

SUBJECT:	Internal Audit: Progress Report
MEETING:	Governance and Audit Committee
DATE OF MEETING:	05 March 2014
REPORT OF:	Head of Internal Audit Partnership
REPORT DATE:	31 January 2014

1 Opinion definitions – From 2013/14 onwards

Opinion	Framework of governance, risk management and management control
Substantial assurance	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate assurance	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited assurance	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No assurance	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks.

2 Status of 'live' reports:

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
Finance	Dec 2011	G&L	Substantial*	Substantial*	6 (0)	5 (0)		1 (0)
IT Security Policy	Jan 2012	M&D	Limited*	Substantial *	10 (3)	8 (3)		2 (0)
Parking Services	Apr 2012	E&NQ	Limited*	Substantial *	4 (1)	2 (0)		2 (1)
Development control	Aug 2012	P&BE	Limited*	Substantial*	11 (0)	10 (0)		1 (0)
Data protection breaches (special investigation)	Aug 2012	G&L	Limited*	Limited*	14 (1)	12 (1)		2 (0)
Food safety and noise control	Sep 2012	E&NQ	Substantial*	Substantial*	14 (1)	12 (1)		2 (0)
Fraud prevention	Sep 2012	G&L	Substantial*	Substantial*	5 (0)	4 (0)		1 (0)
Operational services procurement	Apr 2013	E&NQ	Limited*	Substantial*	13 (0)	12 (0)		1 (0)
Developer contributions	May 2013	P&BE	Limited*	Substantial*	9 (0)	5 (0)		4 (0)
Information Management	23/08/13	M&D	N/A	N/A	2 (0)		1 (0)	1 (0)
Vehicle Maintenance	10/10/13	E&NQ	Adequate	Adequate	5 (1)	3 (1)	1 (0)	1 (0)
Lease income	16/12/13	G&L	Adequate	Adequate	7 (0)	3 (0)	4 (0)	
Accounts payable	06/01/14	G&L	Adequate	Adequate	1 (0)		1 (0)	

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
Pro-active Fraud Initiatives	23/01/14	G&L	Adequate	Adequate	2 (0)		2 (0)	
NNDR	31/01/14	G&L	Substantial	Substantial	1 (0)		1 (0)	
Payroll	31/01/14	G&L	Adequate	Adequate	3 (0)		3 (0)	

*The audit assessments/opinions are in accordance with the definitions in place prior to 2013/14. See Appendix A for the previous definitions.

Key to Sponsors:

Key to Audit Sponsors	
Executive Head Marketing and Development	M&D
Executive Head Governance and Logistics	G&L
Executive Head Environment and Neighbourhood Quality	E&NQ
Executive Head Planning and Built Environment	P&BE

3 Internal Audit Performance

The internal audit service is measured against the following key performance targets:

Performance Targets – January 2014		
	Target for Year (%)	Actual to Date (%)
% of revised plan delivered (including 2012/13 c/f)	95	68
Compliant with the Public Sector Internal Audit Standards	Yes	Yes
% of positive customer responses to Quality Appraisal Questionnaire	90	100

4 Planning and Resourcing

The internal audit plan for 2013/14 was prepared following meetings with the Executive Heads and Service Managers and was presented to the Executive Board on 30 July. The audit plan remains fluid to ensure audit resource is effectively aligned to the Council's needs. Progress against the plan is detailed within section 7.

Progress against the 2013/14 plan is less than would normally be expected. Resource was intentionally deferred to enable the plan to be formally approved by Senior Management (30 July 2013) and the Board (16 September 2013). Officer availability and deferment of a number of reviews until quarters three and four has also contributed towards the slower progress however we remain confident the work will be delivered to a successful conclusion to inform the annual audit opinion.

5 Significant issues arising

No significant issues have arisen from the audit work completed to date.

6 Fraud and Irregularities

No new fraud investigations have been reported this year to date for the Council.

7 Rolling work programme 2013/14 audit plan

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Corporate Cross cutting							
Business continuity planning	M&D	✓	✓	✓			
Contract Management - Client Monitoring	Various	✓	✓	✓	✓		
Information Management	M&D	✓	✓	✓	✓	✓	23/08/13
NFI	G&L	N/A	N/A	✓	N/A	N/A	N/A
Partnership Management	Various	✓	✓	✓	✓	✓	
Procurement	G&L	✓	✓	✓	✓	✓	
Project management	M&D	✓	✓				
Risk management	G&L	✓	✓	✓			
Corporate Governance							
Proactive fraud initiatives	G&L	✓	✓	✓	✓	✓	27/01/14

Audit title	Audit Sponsor	Audit progress						
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued	
Constitution	G&L	✓	✓	✓	✓	✓	06/09/13	
Health and safety at work	G&L	✓	✓	✓				
Special Investigations	G&L	N/A	N/A	N/A	N/A	N/A	N/A	
Annual review of effectiveness of Internal Audit	G&L	✓	✓	✓	✓	✓	05/03/14	
Financial Management								
Lease Income	G&L	✓	✓	✓	✓	✓	16/12/13	
Benefits	G&L	✓	✓	✓				
Capital Purchases	G&L	Q4						
Accounts Payable	G&L	✓	✓	✓	✓	✓	06/01/14	
Finance - Budgetary Control	G&L	✓	✓					
Finance – Main Accounting	G&L	✓	✓	✓	✓			
NNDR	G&L	✓	✓	✓	✓	✓	31/01/14	
Payroll	G&L	✓	✓	✓	✓	✓	31/01/14	

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
SCOPAC (Standing Conference on Problems Associated with the Coastline) accounts	G&L	✓	✓	✓	✓	✓	
Information Technology							
Computer implementations (Finance)	G&L	Advice role					
Mod Gov	M&D	✓	✓	✓			
Corporate objective - economic growth - No audits in 2013/14 plan							
Corporate objective - public service excellence							
Vehicle Maintenance	E&NQ	✓	✓	✓	✓	✓	10/10/13
Coastal Defence Partnership – stage 1	P&BE	✓	✓	✓	✓	✓	27/06/13
Coastal Defence Partnership – stage 2	P&BE	✓	✓	✓			
Disabled Facilities Grants	E&NQ	✓	✓	✓	✓	✓	23/08/13
Corporate objective - financial sustainability							
Asset Acquisition Strategy	G&L	✓	✓	✓			

Key to Audit Sponsors	
Executive Head Marketing and Development	M&D
Executive Head Governance and Logistics	G&L
Executive Head Environment and Neighbourhood Quality	E&NQ
Executive Head Planning and Built Environment	P&BE

Appendix A

Opinion	Framework of governance, risk management and management control
Full	<p>Evaluation opinion - There is a sound system of control designed to achieve the system objectives, and</p> <p>Testing opinion – The controls are being consistently applied.</p>
Substantial	<p>Evaluation opinion – While there is a basically sound system there are weaknesses which put some of the control objectives at risk, and/or</p> <p>Testing opinion – There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.</p>
Limited	<p>Evaluation opinion – Weaknesses in the system of controls are such as to put the system objectives at risk, and/or</p> <p>Testing opinion – The level of non-compliance puts the system objectives at risk.</p>
No Assurance	<p>Evaluation opinion – Control is generally weak leaving the system open to significant error or abuse, and/or</p> <p>Testing opinion – Significant non-compliance with basic controls leaves the system open to error or abuse.</p>