completed with a further three audits at draft stage. Both Town Councils have been completed within deadlines and work on the benefit subsidy has also been completed.
- 2.4 There are no requests to add new items to the audit plan following the latest risk assessment, however there are two audits which are requested to be postponed to 2015/16; Building Works – Reactive and Elections. The Building Works project is currently on hold and therefore the audit would not be beneficial at this time. The timing of the elections audit is better suited post the election in May 2015.
- 2.5 No significant frauds that need to be brought to your attention at this time.
- 2.6 The National Fraud Initiative (NFI) process has commenced and all datasets required were submitted within the prescribed deadline. The results of the matching exercise are expected after 29 January 2015.
- 2.7 Following the transfer of the Benefit Investigation team, NFDC joined other Hampshire Councils in a partnership bid for the provision of a (non-benefit) fraud grant fund being made available by the Government. Unfortunately the bid was not successful and the Internal Audit Manager is investigating other options of shared working in relation to Fraud. These include joint work with other Hampshire and Dorset authorities. Once an preferred way forward is identified the Fraud Strategy will be updated and presented to Audit Committee.
- 2.8 The service has also been working with Accountancy, IT and the New Forest National Park on the bank migration to Lloyds from the Co-Operative Bank. This project has been substantially completed. It is planned that the Co-Operative bank accounts will all be closed by the end of the financial year.
- 2.9 The Central Purchasing Unit identified a Hampshire Framework Agreement for Cash collections. NFDC have now joined this Framework and Audit have implemented a successful changeover to the new supplier Keyline Security with effect from 1 December 2014. This change will have savings of at least £10k per annum for collection costs alone. A further saving will also be made as Lloyds will be processing our cash as part of the new banking contract.

PROGRESS ON HIGH PRIORITY RECOMMENDATION

- 2.10 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 5 January 2015 the following recommendations remain overdue;
- Payment Card Industry Data Security Standards (PCI DSS)
A PCI DSS submission was sent on 18 December 2014 unfortunately the submission failed. This is primarily due to running of a non compliant product, which enables card payments to be taken on the web and on some telephone payments. This system is planned to be decommissioned by ICT in March 2015.
 - Business Continuity recommendations were partially reviewed within the scope of the IT audit due to the link with Disaster Recovery planning. Work has been undertaken to identify critical activities and to ensure they have robust plans developed. This is an area that will continue to be monitored.
 - The three recommendations in relation to Asset Management have also progressed. A new case management system has been sourced and is currently in test. This system will facilitate the reconciliation of rents due to the Council to the core financial systems. The system is due to go live January 2015. The upgrade to the Asset Management system is not yet scheduled as the Council is waiting for the supplier to provide an upgrade.
 - There is a working arrangement between Building Control and Development Control. A draft SLA between the services has been completed by the Development Control Manager in July 2013 however this has yet to be agreed and signed by the Building Control Manager.

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 notes 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 2014/15
Audit Committee – March 2014

Internal Audit Plan 2014/15 Timetable and Result Summary

Audit Class and Titles	Allocated Time (Days)	Q1 (Apr - Jun)	Q2 (Jul - Sep)	Q3 (Oct - Dec)	Q4 (Jan - Mar)	Assurance level	Number of Recommendations				Comments
							High	Medium	Low	VFM	
Main Financial Audits											
Treasury Management	5		Completed			Reasonable	0	2	0	1	
Income	15			Completed		Limited					
Benefits & Fraud Investigation	15			Draft							
Main Accounting System inc bank reconciliation	15			WIP							
National Non Domestic Rates	15			WIP							
Landlord services (Rent Accounting)	15			WIP							
Payroll (inc NFNPA testing) (Inc T&S, Members Allowances & Expenses)	25										
Council Tax	15										
Accounts Payable	15										
Accounts Receivable	15										
Asset & Estate Management	15										
Assurance/Risk Based Service Areas											
Governance & Corporate Risks	15	Completed				Reasonable	1	2	0	1	Code of Good Governance
Forward Planning - Policy and Plans (CIL) (from 13/14)	10	Completed				Substantial	0	1	0	0	
Community Alarms/Lifelines (from 13/14)	10	Completed				Reasonable	0	4	2	6	
Housing Improvement Grants / Disability Facility Grants	10	Completed				Reasonable	3	3	0	0	
Parking & Enforcement (to complete the audit that started in 13/14)	8	Completed				Limited	3	3	3	5	
Domestic Refuse & Commercial Waste and Recycling inc special collections and garden waste and Street Cleansing	20		Completed			Reasonable	0	11	1	12	
Economic Development & Partnerships (slipped from 13/14)	20		Completed			Reasonable	1	3	0	0	
Tourism - Community and Environment	10		Completed			Substantial	0	2	0	0	

Keyhaven River, Moorings and Dinghy Park	15		Completed			Limited	5	8	1	4	
Health and Leisure Centres	20		Draft								
Information Governance - CCTV	15			Draft							
Safeguarding	5			WIP							
Procurement/Contract Management	30				WIP						
IT Audit (Security/Maintenance, Purchases etc)	25										
Housing Development Inc Affordable Housing & Private Sector Leasing & Empty Properties	15										
Risk Management/Insurance/Health and Safety	15										
Electoral Services	10										On hold as inappropriate timing for the service
Building Works - Reactive	15										Project on hold and therefore audit cannot be undertaken

Work with Third Parties

x 2 Town Councils	11	Completed			
Benefit Subsidy (of NFDC)	45	Completed			
NFPNPA IT	On NFNPA audit plan			Completed	
NFNPA Business Continuity and Emergency Planning etc		Completed			
NFNPA Accounts Payable				WIP	
NFNPA Grants				WIP	
NFNPA Main Accounting				WIP	
NFNPA Information Governance					
Dorset sites - management and IT auditor		Each Quarter			

Assurance Level	Assurance Description
Substantial Assurance	There is a strong system of control designed to achieve the system objectives with controls being consistently applied.
Reasonable Assurance	Whilst there is a basically sound system in place, weaknesses were identified which may put some of the system objectives at risk.
Limited Assurance	Weaknesses in the system of controls are such as to put system objectives at risk.
No Assurance	Control is generally weak leaving the system open to significant error or abuse.