

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 fully resourced (with the exception of the Apprentice position) and accommodated at Appletree Court. A request to appoint a shared Accountancy & Audit apprentice will be submitted to EMT for their consideration.
- 2.2 Additional income of £15k has been earned during the last quarter due to an ICT Audit being completed for Rushmoor Borough Council and additional Internal Auditor days being provided to Purbeck District Council.

3. INTERNAL AUDIT PLAN 2016/17 PROGRESS

- 3.1. Appendix 1 shows the progress made against the 2016/17 internal audit plan to end of February 2017. 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:
- Elections - To be moved to 2017/18 due to May election and availability of the team.
 - Health and Safety - Service Manager responsibility has recently changed for this area and extensive work has been undertaken by the service to produce an action plan for improvement. The majority of actions needed have an implementation date of March 2017. The timing of the audit has been moved to 2017/18 to avoid duplication of work.
 - Health and Leisure Centres and Domestic Refuse - These areas have service reviews planned in 2017/18, both of which audit will be involved in. Time is still allocated within 2016/17 but further time has also been allocated within 2017/18. This allows for Audit inclusion within service reviews but also time to undertake key assurance testing which will enable an audit report to be produced in 2017/18.

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.
- 4.2. Progress on the implementation of 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 for Income Manager which will comply with the requirements of PCI DSS. The Agresso team are currently investigating the cost and impact of the upgrade. An upgrade plan and details of all associated costs will be in place by the end of 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 2017/18.
 - Grounds Maintenance
It is recommended that the spraying equipment and materials either undergo a formal tender process or obtain a waiver to ensure that the service are adhering to Contract Standing Orders.
Action – Service Manager to undertake required procurement exercise.

5. CORPORATE FRAUD

- 5.1. Appendix 3 details the Fraud Allegations received that required action and also includes action to date.

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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