

**EMT – 3 JANUARY 2017**  
**AUDIT COMMITTEE – 27 JANUARY 2017**

**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 Apprentice has now left after completing a year of the Apprenticeship. There have been changes to the Apprenticeship scheme and if a further apprenticeship in Audit is offered, this will be combined with Accountancy to meet the requirements of the new 'Trailblazer' apprenticeship.
- 2.2 Audit have now been allocated a room to accommodate 2 officers and all of the team now have 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 December 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. The following scheduling amendments have been made to the audit plan:
- Payroll audit due to be completed Q3 will now be completed in Q4
  - Business Continuity audit due to be completed in Q3 will now be completed in 17/18. This is due to the responsibility for this area changing to another Service Manager following recent changes to the Management Structure
  - Environmental Health – Pest Control audit and Dog Wardening audit due in Q4. A full service review of both of these areas will be completed in Q4. Audit will be providing support and advice as part of the review and will not complete the Audits.
- 3.3. The audit plan completion is slightly behind schedule. The 2 audits that haven't been completed are Building Works and Landscape and Open Spaces. These audits are being undertaken by the Senior and Principal Auditor respectively. This is due in part to a significant increase of ad-hoc queries. There has been a range in the subject of queries received, but a high proportion have been with regard to procedure requirements and authorisation levels. The Principal and Senior Auditor have also been involved in a recent data breach incident providing an independent verification of the actions taken following the breach to minimise the reputational risk to the Council.

- 3.4. The Senior Auditor has been managing the upgrade to the Experian system and has trained users on the new system. The management of this contract will be transferred to the Service Manager for Housing & Communities once it has been retendered, in 6 months. Until then the administration of the Experian system will remain with the Senior Auditor.
- 3.5. The decision for approval of Waivers to Contract Standing Orders has now been given to the Principal Auditor and Service Manager for Legal. This change will provide a consistent approach to decisions and also improve compliance to Procurement Rules.
- 3.6. The majority of work undertaken 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

#### **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.
- 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: Agresso have recently released an upgrade which will comply with the requirements of PCI DSS. This upgrade will be implemented in May 2017. New guidance documents on scoping and segmentation specifically around voice-over-IP installations (telephone systems) are due to be released mid-2017 and it could result in significant changes to compliance requirements. It has been decided to wait until the new guidance is issued before any further action with regard to telephone payments is taken.
  - 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 for Business Improvement and Customer Services became responsible for this area in December. An audit of Business Continuity will take place during 17/18

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: EMT have reviewed and streamlined the Partnership Register and this will be reviewed every 6 months.

## **5. CORPORATE FRAUD**

5.1. The new post of Corporate Fraud and Compliance Auditor was introduced in July 2016. The following actions have been undertaken:

- The Corporate Fraud and Compliance Officer and Principal Auditor have now qualified as Authorised Officers. This allows the 2 officers to contact Utility Companies and Employers for information that may be required as part of a fraud investigation.
- The Corporate Fraud Officer has attended fraud training in relation to Council Tax reduction scheme fraud and Housing Tenancy fraud.
- The Fraud 'Hotline' has been changed and all calls will now be received within Internal Audit other than those relating to Housing Benefit (Housing Benefit fraud referrals will be received in the Benefit Section and referred to DWP). Appendix 3 details the number of referrals received and type of Fraud since the improved 'Hotline' has been in place.

## **6. FINANCIAL IMPLICATIONS & CRIME AND DISORDER IMPLICATIONS**

6.1. There are no direct 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.

## **7. ENVIRONMENTAL MATTERS & EQUALITY AND DIVERSITY IMPLICATIONS**

7.1. There are no matters arising directly from this report.

## **8. RECOMMENDATION**

8.1. 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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