

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 originally approved in March 2014 and subsequently updated during the year.

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 (11th March 2015).
- 2.2 Where audits have been completed, the assurance level and number of agreed recommendations made have been shown.
- 2.3 Fourteen NFDC audits have been fully completed with a further five 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.
- 2.5 The team has been engaged with internal investigations, the outcome of these investigations has not been determined at the time of preparing the report. Where a verbal update can be given at Committee, this will be provided. A full fraud update report will be presented to Audit Committee in June 2015.
- 2.6 A significant amount of work is underway to update the Councils fraud strategy and policies. The team has recently attended training on CIPFA's new Code of Practice.
- 2.7 During February 2015, Parliament approved significant changes to Procurement Regulations. Internal Audit has been supporting the required changes that the new regulations require of the Council. This includes a revision of policy, procedures, documentation and use of systems.
- 2.8 The Internal Audit team has provided an Audit Management service as well as Auditor resource to Dorset authorities. From 30th June 2015, the Audit Manager will no longer be responsible for providing a management service to North Dorset District Council as that Council has entered into a tri-council partnership with two Dorset councils which New Forest District Council does not provide a service for.
- 2.9 The security carrier contract has been fully implemented and the Council is currently receiving a good service. The bank contract has been substantially implemented for phase 1. There have been no issues raised by the public on this transfer. There are however a number of outstanding implementation queries, which Accountancy are handling with the new bank provider. Once these areas have been resolved, the Council will enter into project managing Phase 2 of the contract which relates to merchant acquiring transfer.

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 11th March 2015 the following recommendations remain overdue;
- Payment Card Industry Data Security Standards (PCI DSS)

A new PCI DSS assessment has been undertaken on version 3 of the PCIDSS standards. The Council has yet to fully decommission the remaining non compliant product, which enables card payments to be taken on the web and on some telephone payments. This system is now planned to be decommissioned by ICT by the end of May 2015.

- 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.

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:

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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	0	13	3	1	
Benefits & Fraud Investigation	15			Completed		Reasonable	1	4	1	0	
Landlord services (Rent Accounting)	15			Completed		Limited	3	3	4	0	
Main Accounting System inc bank reconciliation	15			Completed		Reasonable	0	6	1	2	
National Non Domestic Rates	15			Draft							
Accounts Receivable	15				Draft						
Payroll (inc NFNPA testing) (Inc T&S, Members Allowances & Expenses)	25				WIP						
Council Tax	15				WIP						
Accounts Payable	15				WIP						
Asset & Estate Management	15				WIP						Follow up required
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			Completed		Reasonable	0	4	6	4	
IT Audit (Security/Maintenance, Purchases etc)	25				Draft						
Health and Safety	15										2015/16

Projects / Consultancy / external report

Procurement/Contract Management	30	Attendance at corporate training, supporting Procurement team and management in the development of new Contract Processes following the change in Regulations									
Housing Development Inc Affordable Housing & Private Sector Leasing & Empty Properties	15	Attendance at the Affordable Housing project meetings. Advice and recommendations provided.									
Safeguarding	5	Time required to carry out Domestic Homicide Review									

Work with Third Parties

x 2 Town Councils	11	Completed			
Benefit Subsidy (of NFDC)	45	Completed			
NFPNPA IT	On NFPNPA audit plan			Completed	
NFPNPA Business Continuity and Emergency Planning etc		Completed			
NFPNPA Accounts Payable				Draft	
NFPNPA Grants				Draft	
NFPNPA Main Accounting				Draft	
NFPNPA Information Governance				Draft	
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.