

SUBJECT:	Internal Audit: Progress Report
MEETING:	Governance and Audit Committee
DATE OF MEETING:	16 September 2014
REPORT OF:	Head of Internal Audit Partnership
REPORT DATE:	13 August 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)	
Parking Services	Apr 2012	E&NQ	Limited*	Substantial*	3 (0)	3 (0)		
Development control	Aug 2012	P&BE	Limited*	Substantial*	11 (0)	10 (0)		1 (0)
Food safety and noise control	Sep 2012	E&NQ	Substantial*	Substantial*	14 (1)	14 (1)		
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)	8 (0)	1 (0)	
Information management	23/08/13	M&D	Limited	Limited	1 (0)			1 (0)
Vehicle maintenance	10/10/13	E&NQ	Adequate	Adequate	5 (1)	3 (1)		2 (0)
Lease income	16/12/13	G&L	Adequate	Adequate	7 (0)	5 (0)	2 (0)	
Accounts payable	06/01/14	G&L	Adequate	Adequate	1 (0)		1 (0)	
Proactive fraud initiatives	23/01/14	G&L	Adequate	Adequate	1 (0)	1 (0)		
NNDR	31/01/14	G&L	Substantial	Substantial	1 (0)	1 (0)		
Payroll	31/01/14	G&L	Adequate	Adequate	3 (0)	2 (0)	1 (0)	

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
SCOPAC (Standing Conference on Problems Associated with the Coastline) accounts	20/02/14	G&L	Substantial	Substantial	1 (0)		1 (0)	
Partnership management	22/04/14	E&NQ	Limited	Adequate	6 (1)	4 (1)	2 (0)	
Health and Safety at work	02/05/14	G&L	Adequate	Adequate	5 (0)	4 (0)		1 (0)
Finance – Main accounting	02/05/14	G&L	Adequate	Adequate	2 (0)	2 (0)		
Asset Acquisition Strategy	13/05/14	G&L	Adequate	Adequate	2 (0)		1 (0)	1 (0)
Risk Management	27/05/14	G&L	Adequate	Adequate	4 (0)	4 (0)		
Computer Audit - Modern Gov	09/06/14	M&D	Adequate	Adequate	5 (0)	2 (0)	3 (0)	
Performance Management Systems	30/06/14	M&D	Adequate	Adequate	5 (5)		5 (5)	
Planning Development Fee Income	01/07/14	P&BE	Adequate	Adequate	4 (0)		4 (0)	
Finance - Budgetary Control	13/08/14	G&L	Adequate	Adequate	2 (0)	0 (0)	2 (0)	
Capital Purchases	19/08/14	G&L	Adequate	Adequate	2 (0)		2 (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 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
Executive Head Economy and Communities	E&C

3 Internal Audit Performance

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

Performance Targets –2014-15		
	Target for Year (%)	Actual to Date (%)
% of revised plan delivered (including 2013-14 c/f)	95	34
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 2014-15 was prepared following meetings with the Executive Heads and Service Managers and was presented to the Executive Board on 04 February 2014 and was approved by the Governance and Audit Committee on 05 March 2014. 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.

5 Issues arising

There have been no significant issues arising from internal audit work carried out in accordance with the 2014-15 audit plan.

6 Fraud and Irregularities

There have been no potential fraud and irregularity investigations undertaken to date during 2014/15.

One investigation (commenced in 2013/14) has concluded and did not identify any fraud or impropriety. There are no on-going reviews.

7 Rolling work programme

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
2013-14 Carry Forward Reviews							
Business Continuity Planning	M&D	✓	✓	✓	✓	✓	
Performance Management Systems	M&D	✓	✓	✓	✓	✓	30/06/14
Risk management	G&L	✓	✓	✓	✓	✓	27/05/14
Benefits	G&L	✓	✓	✓	✓	✓	02/07/14
Capital Purchases	G&L	✓	✓	✓	✓	✓	19/08/14
Finance - Budgetary Control	G&L	✓	✓	✓	✓	✓	13/08/14
Mod Gov	M&D	✓	✓	✓	✓	✓	09/06/14
2014-15 Reviews							
Corporate Cross Cutting							

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Information management	M&D	✓	✓	✓	✓		
HR	M&D						
NFI (National Fraud Initiative)	G&L	n/a	n/a	✓			
Project Management	M&D	✓	✓	✓			
Corporate Governance							
Proactive fraud initiatives	G&L	✓	n/a	✓			
Code of Conduct	TBC						
Review of Annual Governance Statement	G&L	✓	n/a	✓	✓		
Special Investigations	G&L						
Annual review of effectiveness of Internal Audit	G&L	✓	✓	✓	✓	✓	17/06/14
Financial Management							
Parking	E&C	✓	✓	✓			
Income Collection and Banking	G&L						

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Council Tax	G&L						
Accounts Receivable / Debt Management	G&L						
Finance – Payroll	G&L						
Finance – Treasury Management	G&L						
SCOPAC (Standing Conference on Problems Associated with the Coastline) accounts	G&L						
Information Technology							
Computer implementations (Finance)	M&D	Advice role					
ICT policies and security	M&D						
ICT contract	M&D						
ICT hosted services	M&D						
Corporate objective - economic growth - No audits in 2014/15 plan							
Corporate objective - public service excellence							
Depot Services	E&NQ						

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Fuel Management	E&NQ	✓	✓	✓	✓	✓	
Building Control	P&BE						
Licencing	E&NQ	✓	✓	✓	✓		
Planning Development – Fee Income	P&BE	✓	✓	✓	✓	✓	30/06/14
Crematorium Partnership	E&NQ						
Impact of Welfare Reform	E&C	✓	✓	✓			
Beach Huts	G&L/E&NQ	✓	✓				
Corporate objective - financial sustainability							
Developers Obligations and Contributions / Community Infrastructure Levy	P&BE	✓	✓	✓			

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
Executive Head Economy and Communities	E&C

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>