

## **INTERNAL AUDIT PROGRESS REPORT**

Head of Finance

### **1 Purpose**

- 1.1 To report Internal Audit progress to date to the Audit Committee.

### **2 Recommendations/for decision**

- 2.1 The Committee is asked to review and note the contents of the report. It is also asked to consider whether the proposed format for reporting to Committee on Internal Audit progress will meet its requirements.

### **3 Supporting information**

- 3.1 Internal Audit reviews the control and assurance mechanisms of the Council and produces formal Audit reports with recommendations intended to improve controls. Internal Audit will regularly report on the progress of its work to the Committee.
- 3.2 Some items from the 2006/07 Audit Plan were still in progress at the start of this financial year. These have now all been completed and formal reports issued where appropriate. There are no additional significant matters to report apart from those already included in the Statement of Internal Control.
- 3.3 Good progress has been made to date on work identified in the current financial year's Audit Plan. There are no unexpected issues which need to be raised at this Committee meeting.
- 3.4 A full list of Audit reports which have been formally issued in the last three months is attached at Appendix A. This shows the Audit opinion on the area under review and the number of high priority recommendations which have been made in the report.
- 3.5 Where significant issues have arisen and high priority recommendations made these are included in a tracker document, which is also attached as an Appendix to the next item. This will allow Committee Members to follow the progress made in managing the issues identified.
- 3.6 The documents attached for this meeting relate to the first five months of the current financial year, from April 2007 to the end of August 2007.

### **4 Current Audit Reviews**

- 4.1 A number of Audit reviews are currently nearing completion, including Operational Road Risk, Car Parking Income, Housing Benefit pre-Subsidy audit.
- 4.2 Internal Audit are just starting a review of the Corporate Governance arrangements of the Council against the new guidance issued by CIPFA / SOLACE in June 2007. The Committee is asked to note that some information will be sought from Members to assist in this review. It is intended to prepare a short questionnaire which will be despatched to all Members and some Members may be asked to participate in further detailed discussions.

**5 Options considered**

5.1 None

**6 Reasons for Recommendation**

6.1 One of the requirements of the CIPFA Code of Practice for Internal Audit in Local Government is that regular progress reports are provided to the Audit Committee.

**7 Resource implications**

7.1 Resources required to provide these reports will be met within the current budget limits.

**8 Response to Key Aims and Outcomes**

8.1 None

Contact Officer  
Background Documents

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### **Audit Reports 2007/08**

<b>Code</b>	<b>Audit</b>	<b>Opinion</b>	<b>No. of High priority recs.</b>	<b>Date issued</b>
009	Data Protection & Freedom of Information	Limited	1	April 2007
088	Licensing Follow-up	Substantial	1	April 2007
134	Animal Welfare (Licensing)	N/A	0	April 2007
014	Risk Management	Limited	0	May 2007
026	Postal Service (VfM)	N/A	0	May 2007
062	Exchequer – Insurance Services	Substantial	0	May 2007
080	Council Tax & Business Rates	Substantial	1	June 2007
114	Civic Centre – Catering & Bar Services	N/A	0	July 2007
060	Creditors	Substantial	0	August 2007
026	Charging Policy	N/A	0	August 2007
113	Horticulture Follow up	N/A	0	August 2007

Description / Audit Area	Scope / Approach of Audit Work	Status	Progress @ 1st September 2007	Work to complete
<b>Corporate Governance</b>				
Corporate Key Aims & Corporate Plan	Assess processes to monitor Council's progress against its Key Aims and Outcomes.	Planned		
Corporate Governance	Corporate review against revised CIPFA framework.	In Progress	Revised CIPFA guidance released in June 2007.	
Gershon - Efficiency Agenda	Identify and undertake or participate in review(s) on efficiency - Value for Money (VFM) Audits	Complete	Two reviews, Postal Services and Discretionary Charges issued. Additional work requested on Postal Services	Additional work planned Nov / Dec 2007
Corporate Policies & Procedures	Review proposed changes to corporate policies and procedures.	Ongoing	Various areas, including work on new security requirements for card payments, telephone and Internet procedures.	
Annual Statement on Internal Control (SIC)	Co-ordinate completion of assurance statements / corporate framework used to compile the SIC.	Complete	2006/07 Assurance statements all signed by management. Annual Audit Opinion and SIC produced and reported.	
	Produce Annual Audit Opinion report to provide Internal Audit assurance for SIC.	Complete		
CPA 2006/07	Participate in assessment against the Audit Commission's - "Key Lines of Enquiry for Use of Resources".	Planned		
Partnerships	Participate in review and further development of corporate framework for partnership working.	In Progress	Joint review with Head of Policy & Performance.	
Performance Management & Data Quality	Review of aspects of the corporate framework including linkages with Key Aims and Service Planning.	Complete	Advice and discussions held with responsible officers.	
	Best Value Performance Indicators (BVPIs) - work on specific indicators prior to and liaison with the annual inspection work undertaken by the Audit Commission.	Complete	Preparatory work by Internal Audit discussed - not needed this year.	

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<b>Financial Governance / Framework</b>				
Capital Programme	Large Projects, funding arrangements. See Risk Based Work for timings			
Core financial systems	Covered mainly in systems work. Audit of core financial systems, e.g. Payroll, Debtors, Creditors.	In progress for 2007/8	Work completed for 2006/7. Work on financial systems continues in 2007/8	
Corporate Procurement	Contracts Procedures - Assist in further development of Councils financial framework.			
Contracts Audits	Audits of larger contracts where identified as appropriate.	In Progress	Follow up work on Horticulture contract in progress	
Contracts Advice	General advice to services on contracts tendering processes.	Ongoing	Responding to requests from management	
External Funding	Review of external / shared funding arrangements - Links with Projects.	Planned		
<b>Corporate Risk Management</b>				
Responses to Individual Risks identified through the Registers	See Risk Based section of the Audit Plan			
Risk Management Processes	Review risk management processes (including compilation of risk registers) to confirm reliance can be placed upon them.	Ongoing	External review of framework completed in 2006/7. Limited Assurance. Risk Manager appointed & due to start 1st November.	Handover of routine work. Continue oversight & review.
Risk Management Steering Group	Ongoing development and update of Corporate Risk Register & liaison with Senior Management. Attendance at Steering Group meetings.	Ongoing	Attendance at meetings and associated administration of group. To be handed over to Risk Manager when in post.	
Risk Registers	Review registers & identify specific areas to evaluate adequacy of control.	Ongoing	Registers referred to in drawing up Audit Plan for year.	
Risk Management Workshops & development of risk management	Facilitate workshops	Ongoing	Respond to requests from management	

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<b>Fraud &amp; Corruption</b>				
Fraud & Corruption Framework	Further development and promulgation of the Council's Anti Fraud and Corruption Framework	In Progress	Review being undertaken in Autumn 2007	
Fraud & Corruption Specific Reviews	Following from development of framework - identify specific high risk areas for review	Planned	To identify key risk areas for detailed work	
National Fraud Initiative 2006/07 & 2007/08	2006/07 - Co-ordinate analysis of data match results. 2007/08 - Prepare for Single Persons Discount matching of Council Tax & Electoral Roll information	In Progress	Results from 2006/7 being reviewed, progress monitored. 2007/8 Data to be submitted in October for Council Tax and December for Electoral Roll	
<b>Legal Compliance - (Link also with Corporate Governance)</b>				
Council's adherence to legal requirements.	Potential areas include Freedom of Information, Data Protection, RIPA Act, Human Rights, Proceeds of Crime Act, Money Laundering	In progress	Fol and Data Protection audit completed. Limited assurance over DP compliance, substantial for Fol. Information Governance Group created.	
<b>IT Governance</b>				
IT Governance & Security Policy framework	Development and implementation of Corporate Policies and Procedures.	In Progress	IT Project Manager has taken over work to finalise new policies. Respond to requests for advice / assistance.	
Information Technology Management Advisory Group - ITMAG	Ex-Officio member of management group.	Ongoing	Attendance at regular meetings.	
IT & IT Systems Audits	More detailed work to be identified during the year. Links with development of Policy framework and assessment of risks.	In Progress	Controls over Internet use review in progress. Also work on telephone call recording & implementation of new Housing system	
<b>Assurance work on other systems</b>				
Service Areas	Scope of audits to be identified through discussions with Service Heads, risk assessments and emerging issues throughout the year.	In Progress	See list below	

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<b>Environmental Management System</b>				
Environmental Health - ISO 14001	Work detailed in a separate EMS audit plan to review areas within the service to contribute towards compliance with the standard.	Planned	Environmental Health will introduce more peer reviews in future. Audit will review how the new arrangements are working later in the year.	
<b>General</b>				
Follow up Work & maintain Tracker	Time spent on following up progress on agreed recommendations to ensure implementation and reporting.	Ongoing		
Special Investigations	Internal investigation work on suspected fraud or irregularity.	Ongoing	As requested by management. One investigation completed. No significant issues to report.	
Ad-hoc requests	Response to requests by management for involvement by Internal Audit in specific issue or event. May progress into assurance work or an investigation	Ongoing	As requested by management.	
External Audit - Audit Commission	Regular review meetings. Liaison point for their corporate work. Shared work. Benefits - Subsidy Claim.	Ongoing	Benefits pre-subsidy claim work in progress.	
Members / Audit Committee / Tracker	Meetings with Members including the Audit Committee. Update and reporting of the Audit Tracker - verification of implemented recommendations.	Ongoing		
<b>Corporate Risk Register - Key Corporate Risks</b>				
Growth Agenda	Risk Assessment undertaken with Management Team 2005/06 - Continued monitoring	Ongoing		
Major Project - Waterside Development	Continued facilitation of Risk Assessment. Response to emerging issues	Ongoing	Attendance at meetings, risk assessments as required.	
Major Projects - Funding	Risk Assessments - ex-officio membership of project groups as identified	Ongoing	Attendance at meetings, risk assessments as required.	
Office Accommodation	Continued facilitation of Risk Assessment. Response to emerging issues	Ongoing	Attendance at meetings, risk assessments as required.	

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Review of arrangements in Housing following the Housing Stock Transfer in July 2006	Undertake Audit reviews of specific areas as identified	Planned	Detailed Scope being discussed with management. Review planned for September / October	
Business Continuity / Emergency Planning	Review to ensure proper response and recovery processes in place and adequately tested.	Planned		
<b>Corporate Risk Register - Key Service Specific Risks</b>				
Key Specific Risks	Identify specific risks and respond to emerging issues.	Planned	Specific reviews to be scoped in consultation with management.	
<b>Corporate, Project, Service and System Risk Registers</b>				
Generic Risks	Review of assessments undertaken by Services. Review of specific risks identified - emerging issues.	In Progress	All Services have updated their Generic Risk Registers. Results being assessed for additional review.	
Project, Service and System Risk Registers	Review and facilitate development of Risk Registers. Link with Service Planning processes and meeting of Key Aims and Outcomes	Ongoing		



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<b>Assurance work on other systems</b>					
Licensing - Animal Welfare	Assistance with development of an action plan to address known weaknesses in arrangements	Complete	N/A		
Risk Management	Review of arrangements for Risk Management	Complete	Limited	New Risk Manager appointed	
Postal Service (VFM)	Look at existing arrangements and opportunities to obtain better value for money from the postal service.	Complete	N/A	Additional work requested	
Postal Voting	Review of arrangements for Postal Voting in May 2007	Draft report	N/A	Additional work required to finalise report	
Charging Policy (VFM)	Review of discretionary charges to ensure that charges are appropriate and regularly reviewed, in line with AVDC policy, also to identify opportunities for additional income.	Complete	N/A		
Operational Road Risk	Review risk management arrangements for staff and members who drive as part of their job	In Progress			
Civic Centre	Advice following change in catering arrangements	Complete	N/A	Further review may be needed later in the year	
Environment Management System	Discussion re changing to peer review	Complete	N/A	Additional work to be done later in the year	
Fraud file reviews	Sample of investigation files checked for quality assurance	In Progress			
Concessionary Travel	Review of administration arrangements for issue of passes, reimbursement of bus companies, etc..	In Progress			
Leisure Lottery bids	Assistance requested with preparation of bids for lottery funding	In Progress			
Call Recording	Advice and research on legal implications	In Progress			
Corporate Governance	Review of AVDC arrangements in light of newly issued guidance from CIPFA	In Progress			
Green Spaces	Follow up	In Progress			
Car Park income	Income collection arrangements	In Progress			
Insurance Services	Administration of insurance policies and self-insurance fund.	Complete	Substantial	Note - work on claims handling to be done later in year.	