

PROGRESS AGAINST THE 2016/17 AUDIT PLAN

1. INTRODUCTION

- 1.1. The purpose of this report is to inform members of the Audit Committee of progress made against the 2016/17 audit plan, which was approved in March 2016.

2. RESOURCES

- 2.1. The Audit team is now fully resourced. The vacant Auditor post and the new Information Assurance Officer and ICT Auditor post were both filled in July.
- 2.2. The team are currently working from their office at Appletree Court, with some officers using the hot desks in Property Services. A room has been requested to accommodate the two officers without a permanent desk.

3. INTERNAL AUDIT PLAN 2016/17 PROGRESS

- 3.1. Appendix 1 shows the progress made against the 2016/17 internal audit plan to September 2016. 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. As a result of the restructure of Internal Audit the following scheduling amendments have been made to the audit plan:
- Payroll audit due to be completed in Q2/Q3 will now be completed in Q3
 - Accounts Receivable audit due to be completed in Q3 will now be completed in Q3/Q4
 - Rents audit due to be complete in Q3 will now be completed in Q4
 - Environmental Health – Commercial and Pollution audit due to be completed in Q2 will now be completed in Q4
 - IT (PSN/Security/DR) audit due to be completed in Q2 will now be completed in Q4
 - Business Continuity audit due to be completed in Q2 will now be completed in Q3
 - Environmental Health – Pest Control audit due to be completed in Q2/Q3 will now be completed in Q4
- 3.3. The Property Services (Housing and Non Housing) Audit was scheduled for Q2 but has been removed from the audit plan due to the recent restructure of the service. This area will now be covered in individual service audits.
- 3.4. The scope of the Domestic Refuse and Commercial Waste and Recycling audit has been changed to include involvement on the Garden Waste Project.
- 3.5. Due to a service restructure the Engineering Design and Land Drainage audit and Engineering Works audit will be combined with one report issued.

3.6. The plan is on schedule. The majority of work undertaken in the first six months includes;

- Assurance and risk based service areas
- Real time exception testing (creditors)
- Attendance at projects including Affordable Housing, Garden Waste and Procurement Review, including the implementation of purchasing cards.
- Review of contract payment certificates
- Stock takes, cash ups and petty cash checks
- Keyhaven Income Returns
- Car Park Income Reconciliation
- Follow up of audit recommendations
- Work with third parties including:
 - Completed two Town Council audits
 - External Auditor's Subsidy testing
 - Dorset Audit Partnership
 - New Forest National Park audits

3.7. There are no frauds that need to be brought to your attention at this time.

4. PROGRESS ON HIGH PRIORITY RECOMMENDATIONS

4.1. Internal Audit monitors progress made against agreed audit recommendations. Appendix 2 details all high priority recommendations that have resulted from Audits undertaken during 2016/17.

4.2. Progress to implement high priority recommendations is monitored and any uncompleted recommendations are reported to Audit Committee. Currently the following high priority recommendations are outstanding;

- Payment Card Industry Data Security Standards (PCI DSS) compliance
Action: EMT received a report in August and this has been placed as a high priority on the workplan of the ICT Service Manager.
- Asset Management
It was recommended that the service (Estates and Valuations) undertake a reconciliation to ensure all expected leases had been charged and that the charges had been raised correctly.
Action: This recommendation was reported as outstanding in the 2014/15 and 2015/16 annual opinion reports. Implementation of a reconciliation process is proving to be problematic due to the lack of common identifiers between Agresso and IPF; however appropriate discussions have taken place with all key officers and regular ongoing efforts are being made to address the reconciliation issue.
- 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
Action: The Service Manager (Compliance and Coastal) now responsible for Business Continuity has recently been informed of these recommendations and this will be included as an item for discussion at the next Service Managers meeting. Service Managers are new to their roles and have been concentrating

on reviewing/shaping their new services; this needs to be completed first in order to gain an understanding of their services to give them a good grounding for considering their business continuity arrangements/needs. It is envisaged that preparation of updated BCPs will run through to the end of the financial year, dependent on individual service pressures and priorities.

- **Economic Development and Partnerships**
It was recommended that the management of Partnerships was established to enable the monitoring and reviewing of partnership arrangements to be undertaken.
Action: Following the management restructure this recommendation has been allocated to EMT to review the Council's current partnerships and determine where the management of partnerships should sit.
- **Keyhaven**
It is recommended that a procedure manual is drawn up detailing the river wardens duties.
Action: Work towards creating a procedure manual is ongoing and is due to be completed by March 2017.
Insurance documents for all boats moored/parked at Keyhaven must be supplied to the Council, and copies taken and retained on file.
Action: A review of licence conditions by legal has identified that insurance documents only need to be provided to the Council if requested. Terms and conditions will be updated to reflect this during the next review of mooring licence conditions.

5. FINANCIAL IMPLICATIONS & CRIME AND DISORDER IMPLICATIONS

- 5.1. 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 error and fraud.

6. ENVIRONMENTAL MATTERS & EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1. There are no matters arising directly from this report.

7. RECOMMENDATION

- 7.1. 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 2016/17

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