

South Bucks Council

Internal Audit Progress Report

2014/15

Audit Committee: 12 March 2015



INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at South Bucks District Council as at 18 February 2015. The report is based on internal audit work carried out by TIAA and management representations that have been received during the period since 1 April 2014.

PROGRESS AGAINST THE 2014/15 ANNUAL PLAN

2. Our progress against the Annual Plan for 2014-15 is set out in Appendix A.

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

3. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the Council. The action plans and management responses to our audit work for priority 1 and 2 recommendations for the period from 5 December 2014 to 20 February 2015 is shown in Appendix B.

AUDITS CARRIED OUT SINCE THE 5 DECEMBER 2014

4. The table below sets out details of audits carried out since our last report to the Audit Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
Creditors	Substantial	2 December 2014	4 December 2014	8 December 2014	-	-	1	-
Main Accounting	Reasonable	4 December 2014	8 December 2014	18 December	-	1	5	-

				2014				
Debtors	Reasonable	19 January 2015	21 January 2015	27 January 2015	-	3	3	2

CHANGES TO THE ANNUAL PLAN 2014/15

6. The following changes to the annual audit plan for 2014/15 have been made:
- a) An audit from 2013/14 (**Environmental Services – 2013/14**) has had additional work undertaken at the request of the client in 2014/15.
 - b) Community Grants has now been cancelled for the 2014/15 plan and will be undertaken in 2015/16. This has arisen due to the timing of Grants and system changes.
 - c) Data Protection and Freedom of Information will now become two audits. Due to system changes this audit has been cancelled from the 2014/15 audit plan. The Freedom of Information audit will now take place during 2015/16.

FRAUDS/IRREGULARITIES

7. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

LIAISON WITH EXTERNAL AUDIT AND THE CLIENT

8. We continue to liaise with EY and have made available working paper files and the report on key financial systems. Regular meetings are held with the Audit Manager for the client.

PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

9. There are no Priority 1 recommendations to report at this time.

RESPONSIBILITY/DISCLAIMER

10. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2014/15

System	Planned Quarter	Days	Current Status	Comments
Environmental Services – 2013/14 additional work	2014/15 Q1	4	Final Report issued November 2014	An additional audit for 2014/15
HR Issues arising from Service Reviews	1	5	Audit in progress	
Community Grants	1	5	Audit now cancelled from 2014/15	Revised date for audit to be determined. Audit now cancelled from 14/15. Will be undertaken early 15/16
Absence Management	1	5	Final report issued November 2014	
Licensing	1	6	Final report issued October 2014	
Data Protection/FOI	2	5	Audit now cancelled from 2014/15	A new system is being installed to manage this area. An audit will be progressed once this is in place. Audit now cancelled from 14/15. Will be undertaken early 15/16
Procurement	2	5	Drafting report	
Farnham Park – Stock Control	2	5	Audit complete – guidance provided on procedures	No formal report issued
Housing Grants(energy efficiency)	2	5	Audit Postponed until Q4	Audit to undertaken during March
Payroll	2	8	Draft report issued February 2015	Audit for 14/15 will not include Wycombe and Aylesbury Vale Councils
Joint Working (with CDC)	2	8	Draft report issued January 2015	
Main Accounting	3	5	Final report issued December 2014	
Debtors	3	6	Final report issued January 2015	



System	Planned Quarter	Days	Current Status	Comments
Creditors (inc VAT)	3	6	Final report issued December 2014	
Housing Benefits	3	6	Drafting report	
Council Tax Support	3	6	Drafting report	
Cash and Bank and Treasury Management	3	6	Audit fieldwork in progress	
Council Tax and NDR	3	12	Audit fieldwork in progress	
ICT contingency time	3	15	Audit fieldwork in progress	
Governance	4	5	Audit fieldwork in progress	
Car Parking	4	6	Audit to commence early in March	
Audit Follow up	4	4	Audit is undertaken in Q1 of 15/16	
Annual Audit Letter	4	1		
TOTAL		139		
Management time		15		
GRAND TOTAL		154		

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

Classification:
OFFICIAL



South Bucks District Council
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Classification: OFFICIAL

AUDITS FINALISED SINCE LAST AUDIT COMMITTEE

Title of review:	Main Accounting
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Date issued:	December 2014
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Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Compliance	Internal audit completed a review of significant financial subsidiary feeder system reconciliations' to the Integra General ledger, for both CDC and SBDC. Audit testing confirmed that the 2014/15 monthly payroll and creditor reconciliations are completed and independently reviewed on a timely basis. For both CDC and SBDC the debtor reconciliations were last completed as at 31st March 2014. It was noted that a recommendation was raised in the previous audit report to ensure that the Sales Ledger reconciliations are carried out on a quarterly basis. As at the date of the audit, no 2014/15 sales ledger reconciliations had been completed.	For both CDC and SBDC reconciliations between the Integra sales ledger and the Integra General Ledger debtor control account to be undertaken regularly and reviewed by the Principal Accountant.	2	<i>Sales and Purchase ledger reconciliations have had a lower priority during the implementation of the Finance shared service team. It is intended that more regular reconciliations will be completed in 2015/16.</i>	31/03/15	Finance Manager

Title of review:	Debtors
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Date issued:	January 2015
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Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	Aged debtor reports are due to be run monthly as part of the period end process in order to review unallocated amounts, instalment arrangements, and generally to identify any cases which might require further follow up action. A general review of the SBDC files confirmed that these are carried out monthly, however it was noted that for CDC reports had not been run in August or October. A recommendation was raised in the previous year's audit report relating to the frequency of running these reports, and as such has been re-iterated here.	Aged debt analysis reports to be run on a monthly basis in order to enable the prompt identification of accounts that require further recovery action to be taken.	2	<i>Aged Debts analysis is now being run for both councils on the first working day of the following month. These are reviewed with the Finance Manager monthly.</i>	<i>Immediate</i>	<i>Sue Watson Finance Manager</i>
4	Compliance	There are internal targets in place for both authorities for the level of outstanding debt more than 120 days overdue (SBDC: £50,000, CDC: £150,000). Reports for November 2014 indicated that the values stood at £82,680 for SBDC and £268,886 for CDC. Discussions with the Finance Manager indicated that this is a particular area which has already been highlighted at	Action to be taken to ensure that the levels of longer term outstanding debt are reduced for both authorities in line with internal targets.	2	<i>An Action Plan has been put in place and staff members working on Debtors have been working towards reducing debt levels over 120 days old as a priority. At the end of December debt over 120 days had been reduced to £75,934 for SBDC and £156,131 for</i>	<i>31/03/15</i>	<i>Sue Watson Finance Manager</i>

Rec.	Control	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		team meetings as requiring increased focus and attention, with an action plan in place to improve the situation by March 2015.			CDC. <i>Debt levels will continue to be reduced by more pro-active chasing.</i>		
5	Compliance	It was found that reminder reports for SBDC debtor accounts were run in April, July and August 2014, whereas reminder reports are run on approximately a weekly basis for CDC accounts. It was evident that the infrequent running of reminder reports for SBDC had resulted in delays sending out reminder letters and Final Notices. A recommendation was made in the previous year's audit report with respect to the frequency of running reminder reports, and as such has been re-iterated here. Any delay in running reminder reports allows for debts to remain outstanding for a considerable period of time before they are identified as requiring action to be taken.	Ensure that reminder reports are run on a frequent basis to promptly identify outstanding debts that require further action to be taken in order to maximise the income received by the Councils.	2	<i>Due to long term sickness of a member of the Debtors staff reports were not run as frequently as they should have been. This has now resumed and reminders are being issued regularly.</i>	<i>Immediate</i>	<i>Sue Watson Finance Manager</i>