

INTERNAL AUDIT PROGRESS REPORT – NOVEMBER 2016

1 Purpose

- 1.1 To receive the Internal Audit Progress Report of activity undertaken since March 2016.

2 Recommendations

- 2.1 The committee is recommended to note the progress report.
- 2.2 The committee is requested to approve the proposed changes to the annual internal audit plan.

3 Supporting Information

- 3.1 This report provides an update on the progress made against the 2016/17 Assurance Plan. Appendix A includes information on:
- Summary of internal audit reviews completed and in progress
 - Overdue recommendations and follow up work
 - Overview of Commercial AVDC and update on internal audit resources
- 3.2 The Committee requested that all internal audit reports are presented in full. No reports have been issued since the last meeting.

4. Reasons for Recommendations

- 4.1 Ensuring a proper and effective flow of information to Audit Committee Members enables them to perform their role effectively and is an essential element of the corporate governance arrangements at the Council.

5. Resource Implications

- 5.1 There are no resource implications to report.



Internal Audit Progress Report

November 2016

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1. Activity and progress

The annual internal audit plan was approved by the Audit Committee in March 2016. A summary of the plan is included in Appendix 1. We monitor progress against the plan during the year and advise the Audit Committee of any changes.

No reports have been issued since the September 2016 Audit Committee meeting. We have appointed an external provider of internal audit services and work has commenced on financial systems reviews.

Internal audit plan work in progress

As at the date of preparing this report the following reviews are in progress:

<i>Name of review</i>	<i>Update on progress</i>
Debt Recovery	<p>In response to internal audit recommendations arising from 2015/16 reviews, a project is underway to review the Council's strategic approach to debt recovery. The scope includes:</p> <ul style="list-style-type: none">- understand the level of debt – including all income streams and age profile- develop strategic direction/policy for debt management and recovery action- recommend future operating model, structure of teams and resources to maximise efficient collection of debts- clarity over responsibility & ownership of debt collection- identify reporting needs to effectively monitor and manage debt at the budget holder and corporate level- identify best practice and benchmark debt management elsewhere- apply customer insight to profile debtors which will support more focused recovery action and reduce overall debt <p>This is not an assurance review and IA is supporting in an advisory capacity.</p>
Safeguarding	Review is in progress. Sec11 arrangements to be agreed October 2016.
General Ledger	Work completed and report being prepared
Treasury Management	Work completed and report being prepared
Payroll	Work in progress
Accounts Receivable	Due to start w/c 7 November
Accounts Payable	Due to start w/c 14 November
Fixed Assets	Due to start w/c 14 November

2. Overdue recommendations and follow up work

We monitor the implementation of actions and recommendations raised by internal audit reviews to ensure that the control weaknesses identified have been satisfactorily addressed. We only report to the Audit Committee when more than 3 months has passed since the original agreed target date.

Update on financial systems

The Commercial AVDC Financial Systems & Processes Review Board is continuing to monitor the implementation of actions identified in the 2015/16 Accounts Payable & Receivable and the General Ledger and Budgetary Control internal audit reports.

During Q3 and Q4 financial systems will be subject to internal audit review again. This will pick up on previous actions and provide assurance over the design and operation of financial controls.

Overdue recommendations

Housing Allocations (January 2016) – Medium priority recommendation to be completed by 31 March 2016 - Completed

The Bucks Homes Choice Partnership Policy was adopted in May 2014 and is the common mechanism for allocating housing in Bucks. Section 8 of the Policy states that “the Partnership will monitor the outcomes of lettings through Bucks Home Choice to assess whether it is meeting its aims”. It goes on to say that the reviews will be carried out annually. Since its adoption the Partnership has not yet carried out a formal review.

Management update - The Bucks Home Choice Assessment of Scheme Aims and Objectives was published on the Bucks Home Choice Website in October 16. Its states:

“The Bucks Home Choice Partnership has considered the stated aims and objectives of the Scheme to unsure that these remain relevant and are being achieved. The policy statement provides evidence to support each of the Scheme objectives and also shows the outcomes of allocations made during 2015-16”.

Taxi Licensing (October 2015) – Medium priority recommendation to be completed by 31 March 2016 – In progress

There is no policy on document retention governing the licensing application process so there is a risk that personal data is being held for longer than appropriate. Management agreed to adopt a document retention policy that incorporates the whole licensing function.

Management update – A policy has been drafted and will be finalised along with the new document management storage solution for EH&L into which the data retention principles will be built prior to data migration from our existing system to the new Salesforce system. Implementation is expected to be complete by the end of December 2016.

3. Commercial AVDC and internal audit resources

We have engaged an external provider of public sector internal audit services (BDO) to support the delivery of the remainder of the 2016/17 internal audit plan, reporting to the Business Assurance Manager. The outcome of the Governance Business Review will determine further resource requirements and the delivery model going forward.

Appendix 1: Internal audit plan and progress tracker

The 2016/17 Annual Internal Audit Plan was approved by members of the Audit Committee in March 2016. Progress and changes are reported below.

Review	Description	Status/Comment	Risk Rating
General Ledger	Ongoing input to Commercial AVDC Finance Review project (Q1&Q2) and assurance over implementation and effectiveness of processes (Q3 &Q4)	In progress	
Payroll		In progress	
Accounts Receivable		Start w/c 7/11	
Accounts Payable		Start w/c 14/11	
Treasury		In progress	
Fixed Assets		Start w/c 14/11	
HR - Recruitment	Review recruitment processes and controls	Processes are being assessed as part of Commercial AVDC reviews. Consider audit in 207/18.	Defer to 17/18
Electoral & Democratic Services	Deferred from 15/16. Roll out of ModGov – review processes post implementation	Implementation has gone wells so far but not yet using full functionality. This is being considered as part of the Business Review. IA to consider once review has concluded.	Defer to 17/18
Contract Management – Supplier Resilience	Deferred from 15/16. Assurance that key suppliers/contracts have adequate business continuity plans in place. Consider outcomes of Commercial AVDC review.	Q4	
Budget Management		Q4	
Information Governance	Information governance effectiveness review.	Scope of was work agreed. Now pending outcome of Intel report. Scope will be modified as needed.	
Health & Safety	Compliance with OHSAS18001; review of H&S Management System	New H&S provider from 1 Oct 16 will review management systems following departure of H&S officer. Work will be overseen by BAS Manager but not likely to require specific IA resource. Audit should be deferred until systems are in place.	Defer to 17/18
Safeguarding	Review pre Sec 11 audit. Also consider vulnerable adults.	Sec 11 plan of work has been released from BCC. Work is in progress.	
Debt Recovery	Council wide review of debt management and recovery processes, including council tax, business rates, HB overpayments and other income streams.	Work commenced July 2016 to support review of processes. This is IA advisory work.	

My Account	Review security of payments, information and interfaces with other systems	Q4	
Good Governance Framework for Local Government	Review compliance with new CIPFA code and implications for AGS 16/17	CIPFA framework has been published. Review will commence in Q3.	
Risk Management	Continuous assurance over risk management process	Corporate risk register reviewed and reported to Audit C'ttee.	
Enterprise zones	Processes governing management of E Z partnerships	Not considered a key risk area for focus at this time.	Remove
Housing benefits			
Collection fund			
Estates – Service Charges	Basis for and calculation of service charges, collection processes		
Business Reviews	Ongoing	Internal audit has supported Commercial AVDC reviews: <ul style="list-style-type: none"> • Procurement & Contract Management • Business Intelligence • Financial Systems and Processes 	
Vale Lottery	The review focussed on four areas identified as being key to ensuring that the lottery is being operated effectively and in compliance with the Gambling Act.	Complete	Low