

## AUDIT COMMITTEE

27 JUNE 2013

### REPORT OF AUDIT AND GOVERNANCE MANAGER

**A.1 REPORT ON INTERNAL AUDIT – MARCH – MAY 2013, ANNUAL REPORT OF THE AUDIT AND GOVERNANCE MANAGER 2012/13 AND ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**  
(Report prepared by Steve Blake)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To provide a periodic report on the Internal Audit function for March to May 2013, the Audit and Governance Manager's Annual Report for 2012/13 in his role as Head of Internal Audit, and the annual review of the effectiveness of the system of internal audit, as required to comply with legislative requirements and best practice.

##### EXECUTIVE SUMMARY

The periodic report provides a review of the activity of the Internal Audit function between March and May 2013. During the period there were two audits where the overall assurance given was less than adequate. In addition there was a minor element of one further audit where only minimal assurance could be given.

The Audit and Governance Manager, in his role as Head of Internal Audit, is required to produce an annual report including an opinion on the overall adequacy and effectiveness of the Council's control environment. The annual report concludes that reasonable assurance can be given.

There is a requirement to undertake an annual review of the effectiveness of the system of internal audit. The review undertaken concludes that an effective system of internal audit is in operation.

##### RECOMMENDATION(S)

- (a) That the contents of the report be noted**
- (b) That the Committee determine which, if any, of the audit reports completed in the period it wishes to receive for detailed consideration at the next Audit Committee meeting**

#### PART 2 – IMPLICATIONS OF THE DECISION

##### DELIVERING PRIORITIES

Provision of adequate and effective internal audit helps demonstrate the Council's commitment to corporate governance matters.

## **FINANCE, OTHER RESOURCES AND RISK**

### **Finance and other resources**

The Internal Audit function is operating within the budget set.

### **Risk**

Review of the functions of the Council by Internal Audit assists in identifying exposure to risk, and its mitigation.

## **LEGAL**

The Council has a statutory responsibility to maintain adequate and effective internal audit.

## **OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

Internal Audit activity assists the Council to maintain a control environment that mitigates the opportunity for crime.

During the course of internal audit work issues regarding equality and diversity, and health inequalities may be identified and included in internal audit reports.

There is no specific effect on any particular ward.

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND**

The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006) and the new Public Sector Internal Audit Standards require the Audit and Governance Manager to make arrangements for reporting to the organisation during the course of the year, and for producing an annual report.

The Accounts and Audit (England) Regulations 2011 make it a statutory requirement that the Council maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices relating to internal control.

As the Public Sector Internal Audit Standards are applicable from 1<sup>st</sup> April 2013, the Annual Report and the review of the effectiveness of the system of internal audit both reflect the requirements of the Code of Practice as this was applicable for the 2012/13 year that is covered at this time.

### **CURRENT POSITION**

#### **REPORT ON INTERNAL AUDIT FOR MARCH - MAY 2013**

In order to provide the Committee with as up to date information as is possible, this section of the report covers March to May 2013, rather than just March as has been the case in previous years.

### **Public Sector Internal Audit Standards 2013**

The Public Sector Internal Audit Standards replaced the CIPFA Code of Practice 2006 from 1<sup>st</sup> April 2013. The Standards are the subject of a separate report on this agenda.

**Internal Audit Plan** – The 2012/13 plan was approved by this Committee on 22nd March 2012, with the 2013/14 plan being approved by the Committee at its last meeting in March 2013.

Since the 2013/14 plan was approved, detail has been firmed up regarding Departmental Staffing and Anti Fraud and Corruption audits, and this content is included in Appendix A.

**Internal Audit Plan 2012/13 Progress** – Appendix A provides detail of the status of each audit in the plan at 31<sup>st</sup> March 2013 and an updated position at 31<sup>st</sup> May 2013.

At 31<sup>st</sup> March 2013 91% of the 2012/13 plan had been completed. As previously reported to the Committee, the shortfall is due to a post being vacant for the first 6 months of the 2012/13 financial year. The Audit and Governance Manager's Annual Report identifies that the effect of this did not impact materially on the forming of the opinion on the Council's Internal Control environment.

With a small number of exceptions, all audits currently have either been completed or are at draft report stage. Where the audit is not yet shown as completed, any issues requiring reporting to the Committee will be brought to your next meeting, following issue of the final report on each assignment.

**Internal Audit Plan 2013/14 Progress** – Detail has been included in Appendix A of progress to date. At 31<sup>st</sup> May 2013, the first of these audits had reached Draft Report stage.

**Quality Assurance** – Detail regarding performance has been included in the Annual Report.

**Management Response to Internal Audit Reports** – There are processes in place to track action taken regarding issues raised in Internal Audit reports and to seek assurance that appropriate corrective action has been taken, with follow up work being undertaken where necessary. Now that Fundamental Service reviews have been completed, and there is more stability regarding positioning of activities within the Council, work is being undertaken on the Internal Audit database to ensure that outstanding issues are directed to the correct officers in the revised organisational structures. In due course consideration will be given to providing appropriate information to the Committee where there are any unresolved issues outstanding.

### **Outcomes of Internal Audit Work**

The code / standards require the Audit and Governance Manager to report to the Audit Committee on the outcomes of internal audit work undertaken. 12 Internal audit reports relating to the 2012/13 plan have been issued since the last report to this Committee. Appendices B and C include brief details from each audit report issued of findings scored as medium or higher, where assurance was either limited or adequate.

Assurance	Colour	Number this Period	
Minimal	Red	0	-
Limited	Pink	2	Appendix B
Adequate	Light Green	7	Appendix C
Substantial	Dark Green	3	-

Regarding the audits completed since the last periodic report, the following issues are drawn to the Committee's attention: -

**Planning Procurement** – Whilst there were no findings scored as High, the number and nature of the issues scored as Medium necessitated a Limited Assurance opinion.

**S106** – It was only possible to give Limited Assurance for this audit, as the lack of knowledge of the system / processes following the loss of the former S106 officer had impacted in the short term on the way this function was being administered. The department has confirmed that measures have been undertaken regarding addressing the issues raised and to provide improvements to the procedures. A brief follow up exercise will be undertaken in due course.

**Street Sweeping** – Litter and Dog Penalty Income was added to the scope of this audit at the request of the department. The issues identified regarding this aspect of the audit would, if it had been undertaken as a stand alone audit, have resulted in a Minimal Assurance opinion. However given that it formed only a very small part of the audit undertaken, it did not impact on the overall opinion given.

**Regeneration** - The audit undertaken was very limited in scope, as a new Regeneration Strategy is being developed. A more detailed audit will be included in the plan once this strategy is in place.

## ANNUAL REPORT OF THE AUDIT AND GOVERNANCE MANAGER 2012/13

### Opinion on the Overall Adequacy and Effectiveness of the Council's Internal Control Environment

The Internal Audit function completed 41 audits during the year, and a further 9 2012/13 audits had been completed by 31<sup>st</sup> May 2013. For these 50 audits, assurance was classified as: -

Assurance	
Substantial	11
Adequate	33
Limited	5
Minimal	0
Assurance Rating Not Provided	1

Taking into account the issues identified in the audits included in the table above and listed in Appendix A, and reviews by other assurance providers, it is possible to provide reasonable assurance that the systems of internal control were generally operating adequately and effectively.

A summary of the issues identified in the audits completed has been included in each

periodic report produced during the year, and the committee's attention drawn to any significant issues where the level of assurance was classified as Limited.

The Internal Audit function can only provide reasonable assurance. It is not possible to provide absolute assurance as many activities of the Council are audited on a less than annual frequency, and also it is not practical to examine every significant decision / transaction within those functions reviewed in any one year.

### **Qualification to the Opinion**

The opinion given above is based upon the level of Internal Audit activity that it proved possible to deliver with the resources available during the year. It was not possible to fully complete the planned work for the year, although all key audits have been undertaken or were in progress at the year-end. In forming an opinion, issues identified, but not reported until the 2013/14 plan year have been taken into account. Issues affecting delivery of the audit plan were brought to the attention of members during the year. The level of coverage achieved is considered sufficient to be able to provide the assurance required.

### **Summary of the Internal Audit Work Undertaken to Formulate the Opinion, and Reliance Placed on the Work by Other Assurance Bodies**

The 2012/13 plan made provision for the audit of all key systems. It also included audits of a selection of other functions of the Council, selected using a risk assessment process to produce the plan. In addition audits incomplete at 31<sup>st</sup> March 2012 were completed during 2012/13. For those audits completed brief details of findings were included in appendices to the periodic reports presented to the committee throughout the year.

The committee requested and received further details regarding issues raised as a result of work undertaken by the Internal Audit function.

The computer audit element of the plan was undertaken by TIAA Ltd and whilst the audits scheduled have been undertaken, two reports have yet to be finalised.

The Internal Audit function ceased to undertake contract final account audit as a matter of routine from 1<sup>st</sup> April 2012, with only outstanding or requested audits being undertaken in the year. Issues arising from this work have been included in the appendices to the periodic reports, and the opinions formed in each instance are included in the totals above.

The plan included an allowance of time for anti fraud and corruption audit. The audit work undertaken has been a mixture of stand alone audits, and embedded work within assurance audits. Emerging risks identified during the year that did not receive specific audit coverage have been considered for inclusion in 2013/14 taking account of the potential exposure of the Council.

The Internal Audit function undertakes unscheduled investigations and ad hoc audit work as and when required. The Internal Audit function was involved in two unscheduled assignments during the year. This work included a research project which has not been included in the opinion above as it was a fact finding exercise rather than an assurance assignment, and one investigation which was commenced, but at the current time remains ongoing and will not be reported until concluded, however the potential issues identified but not yet ratified are not sufficiently material to impact on the assurance above.

In accordance with best practice and the requirements of the Code of Practice, the 2012/13 plan included for the follow up of issues found at previous audits. The work undertaken was a mixture of separate follow up audits, embedded work within assurance audits, and action tracking. As reported in the report on Internal Audit activity for March –

May 2013, Fundamental Service Reviews and restructuring of the Council have impacted as it has been necessary to identify revised ownership for some outstanding issues. Progress has continued to be made in identifying successful resolution to many of the issues reported. The small number of issues identified during audits as not satisfactorily resolved have been included in the audit reports issued.

The Internal Audit function has also provided advice and assistance to services upon request during the year.

Detail of the audit work undertaken during 2012/13 is included at Appendix A.

Upon completion of each audit a draft report was issued to the appropriate Corporate Director / Head of Department, containing details of any findings requiring addressing that had been identified. Subsequent discussions were held with appropriate senior managers and final reports issued, which included detail of agreed actions to resolve the issues identified. There were no instances, for the reports issued during 2012/13, where a satisfactory action had not been identified and agreed.

No specific reliance has been placed upon the work of any other assurance provider in lieu of internal audit coverage during the year. There is a requirement however for the Audit and Governance Manager to take account in forming his annual opinion on the overall adequacy and effectiveness of the control environment, of the assurance given by other providers as well as directly by the Internal Audit function. The contents of reports issued by other providers have therefore been taken into account in the opinion made.

#### **Issues Relevant to the Preparation of the Annual Governance Statement**

No issues have been identified that are relevant to the preparation of the Annual Governance Statement.

#### **Performance of the Internal Audit Function**

The performance measures used during 2012/13 were as follows: -

<b>Performance Measure</b>	<b>Actual 2012/13</b>	<b>Actual 2011/12</b>	<b>Actual 2010/11</b>	<b>Actual 2009/10</b>	<b>Actual 2008/09</b>
Percentage of Audit Plan Completed	91%	81%	86%	77%	73%
Percentage of Satisfactory Responses to Satisfaction Surveys Issued with Final Audit Reports	96%	98%	98%	100%	96%

The 2012/13 plan approved took into account the planned days required by the in house tender bid in 2011/12, and the resource requirements needed to provide that level of service. No allowance had been made for a vacant post to remain unfilled for 6 months whilst the Internal Audit function went through its fundamental service review and the subsequent recruitment process. Whilst it was possible to recover some of the shortfall that arose, it did not prove possible to complete 100% of the plan.

The quality of work on each audit undertaken was reviewed, and audits were not considered complete and reports were not issued until any quality issues had been addressed.

#### **Compliance with the CIPFA Code of Practice for Internal Audit**

The Code applicable in 2012/13 was published by CIPFA in December 2006, and was

applicable for the entire period under review. The Internal Audit function was considered to be operating in accordance with the requirements of the code.

## **REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

The review has been undertaken in accordance with guidance issued by CIPFA in 2009. It can be concluded that an effective system of internal audit exists based upon the four key elements the guidance identifies which are detailed below: -

### **The Risk Management System**

The Council has risk management processes and a Risk Management Strategy and a Strategic Risk Register, which were last reported in detail to the Audit Committee in March 2012. In order to reflect the reorganisation and restructuring that has taken place and to ensure that the Council maintains a robust approach to risk management, arrangements were put in place during 2012/13 to comprehensively update and develop the Council's risk management approach, strategy and register, with the outcome to be presented to the Audit Committee during 2013/14.

### **Assurance Gained Over Controls**

The Audit and Governance Manager, in his annual report above, has been able to form an opinion based on an adequate level of audit coverage across the key financial and other systems of the Council. Issues scored above advisory raised in Internal Audit reports were included in the appendices of his periodic reports throughout the year to the Audit Committee, and the specific attention of the Committee drawn to the more significant issues found – the number of instances where this was necessary was low in 2012/13 in relation to the work undertaken. The Audit Committee has the opportunity, where it has concerns regarding the control issues being reported, to seek additional assurance from senior management – this option was exercised during the year where the Committee deemed it appropriate to do so.

The Internal Audit function is not the sole provider of reviews of activities of the Council. All departments were contacted and information regarding other reviews undertaken sought. No material issues were identified from such reviews identified as reported during the year.

### **Adequacy And Effectiveness Of Remedial Action**

As detailed earlier in this report arrangements are in place to review and monitor progress regarding issues identified and reported in Internal Audit reports.

The need to seek assurance that appropriate actions are being taken in response to external auditor recommendations is a core activity undertaken by the Audit Committee. A mechanism is in place whereby the committee receives regular reports identifying progress made regarding each recommendation made, which provides the assurance required.

### **Operation Of The Audit Committee And Internal Audit To Current Codes and Standards**

The Audit Committee last self assessed its effectiveness in December 2010. An update regarding the outcomes of that assessment were considered by the Committee in June 2012.

A self assessment of the Internal Audit function with regards to compliance with the CIPFA Code of Practice for Internal Audit 2006 has been undertaken for 2012/13. The function was considered to be compliant.

## **BACKGROUND PAPERS FOR THE DECISION**

Internal Audit Reports  
Reports to Audit Committee in 2012/13  
CIPFA Code of Practice 2006 Self Assessment Working Papers 2012/13  
Other Review Reports





## **APPENDICES**

A.1 Appendix A – Internal Audit Plan Progress  
A.1 Appendix B – Internal Audit Reports Issued – Limited Assurance  
A.1 Appendix C – Internal Audit Reports Issued – Adequate Assurance



**Tendring District Council Internal Audit Plan**  
(Position at 31<sup>st</sup> May 2013)

**Appendix A**

<b>Audit Subject</b>	<b>Status 31<sup>st</sup> March 2013</b>	<b>Status 31<sup>st</sup> May 2013</b>	<b>Opinion</b>	<b>Comments</b>
<b><u>2012/13 Internal Audit Plan</u></b>				
<b><u>Assurance Work – Key Systems</u></b>				
<i>Bank Account</i>				
Bank Account (2011/12)	Completed		Substantial Assurance	Reported December 2012
Bank Account (2012/13)	Completed		Adequate Assurance	Reported March 2013
<i>Cashiers / Income Control</i>				
Cashiers / Income Control – Pre Implementation Review of Proposed Systems	Completed		Substantial Assurance	Reported December 2012
<b>Cashiers / Income Control</b>	Fieldwork	<b>Completed</b>	<b>Adequate Assurance</b>	
<i>Corporate Governance and Risk Management</i>				
Corporate Governance and Risk Management (2011/12)	Completed		Adequate Assurance	Reported December 2012
Corporate Governance (2012/13)	Fieldwork	Draft Report		
<b>Council Tax</b>	Draft Report	<b>Completed</b>	<b>Adequate Assurance</b>	
Creditors	Completed		Substantial Assurance	Reported March 2013
<i>Departmental Procurement</i>				
Public Experience Purchasing and Invoice Authorisation (2011/12)	Completed		Adequate Assurance	Reported June 2012
<b>Planning Department Procurement (2012/13)</b>	Draft Report	<b>Completed</b>	<b>Limited Assurance</b>	
Resource Management Procurement (2012/13)	Completed		Adequate Assurance	Reported March 2013
<b>Housing and Council Tax Benefits</b>	Draft Report	<b>Completed</b>	<b>Adequate Assurance</b>	
<i>Housing Rents</i>				
Housing Rents (2011/12)	Completed		Adequate Assurance	Reported June 2012


**Tendring District Council Internal Audit Plan**  
(Position at 31<sup>st</sup> May 2013)

**Appendix A**

<b>Audit Subject</b>	<b>Status 31<sup>st</sup> March 2013</b>	<b>Status 31<sup>st</sup> May 2013</b>	<b>Opinion</b>	<b>Comments</b>
<b>Housing Rents (2012/13)</b>	Draft Report	<b>Completed</b>	<b>Adequate Assurance</b>	✓
<b>Main Accounting System</b>	<b>Completed</b>		<b>Adequate Assurance</b>	✓
<b>National Non Domestic Rates</b>	Draft Report	<b>Completed</b>	<b>Substantial Assurance</b>	✓✓
Payroll	Completed		Substantial Assurance	Reported March 2013
<i>Sundry Debtors</i>				
Sundry Debtors - Central Function (2011/12)	Completed		Adequate Assurance	Reported June 2012
Sundry Debtors (2012/13)	Completed		Adequate Assurance	Reported March 2013
<i>Treasury Management</i>				
Treasury Management (2011/12)	Completed		Substantial Assurance	Reported December 2012
Treasury Management (2012/13)	Completed		Adequate Assurance	Reported March 2013
<b><u>Assurance Work - Other Systems</u></b>				
<i>Architectural and Building Services Term Contracts</i>				
Gas Servicing Contracts (2011/12)	Completed		Substantial Assurance	Reported December 2012
BACS (2011/12)	Completed		Adequate Assurance	Reported December 2012
Central Purchasing (2011/12)	Completed		Adequate Assurance	Reported June 2012
Clacton Leisure Centre and Lifestyles	Completed		Adequate Assurance	Reported December 2012
Coastal Projects and Engineering Services	Completed		Adequate Assurance	Reported March 2013
Corporate / Cross Cutting Projects – Families with Complex Needs	Fieldwork	Fieldwork		
<i>Contract Audit (2011/12)</i>				
Dovercourt Toilets	Fieldwork	Fieldwork		
Environmental Improvements Churchill Court Phase 1	Completed		Adequate Assurance	Reported to June 2012
Painting Group 1 Clacton 2009/10	Completed		Adequate Assurance	Reported to June 2012

**Tendring District Council Internal Audit Plan**  
(Position at 31<sup>st</sup> May 2013)

**Appendix A**

<b>Audit Subject</b>	<b>Status 31<sup>st</sup> March 2013</b>	<b>Status 31<sup>st</sup> May 2013</b>	<b>Opinion</b>	<b>Comments</b>
Structural Repairs 43 / 45 Harcourt Avenue <i>Departmental Staffing</i>	Completed		Substantial Assurance	Reported to June 2012
Corporate Services Staffing (2012/13)	Completed		Adequate Assurance	Reported December 2012
Life Opportunities Timesheets and Allowance Claims (2011/12)	Completed		Limited Assurance	Reported December 2012
Life Opportunities – Casual Staff Holiday Pay – Follow Up (2012/13)	Completed		Limited Assurance	Reported March 2013
Public Experience Staffing (2012/13)	Completed		Adequate Assurance	Reported to December 2012
Development Management	Fieldwork	Draft Report		
Emergency Planning	Draft Report	Draft Report		
Facilities Management	Completed		Adequate Assurance	Reported December 2012
Frinton Walton Pool (2011/12)	Completed		Adequate Assurance	Reported December 2012
Household Waste and Recyclable Materials	Fieldwork	Draft Report		
Housing Allocations	Draft Report	Draft Report		
<i>Housing Repairs and Maintenance</i>				
Housing Repairs and Maintenance	Completed		Adequate Assurance	Reported March 2013
<b>Housing Repair and Maintenance Contract Audit - Crooked Elms Stair Tower Extension</b>	Draft Report	<b>Completed</b>	<b>Adequate Assurance</b>	
Housing Strategy and Development	Deferred			Deferred to 2013/14 due to timing of development of new Housing Strategy
Human Resources	Fieldwork	Draft Report		
Information Management	Fieldwork	Draft Report		
Insurance (2011/12)	Completed		Adequate Assurance	Reported December 2012
Licensing	Completed		Adequate Assurance	Reported December 2012
Performance Management	Draft Report	Draft Report		
Planning Enforcement	Completed		Adequate Assurance	Reported March 2013
Public Relations	Cancelled			Insufficient content at this time to scope a viable audit

**Tendring District Council Internal Audit Plan**  
(Position at 31<sup>st</sup> May 2013)

**Appendix A**

<b>Audit Subject</b>	<b>Status 31<sup>st</sup> March 2013</b>	<b>Status 31<sup>st</sup> May 2013</b>	<b>Opinion</b>	<b>Comments</b>
<b>Regeneration</b>	Fieldwork	<b>Completed</b>	<b>Adequate Assurance</b>	✓ Scope of audit very limited due to new Regeneration Strategy being awaited
<b>S106</b>	<b>Completed</b>		<b>Limited Assurance</b>	✗
<b>Street Sweeping</b>	<b>Completed</b>		<b>Adequate Assurance</b>	✓ At request of department Litter and Dog Penalty Income was added to scope – opinion for this small part of audit was Minimal Assurance
<b>Telephony / Switchboard</b>	Draft Report	<b>Completed</b>	<b>Substantial Assurance</b>	✓✓ Reported March 2013
Tendring Careline / CCTV	Completed		Limited Assurance	Reported March 2013
Theatres and Entertainments	Draft Report	Draft Report		
Tourism and Events	Completed		Adequate Assurance	Reported to December 2012
VAT	Completed		Adequate Assurance	Reported to December 2012
<b><u>Assurance Work - Computer Audit</u></b>				
Computer Audit Follow Up	Fieldwork	Draft Report		
Disaster Recovery	Fieldwork	Draft Report		
IT Change Management	Completed		Substantial Assurance	Reported to December 2012
Management of 3rd Party IT Services (2011/12)	Completed		Substantial Assurance	Reported to June 2012
Northgate Benefits and Revenues Application Review	Completed		Adequate Assurance	Reported to December 2012
<b><u>Proactive Anti Fraud Audits and Initiatives</u></b>				
<i>Housing Tenancy Fraud</i>				
Housing Tenancy Fraud (2011/12)	Completed		Opinion not given	Reported to June 2012
Housing Tenancy Fraud (2012/13)	Fieldwork	Fieldwork		
Mandate Fraud	Completed		Substantial Assurance	Reported March 2013

**Tendring District Council Internal Audit Plan**  
(Position at 31<sup>st</sup> May 2013)

**Appendix A**

Audit Subject	Status 31 <sup>st</sup> March 2013	Status 31 <sup>st</sup> May 2013	Opinion	Comments Included within scope of Creditors audit above
<b><u>2013/14 Internal Audit Plan</u></b>				
<b><u>Assurance Work – Key Systems</u></b>				
Bank Account		Unallocated		
Cashiers / Income Control		Unallocated		
Corporate Governance		Unallocated		
Council Tax		Unallocated		
Creditors		Unallocated		
Housing and Council Tax Benefits		Unallocated		
Housing Rents		Unallocated		
Main Accounting System		Unallocated		
National Non Domestic Rates		Unallocated		
Payroll		Unallocated		
Procurement		Unallocated		
Sundry Debtors		Unallocated		
Treasury Management		Unallocated		
<b><u>Assurance Work - Other Systems</u></b>				
Asset Management		Unallocated		
BACS		Fieldwork		
Big Society Fund		Unallocated		
Building Control		Fieldwork		
Cemeteries and Crematorium		Allocated		
Cheques		Draft Report		
Coast Protection		Unallocated		
Corporate / Cross Cutting Projects		Unallocated		

**Tendring District Council Internal Audit Plan**  
(Position at 31<sup>st</sup> May 2013)

**Appendix A**

<b>Audit Subject</b>	<b>Status 31<sup>st</sup> March 2013</b>	<b>Status 31<sup>st</sup> May 2013</b>	<b>Opinion</b>	<b>Comments</b>
Credit and Debit Card Payments		Allocated		
<i>Departmental Staffing</i>				
Planning Staffing		Allocated		
Life Opportunities Staffing		Allocated		
Elections / Electoral Registration		Unallocated		
Grants / Financial Assistance		Unallocated		
<i>Housing Repairs and Maintenance</i>				
Housing Repairs and Maintenance – Contracts		Allocated		
Housing Repairs and Maintenance – Contract Final Account Audit		Unallocated		
Housing Strategy and Development		Unallocated		
Member and Civic Support		Unallocated		
Parking Services		Allocated		
Planning Policy		Unallocated		
Risk Management		Unallocated		
Seafront		Draft Report		
Theatres and Entertainments		Unallocated		
<b><u>Assurance Work - Computer Audit</u></b>		Unallocated		To be decided when arrangements for computer audit finalised
<b><u>Assurance Work – Major Council Projects</u></b>		Unallocated		To be decided
<b><u>Proactive Anti Fraud Audits and Initiatives</u></b>				
Council Tax Discounts and Exemptions		Fieldwork		
Procurement		Unallocated		
Sports Sites Cash / Income		Unallocated		
NNDR Reliefs / Exemptions		Unallocated		

## Internal Audit Reports Issued March 2013 - May 2013 (Appendix B)

This appendix lists only those Internal Audit reports with findings of a medium or higher risk

**Audit Opinion / Area**                      **Issues Raised In Report**

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### Limited Assurance

#### Planning Procurement (2012/13)

##### 3 - Medium

C Procurement of Goods, Works or Services	<p>Orders being raised after receipt of invoices, in contravention of requirements of Procurement Procedure Rules. Relevant staff made aware of correct process.</p> <p>Insufficient numbers of quotations sought for a number of purchases. Staff have been reminded of requirements of Procurement Procedure Rules. Relevant staff have been made aware of correct process.</p> <p>Testing identified that one firm of solicitors was regularly used, with no alternative quotations being sought. Relevant staff made aware of correct process to be followed.</p> <p>Testing identified that the Constitution's quotation opening rules (for orders in excess of £10,000) had not been followed in two instances. There were no quotation opening registers or records of witnesses. Relevant staff advised of correct process.</p>
D Certification and Payment of Invoices	<p>Testing identified an amount coded as VAT input but without a VAT invoice. Payment of costs had been made against a solicitor's letter which was not an official VAT invoice and did not show a VAT number. Journal transfer to be made to correct this matter.</p> <p>Testing identified a number of orders with an incorrect status on the ordering system. Staff have been instructed to correctly update ordering system in future.</p>
E Budgetary Control	<p>No evidence of a Departmental Budget Monitoring Exception Report having been produced for a number of months. Financial reports to be produced for departmental managers meetings in future.</p>

#### Section 106 (2012/13)

##### 3 - Medium

C Documented Procedures	<p>Operational procedures were found to be out of date and had not been reviewed since 2010.</p>
E Planning Obligations	<p>Letters have been used to request payment of fees and charges rather than generation of debtors accounts. Inconsistency regarding the recording of receipting of income also identified.</p> <p>It was found that several refunds of Unilateral Undertaking Preparation Fees had been made when it is only Monitoring Fees that are eligible for a refund.</p>

## Internal Audit Reports Issued March 2013 - May 2013 (Appendix C)

This appendix lists only those Internal Audit reports with findings of a medium or higher risk

Audit Opinion / Area	Issues Raised In Report
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### Adequate Assurance

#### Cashiers / Income Control (2012/13)

##### 3 - Medium

F Collection and Administration of Income	<p>There is no mechanism to identify officers authorised to initiate transfer requests. Departments to requested to provide details of authorised officers to Cashiering function.</p> <p>Insufficient explanations not recorded on Cash Receipting system by Planning and Licensing functions for transaction reversals. Relevant staff advised of detail required.</p> <p>As a result of changes, reversals and transfers of transactions by system users were not being checked or investigated. Check to be implemented.</p>
C Documented Procedures	<p>Procedure notes do not take into account changes since Cash Office closures</p>

##### 6 - Efficiency

G Girobank Account	<p>The need to continue a Girobank payment option required review, due to low usage / alternative facilities now available. Subsequently decided to keep account open in short term whilst action taken to contact the users of the facility to facilitate change</p>
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#### Council Tax (2012/13)

##### 3 - Medium

F Liability	<p>There were no written procedures in place for the new 'Pathfinder' teams.</p>
G Billing	<p>One property had not been included in the annual billing run due to a suppression being applied just prior to billing, in contravention of software provider's instructions.</p> <p>Testing identified that a number cases where bill suppressions caused by benefit changes had not been removed at the correct time. Staff have been reminded of need to remove suppressions at the appropriate time.</p>
I Recovery and Enforcement	<p>Financial Procedure Rules to be amended to provide clarity regarding rules for write off in cases of joint and several liability</p> <p>The spreadsheet used to compare system write offs to authorised write offs identified an error in calculation of the system total. Spreadsheet has been corrected.</p>

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## Housing and Council Tax Benefits (2012/13)

### 3 - Medium

#### G Assessment

Capital had not been verified or included in calculation of benefit, in one instance. Process to be correctly followed in future. Recalculation of benefit in case identified did not affect the level of payment in this instance

Small number of cases in sample tested had claim start date that did not comply with procedures. Staff have been made aware of correct process.

#### H Payments

Explanations are not provided as to why the Load Debtors Report does not reconcile to the Debtors Collection Reconciliation Report throughout the year

Reconciliations of Housing and Council Tax Benefit Payments and Income are only undertaken annually. Any discrepancies during year would not be detected at an early stage. Reconciliations to now be undertaken monthly.

## Housing Rents (2012/13)

### 3 - Medium

#### G Collection of Rent Income

No formal Health & Safety Assessment for Rent Collector has been undertaken

#### H Arrears Management and Recovery

Some files for former tenants were unable to be located at the time of audit. Processes amended to ensure that all paperwork held.

No updates or reports were available to staff regarding cases referred to the bailiff. Since the audit arrangements have been put in place to receive monthly reports. Access to the bailiffs online system to be sought.

## Main Accounting System (2012/13)

### 2 - High

#### C Documented Procedures

Written operational procedures for Capital Accounting had not yet been completed.

### 3 - Medium

#### H Transaction Posting / Feeder Input

Testing of the Agresso error logs identified that a number of reported errors had not been annotated to indicate that appropriate action had been taken. Action has been taken to correct this issue.

#### J Suspense and Control Accounts

Testing of the reconciliation certificates for the Agresso modules identified that the certificate for the month of October 12 was absent  
The reconciliation of the Agresso Debtors total was not evidenced due to the size of the report produced. Action taken to retain the page showing the relevant total to provide the evidence required

Audit Opinion / Area	Issues Raised In Report
C Documented Procedures	There were no documented procedures for some management accounting areas. Feeder control procedures to be written. Other procedures to be produced following introduction of the Agresso module for budget amendments.

## Regeneration (2012/13)

### 3 - Medium

G Procurement	Some orders not entered into Council computerised ordering system in accordance with Procurement Procedure Rules. Staff have been reminded of the correct process to be followed.
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## Street Sweeping (2012/13)

### 2 - High

E Street Sweeping Contract	Schedules within the contract were inaccurate, eg number of litter bins. Schedules did not reflect additional summer cleaning requirements.
H Litter and Dog Penalty Income	There were failings throughout the Litter and Dog Penalty process, including monitoring of issue of penalty ticket pads, no central processing, failure to record payments against tickets, no process to follow up non payment. Litter and Dog Penalty ticket details had not been updated to reflect changes to payment methods available. Unused tickets to be stickered in short term to provide correct details.

### 3 - Medium

E Street Sweeping Contract	Statements being supplied, rather than tax invoices by contractor, and being used for payment purposes. Action has been taken to rectify situation and obtain tax invoices regarding payments previously paid. The timing of Street Sweeping contract payments had not been in accordance with contract specification. Action has been taken to ensure that payments made correctly. Variation orders not always being closed off when works completed. Staff have been instructed on correct process to be followed.
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