

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

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| 2.1 The Committee is asked to review and note the contents of the report. |
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3 Supporting information

- 3.1 Internal Audit reviews the control and assurance mechanisms of the Council and produces formal Audit reports with recommendations to improve controls. Internal Audit will regularly report on the progress of its work to the Committee.
- 3.2 Good progress has been made to date on work identified in the current financial year's Audit Plan. An updated progress report is attached at Appendix A. There are no unexpected issues which need to be raised at this Committee meeting.
- 3.3 A full list of Audit reports which have been formally issued since the start of this financial year is attached at Appendix B. This shows the Audit opinion on the area under review and the number of high priority recommendations which have been made in the report.
- 3.4 Where significant issues have arisen and high priority recommendations made these are included in a tracker document, which will be presented to the March 2008 meeting of the Committee. This will allow Committee Members to follow progress in managing the issues identified.

4 Current Audit Reviews

- 4.1 Audit are about to start reviewing the main financial systems. A number of other reviews are currently nearing completion, including Operational Road Risk and post transfer arrangements with Vale of Aylesbury Housing Trust.
- 4.2 Corporate Governance arrangements of the Council need to be reviewed following the new guidance issued by CIPFA / SOLACE in June 2007. This work will be progressed in the near future. Management of the work falls to the recently reformed Officer Probity Group. As this is a significant review area we will report the outcome to the Audit Committee at a future meeting.

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

Val Hinkins 01296 585343
Names of Background documents

Description / Audit Area	Scope / Approach of Audit Work	Status	Progress @ 1st December 2007	Work to complete
Corporate Governance				
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.	Delayed - still planned for 2007/8	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. Separate joint exercise being undertaken by Bucks. Procurement officers.	Additional work planned Nov / Dec 2007, but will be deferred pending Procurement Officers review.
Corporate Policies & Procedures	Review proposed changes to corporate policies and procedures.	Complete	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".	Complete	Assistance provided in drawing together evidence for Use of Resources	
Partnerships	Participate in review and further development of corporate framework for partnership working.	Deferred pending joint working discussion	Joint Audit review with BCC and WDC. Will use Deloitte staff. Planned for January / February 2008	
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	Following review by External Audit additional work has been requested on an indicator in Contract Services area.	Extra review added to Plan
Financial Governance / Framework				
Capital Programme	Large Projects, funding arrangements. See Risk Based Work for timings		Linked to work of Strategic Investment Board	
Core financial systems	Covered mainly in systems work. Audit of core financial systems, e.g. Payroll, Debtors, Creditors.	2006/7 complete 2007/8 due to start in December	Work completed for 2006/7. Work on main financial systems for 2007/8 planned	

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Corporate Procurement	Contracts Procedures - Assist in further development of Councils financial framework.	Started November 2007	Review of compliance with contract procedures just starting. Will include work to update the contracts register	
Contracts Audits	Audits of larger contracts where identified as appropriate.	Complete	Follow up work on Horticulture contract completed	
Contracts Advice	General advice to services on contracts tendering processes.		Responding to ad-hoc requests from management Attendance at tender openings	
External Funding	Review of external / shared funding arrangements - Links with Projects.	Planned		
Corporate Risk Management				
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.	Complete	External review of framework completed in 2006/7. Limited Assurance. Risk Manager appointed & started work on 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.		Attendance at meetings and associated administration of group. To be handed over to Risk Manager.	Will need to work closely with Risk Manager
Risk Registers	Review registers & identify specific areas to evaluate adequacy of control.	Complete	Registers referred to in drawing up Audit Plan for year.	
Risk Management Workshops & development of risk management	Facilitate workshops		Respond to requests from management	Hand over to Risk Manager
Fraud & Corruption				
Fraud & Corruption Framework	Further development and promulgation of the Council's Anti Fraud and Corruption Framework		Review of sanctions 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		Results from 2006/7 being reviewed, progress monitored. 2007/8 Data to be submitted in October for Council Tax and December for Electoral Roll Monitoring Officer opinion that AVDC should not participate in this match	Work on matches is done within other areas. Audit overview and monitoring

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Legal Compliance - (Link also with Corporate Governance)				
Council's adherence to legal requirements.	Potential areas include Freedom of Information, Data Protection, RIPA Act, Human Rights, Proceeds of Crime Act, Money Laundering	Complete	Fol and Data Protection audit completed. Limited assurance over DP compliance, substantial for Fol. Information Governance Group created.	Audit staff to participate in group and attend meetings
IT Governance				
IT Governance & Security Policy framework	Development and implementation of Corporate Policies and Procedures.	Complete	IT Project Manager has taken over work to finalise new policies, but staff time has been re-allocated and work is not complete. Respond to requests for	Participate in issue and promulgation of policies once these are available
Information Technology Management Advisory Group - ITMAG	Ex-Officio member of management group.		Attendance at regular monthly meetings.	
IT & IT Systems Audits	More detailed work to be identified during the year. Links with development of Policy framework and assessment of risks.		Work on controls over Internet use, call recording, IT asset disposals and new Housing system is complete. Reviews of change control, leavers and network controls still to be done.	
Assurance work on other systems				
Service Areas	Scope of audits to be identified through discussions with Service Heads, risk assessments and emerging issues throughout the year.		See list below	
Environmental Management System				
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.		Environmental Health will introduce more peer reviews in future. Audit will review how the new arrangements are working later in the year.	
Environmental Health - ISO 14001	Contract Services		Request to assist in developing audit plans for Contract Services environmental registration	
General				
Follow up Work & maintain Tracker	Time spent on following up progress on agreed recommendations to ensure implementation and reporting.		Follow up of Audit recommendations is done throughout the year.	
Special Investigations	Internal investigation work on suspected fraud or irregularity.		As requested by management. One investigation completed. No significant issues to report.	

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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		As requested by management. Recent requests received and will be included in plan	
External Audit - Audit Commission	Regular review meetings. Liaison point for their corporate work. Shared work. Benefits - Subsidy Claim.		Benefits pre-subsidy claim work and testing now complete. Use of Resources evidence provided. Main financial systems audits to be discussed.	
Members / Audit Committee / Tracker	Meetings with Members including the Audit Committee. Update and reporting of the Audit Tracker - verification of implemented recommendations.		The tracker will be amended to include all items raised by External Audit before the approval of the Final Accounts. A fully reviewed and updated version will be presented to the Audit Committee in March 2008.	Update and follow up all outstanding items for March 2008 Audit Committee
Corporate Risk Register - Key Corporate Risks				
Growth Agenda	Risk Assessment undertaken with Management Team 2005/06 - Continued monitoring		Risk Manager will be involved in this area	
Major Project - Waterside Development	Continued facilitation of Risk Assessment. Response to emerging issues		Attendance at meetings, risk assessments as required.	
Major Projects - Funding	Risk Assessments - ex-officio membership of project groups as identified		Attendance at meetings, risk assessments as required.	
Office Accommodation	Continued facilitation of Risk Assessment. Response to emerging issues		Attendance at meetings, risk assessments as required.	
Review of arrangements in Housing following the Housing Stock Transfer in July 2006	Undertake Audit reviews of specific areas as identified	Started November 2007	Review in progress.	
Business Continuity / Emergency Planning	Review to ensure proper response and recovery processes in place and adequately tested.		Update provided to Audit Committee at last meeting.	
Corporate Risk Register - Key Service Specific Risks				
Key Specific Risks	Identify specific risks and respond to emerging issues.	Draft Report prepared	Review of AVDC's policies and practices on driving at work.	
Corporate, Project, Service and System Risk Registers				
Generic Risks	Review of assessments undertaken by Services. Review of specific risks identified - emerging issues.		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			

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Assurance work on other systems					
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 now in post	
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, but a separate review is being set up by Bucks. Procurement officers. Await the outcome of this.	
Postal Voting	Review of arrangements for Postal Voting in May 2007	Complete	N/A		
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 on AVDC business	Draft Report prepared	No assurance (Full assurance for Contract Services)	Contract Services were given a Full Assurance opinion as they have good controls which are operating successfully. For the remainder of AVDC controls are not in place. This is a high risk area.	
Civic Centre	Advice following change in catering arrangements	Complete	N/A	Further review may be needed later in the year	
Environment Management System (EH)	Discussion re changing to peer review in Environmental Health	Complete	N/A	Additional work to be done later in the year	
Environment Management System (CS)	Assistance requested with setting up audit process	Planned		Contract Services preparing for review	
Fraud file reviews	Sample of investigation files checked for quality assurance			Checking of a sample of cases is undertaken every month.	
Concessionary Travel	Review of administration arrangements for issue of passes, reimbursement of bus companies, etc..	Complete	Substantial		
Leisure Lottery bids	Assistance requested with preparation of bids for lottery funding	Complete	N/A	Advice and information provided as requested	
Call Recording	Advice and research on legal implications	Complete	N/A	Recommendations made and accepted. Still some concern as to implementation	
Corporate Governance	Review of AVDC arrangements in light of newly issued guidance from CIPFA	Scoping		Probity Group will receive initial report. This will then be presented to the Audit Committee.	
Green Spaces	Follow up	Complete	N/A		

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Car Park income	Income collection arrangements	Complete	Substantial		
Insurance Services	Administration of insurance policies and self-insurance fund.	Complete	Substantial		
Insurance Claims Handling	Administration of insurance claims	Complete	Substantial		

Audit Reports 2007/08

Galileo Reference	Audit	Opinion	No. of High priority recs.	Date issued
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
071	Internet & Telephone Procedures	Limited	0	September 2007
121	Car Parks Income	Substantial	1	October 2007
048	Concessionary Travel	Substantial	0	October 2007
026	Postal Voting	N/A	0	November 2007
072	Disposal of IT Assets	Substantial	0	November 2007
062	Insurance – Claims Handling	Substantial	0	November 2007