

AUDIT COMMITTEE

19 MARCH 2015

REPORT OF AUDIT AND GOVERNANCE MANAGER

A.1 REPORT ON INTERNAL AUDIT – December 2014 to February 2015

(Report prepared by Steve Blake)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide a periodic report on the Internal Audit function for the period December 2014 – February 2015.

EXECUTIVE SUMMARY

- All audits completed in the period achieved a satisfactory level of assurance.
- Scheduled audits that have been unable to be progressed in the current year have been taken into account in preparing the 2015/16 Audit Plan.

RECOMMENDATION(S)

(a) That the contents of the report be noted

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 in maintaining 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 Public Sector Internal Audit Standards require the Audit and Governance Manager, in his role as Chief Audit Executive, to make arrangements for reporting periodically to senior management (Management Board) and to the board (Audit Committee).

CURRENT POSITION

Public Sector Internal Audit Standards

The standards were introduced from 1st April 2013, and updates regarding compliance with the standards have been regularly brought to the attention of the Committee. Work continues to address the remaining compliance issues identified by the self-assessment undertaken earlier in the year. There are no outstanding issues that require the attention of the Committee at this time. An updated Quality Assurance and Improvement Programme will be presented to a future meeting of the Committee.

Internal Audit Plan Progress – The Internal Audit Plan approved by the Audit Committee in March 2014 has been kept under review throughout the year.

As previously reported progress has been affected by the impact of vacancies, recruitment and training of staff, and by preparatory work regarding the forthcoming upgrade to a more modern Internal Audit computer application. Whilst the staffing issue has been resolved, the system upgrade will continue to impact for the foreseeable future as implementation of the system will not now take place until 2015/16.

Appendix A provides details of the status for each audit. The Audit Plan should be considered as a rolling plan of work, and therefore those audits previously approved as deferred, and those that now cannot be commenced in the current year taking into account resource availability, have been rolled forwarded into the 2015/16 Audit Plan, except where it is inappropriate to do so. The 2015/16 Audit Plan forms a separate report to this meeting of the Committee.

Quality Assurance – The Internal Audit function issues satisfaction surveys for each audit completed. In the period under review 100% of the responses received indicated that the auditee was satisfied with the audit work undertaken.

Outcomes of Internal Audit Work

The standards require the Audit and Governance Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report 7 audits have been completed and the final report issued. The Public Sector Internal Audit Standards require the reporting of significant risk exposures and control issues.

Assurance	Colour	Number this Period	Year to Date	
Substantial	Dark Green	1	7	
Adequate	Light Green	6	17	
Improvement Required	Pink	0	3	
Significant Improvement Required	Red	0	0	

For the purpose of the colour coding approach, both the substantial and adequate opinions are shown in green as both are within acceptable tolerances.

Regarding the audits completed since the last periodic report, there are no issues requiring the Committee's attention.

Management Response to Internal Audit Findings – There are processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action has been taken. Where appropriate follow up audits have been arranged to revisit significant issues identified after an appropriate time.

The number of high severity issues outstanding was as follows: -

Status	Number	Comments
Overdue more than 3 months	0	
Overdue less than 3 months	1	Regular reminders are issued to relevant managers to establish that corrective action has been taken / encourage resolution of each issue
Not yet due	7	

BACKGROUND PAPERS FOR THE DECISION

Audit Reports

APPENDICES



Appendix A – Internal Audit Plan 2014/15 Progress Report

Audit Subject	Status February 2015	Opinion	Comments
<u>2013/14 Internal Audit Plan</u> (Audits where Final Report not issued as at 31 st March 2014)			
<u>Assurance Work – Key Systems</u>			
Cashiers / Income Control	Completed	Adequate Assurance	Reported June 2014
Corporate Governance	Completed	Adequate Assurance	Reported September 2014
Housing Benefits	Completed	Adequate Assurance	Reported June 2014
Main Accounting System	Completed	Substantial Assurance	Reported June 2014
National Non Domestic Rates	Completed	Adequate Assurance	Reported June 2014
<i>Procurement</i>			
Public Experience Procurement	Completed	Improvement Required	Reported June 2014
Planning Procurement Follow Up	Completed	Adequate Assurance	Reported September 2014
Sundry Debtors	Completed	Adequate Assurance	Reported June 2014
<u>Assurance Work - Other Systems</u>			
Grants / Financial Assistance	Completed	Substantial Assurance	Reported September 2014
Member and Civic Support	Completed	Substantial Assurance	Reported September 2014
Risk Management	Completed	Adequate Assurance	Reported September 2014
Theatres and Entertainments	Completed	Improvement Required	Reported December 2014
<u>Assurance Work - Computer Audit</u>			
Northgate Housing Application Review	Completed	Adequate Assurance	Reported June 2014
IT Governance	Completed	Substantial Assurance	Reported September 2014
<u>2014/15 Internal Audit Plan</u>			
<u>Assurance Work – Key Systems</u>			
Bank Account		Draft Report	
Cashiers / Income Control		Fieldwork	

Audit Subject	Status February 2015	Opinion	Comments
Corporate and Ethical Governance	Allocated		
Council Tax	Completed	Adequate Assurance	
Creditors	Fieldwork		
Departmental Procurement – Corporate Services	Completed	Adequate Assurance	Reported December 2014
Housing Benefits	Fieldwork		
Housing Rents	Fieldwork		
Main Accounting System	Allocated		
National Non Domestic Rates	Completed	Adequate Assurance	
Payroll	Fieldwork		
Sundry Debtors	Fieldwork		
Treasury Management	Completed	Substantial Assurance	
<u>Assurance Work – Other Systems</u>			
Cemeteries and Crematorium	Deferred		Included in 2015/16 Audit Plan
Clacton Leisure Centre	Completed	Improvement Required	Reported December 2014
Coast Protection	Allocated		
Community Infrastructure Levy / S106	Allocated		
Community Leadership Projects	Deferred		Included in 2015/16 Audit Plan
Credit and Debit Card Payments	Completed	Adequate Assurance	
Departmental Staffing – Public Experience	Allocated		
Elections and Electoral Registration	Deferred		Included in 2015/16 Audit Plan
Financial Strategy / Resilience	Fieldwork		
Fixed Penalty Notices	Completed	Adequate Assurance	
Fraud Investigation Team	Deferred		Included in 2015/16 Audit Plan

Tendring District Council Internal Audit Plan
(Position at February 2015)

Appendix A

Audit Subject	Status February 2015	Opinion	Comments
Frinton Walton Pool	Deferred		Due to Building Works planned in 2015/16 will be considered for inclusion in 2016/17 Audit Plan Included in 2015/16 Audit Plan
Health and Safety Housing Allocations	Deferred Completed	Adequate Assurance	
Housing Repairs and Maintenance Housing Strategy and Development	Allocated Deferred		Due to dependency on Local Plan, audit will now be considered for inclusion in 2016/17 Audit Plan
Information Management	Draft Report		
Insurance	Completed	Adequate Assurance	Reported December 2014
Land Charges	Completed	Substantial Assurance	Reported September 2014
Leisure Services Development Programme	Deferred		Included in 2015/16 Audit Plan
Licensing	Draft Report		
Office Rationalisation and Modernisation	Deferred		Included in 2015/16 Audit Plan
Parking Services	Fieldwork		
Private Sector Housing	Allocated		
Regeneration	Unallocated		
Risk Management	Allocated		
Sale of Council Houses	Fieldwork		
Seafront	Deferred		Included in 2015/16 Audit Plan
Tendring Careline	Allocated		
VAT	Completed	Substantial Assurance	Reported December 2014
Workforce / Succession Planning	Completed	Adequate Assurance	
<u>Assurance Work – Computer Audit</u>			

Tendring District Council Internal Audit Plan
(Position at February 2015)

Appendix A

Audit Subject	Status February 2015	Opinion	Comments
Firewalls, Device and Data Security	Completed	Adequate Assurance	Reported December 2014
ICT Project Management	Deferred		Included in 2015/16 Audit Plan
I T Governance	Allocated		
Payroll / Human Resources Computer Application Review	Deferred		Included in 2015/16 Audit Plan