

## **AUDIT COMMITTEE – 22<sup>nd</sup> January 2016**

### **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 The Audit team is now fully resourced. The vacant Auditor post was filled in October and an Audit Apprentice started on the 23<sup>rd</sup> November 2015.
- 2.2 The team have now moved from Lymington Town Hall to a temporary office at Appletree Court, with some officers using the hot desks in Property Services.

#### **3. INTERNAL AUDIT PLAN 2015/16 PROGRESS**

- 3.1 Appendix 1 shows the progress made against the 2015/16 internal audit plan to 5<sup>th</sup> January 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.
- 3.2 The internal audit plan is timetabled to ensure the audit assignments can be undertaken at the most effective time. Appendix 1 shows the audits planned for each quarter of the year. The Council Tax Audit was scheduled for Q3 but has been moved to Q4 at the request of the Service. This is due to the server currently hosted at Hampshire being brought back in house. This work should be completed by the middle of February. The Elections Audit has been moved to November 2016, this was at the request of the service as November would be a better time of year for the service to be able to provide assistance to aid the completion of the Audit.
- 3.3 The scope of the Housing Development inc Affordable Housing, Private Sector Leasing & Empty Properties audit has changed to mainly concentrate on Private Sector Leasing due to the recent issues encountered at Savoy House.
- 3.4 Audit undertake financial appraisals of suppliers for contracts let by the Council. The level of appraisal depends on the risk and value of the contract and also the requirements of the Public Contracts Regulation 2015. At present the Council are in the process of setting up a Framework agreement for Coastal monitoring which will be used regionally. Audit will be required to undertake financial appraisals for all suppliers submitting tenders to join the framework. At present approximately 50 submissions are expected. Due to the resource required to undertake this volume of appraisals the Coastal and Regional monitoring audit that was due to be undertaken in Q4 will be moved to next year.
- 3.4 The plan is on schedule. The majority of work undertaken within the year 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 and Partnership Audits
  - Fraud risk register review
- 3.5 There are no frauds that need to be brought to your attention at this time.

- 3.6 Published in October 2014, the [CIPFA Code of Practice on managing the risk of fraud and corruption](#) sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

Applicable to all public services organisations, the five key principles are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

CIPFA have recently released a self-assessment tool that can be used to assess compliance with the code of practice. This tool has now been purchased and will be used to assess the current position of the Council. This will help to then develop an action plan for completion in 16/17.

#### **4. PROGRESS ON HIGH PRIORITY RECOMMENDATION**

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

- Payment Card Industry Data Security Standards (PCI DSS) compliance.  
Adelante- This non-compliant payment system is no longer in use.  
An external qualified assessor is returning in January to help segregate the NFDC payment systems on the network. Audit continues to work closely with the ICT Security team to ensure completion of 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. This will be reviewed again in 16/17.
- Business Continuity  
To ensure that all business units, that are deemed to have Critical Activities, have up to date Business Continuity Plans  
To ensure Disaster Recovery Plans are created for each Critical System  
High level of responsibility needs to be taken for creating and implementing business continuity plans and ensuring they are kept up to date  
At present no further action has been taken regarding these recommendations and they will be reviewed for any progress prior to the next committee.

#### **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:**

Glenda Chambers

Principal Auditor

Tel: (023) 8028 5588

E-mail: [glenda.chambers@nfdc.gov.uk](mailto:glenda.chambers@nfdc.gov.uk)

**Background Papers:**

Internal Audit Plan 2015/16