

PROGRESS AGAINST THE 2015/16 AUDIT PLAN

1. INTRODUCTION

- 1.1 The purpose of this report is to inform members of the Audit Committee of progress made against the 2015/16 audit plan, which was approved in March 2015.

2. RESOURCES

- 2.1 Appendix 1 shows the current structure of the Internal Audit Partnership following the departure of the Lucinda Upton (Internal Audit Partnership Manager).
- 2.2 The number of Management days provided by NFDC to the other Authorities has been reduced and each Authority now has a Senior Auditor that will take on more management responsibility. Previously NFDC had a Service level Agreement (SLA) with Christchurch and East Dorset Partnership which included the provision of Audit Management days to Purbeck District Council. Under the new arrangements NFDC now has a direct SLA with Purbeck District Council.
- 2.3 At present NFDC is undertaking a recruitment exercise for the vacant Auditor post, this vacancy is a result of successful recruitment to the Senior Auditor post. The Auditor post should be filled during October 2015. Following the resignation of the Audit Assistant a business case has been approved to recruit an Audit Apprentice to replace the previous Audit Assistant post. The aim is to have this position filled during November.

2. INTERNAL AUDIT PLAN 2015/16 PROGRESS

- 2.1 Appendix 2 shows the progress made against the 2015/16 internal audit plan to 28th August 2015. Progress is demonstrated by recording the current status of each audit assignment, the audit opinion and a summary of the number of recommendations made.
- 2.2 The internal audit plan is timetabled to ensure the audit assignment can be undertaken at the most effective time. Appendix 2 shows the audits planned for each quarter of the year. Due to changes within the audit team and also the recruitment of team members 3 Audits will now be completed in Q3 instead of Q2. These audits are Benefits, Development Control and Housing Development. The timing of the Payroll and Main Accounting Audits have been changed slightly as these will be completed by the Senior Auditor from Purbeck District Council.
- 2.3 The plan is on schedule. The majority of work undertaken in the first five months includes;
- Assurance and risk based service areas
 - Procurement Service Review
 - Real time exception testing (creditors)
 - NNDR System migration
 - Attendance at projects including Affordable Housing and implementation of new Procurement Legislation
 - Follow up of audit recommendations
 - Work with third parties including the External Auditor's Subsidy testing, Town Councils audits.
 - Fraud risk register review
- 2.4 An amendment to the Audit plan has been made for the current year due to the Procurement Service review. The Principal Auditor is a member of the Project team undertaking the Service review and it is felt that the Audits allocated in the Audit Plan would duplicate some areas of work that will be covered as part of the review. The details of this amendment can be seen in appendix 3.

- 2.5 There are no frauds that need to be brought to your attention at this time. Two Officers within the Internal Audit team have recently undertaken Authorised Officer training, this enables enquiries with employers and financial institutions to be undertaken when investigating fraud in respect of Tenancy Fraud and Council Tax reduction scheme fraud. Previously Officers were Authorised under the Social Security Fraud Act however due to benefit fraud investigations moving to the DWP this Council could no longer use this route for enquires.

PROGRESS ON HIGH PRIORITY RECOMMENDATION

- 2.7 Internal Audit monitors progress made against agreed audit recommendations. Currently high priority recommendations outstanding include;

- Payment Card Industry Data Security Standards (PCI DSS) compliance
Action being taken: ICT Security procured a Qualified Assessor to support the Council in achieving its PCI DSS compliance. Following the assessment an action plan has been developed. Internal Audit will work with ICT Security to implement the action plan.
- Building Control
It was recommended that the service reconcile the income recorded on the building control system to the general ledger to ensure all income is accurately posted.
Action: The service is requesting assistance from ICT to provide system reports to help facilitate the process. This area has been audited during 15/16 and no further action has been taken. Further action in this area will be agreed as part of the 15/16 audit action plan meeting.

3. FINANCIAL IMPLICATIONS & CRIME AND DISORDER IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report, however inadequate audit coverage may result in areas of control weakness, unacceptable risks or governance failings as well as the increased potential for fraud and error.

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 and raise any further areas of assurance coverage that they require.

For Further Information Please Contact:

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Background Papers:

Internal Audit Plan 2015/16
Audit Committee – June 2015