

South Bucks District Council

Internal Audit Progress Report

2014/15 & 2015/16

Audit Committee: 24 September 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 6 August 2015. The report is based on internal audit work carried out by TIAA and management representations that have been received.

FINALISATION OF THE OUTSTANDING 2014/15 AUDITS AND PROGRESS AGAINST THE 2015/16 ANNUAL PLAN

2. Completion of the 2014/15 audits and our progress against the Annual Plan for 2015/16 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 14 May 2015 to 6 August 2015 is shown in Appendix B.

AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE

4. The table below sets out details of audits finalised 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
2014/15								
Council Tax and NDR	Reasonable	12/06/15	24/07/15	24/07/15	-	2	3	-
Programme Management/Project	Substantial	08/07/15	28/07/15	30/07/15	-	-	6	3

Control								
Procurement	Reasonable	10/06/15	01/08/15	03/08/15	-	3	4	1
Housing Benefit and Council Tax Support	Reasonable	11/05/15	22/05/15	27/05/15	-	2	1	-
Change Management	Substantial	08/07/15	28/07/15	30/07/15	-	-	2	-
<u>2015/16</u>								
Disabled Facilities Grant	Substantial	28/07/15	29/07/15	04/08/15	-	-	1	-
Defra Repair and Renew Grant	N/A	23/07/15	24/07/15	28/07/15	-	-	-	-

CHANGES TO THE ANNUAL PLAN 2015/16

6. The following changes have been made to the 2015/16 annual plan:

- Disabled Facilities Grant (Additional Review)
- Defra Repair and Renew Grant (Additional Review)

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.

Status of the 2014/15 Audit Plan

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	Final report issued May 2015	
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	Final report issued August 2015	
Farnham Park – Stock Control	2	5	Complete	No formal report issued
Housing Grants(energy efficiency)	2	5	Draft report issued May 2015	
Payroll	2	8	Final report issued April 2015	Audit for 14/15 will not include Wycombe and Aylesbury Vale Councils
Joint Working (with CDC)	2	8	Final report issued March 2015	
Main Accounting	3	5	Final report issued December 2014	
Debtors	3	6	Final report issued January 2015	
Creditors (inc VAT)	3	6	Final report issued December 2014	

System	Planned Quarter	Days	Current Status	Comments
Housing Benefits	3	6	Final report issued May 2015	
Council Tax Support	3	6	Final report issued May 2015	
Cash and Bank and Treasury Management	3	6	Final report issued April 2015	
Council Tax and NDR	3	12	Final report issued July 2015	
PSN Compliance	4		Draft report issued August 2015	
ICT Information & Risk Management	4		Final report issued July 2015	
Change Management	4		Final report issued July 2015	
Governance	4	5	Final report issued May 2015	
Programme Management/Project Control	4		Final report issued July 2015	
Car Parking	4	6	Final report issued May 2015	
Audit Follow up	4	4	Final report issued July 2015	Fieldwork complete – drafting report
Annual Audit Letter	4	1	Report issued August 2015	
Farnham Park - Contingency			Complete	No report
TOTAL		139		
Management time		15		
GRAND TOTAL		154		

Progress against the Annual Plan for 2015/16

System	Planned Quarter	Days	Current Status	Comments
Disabled Facilities Grant	1	5	Final report issued August 2015	Additional Review
Defra Repair and Renew Grant	1	2	Final report issued July 2015	Additional Review
Main Accounting	3	3		
Payroll	3	7		
Debtors	3	5		
Creditors	3	5		
Benefits	3	5		
Council Tax Support	3	5		
Council Tax & NDR	3	9		
Cash & Bank	3	4		
Treasury Management	3	3		
Budgetary Control	3	3		
Information Security Management in shared service environment	3	3		Due to significant changes to the provision of ICT at South Bucks the timing of these audits is currently under review
Regulatory compliance	3	3		Ditto
Control Assurance of services provided remotely	3	3		Ditto

System	Planned Quarter	Days	Current Status	Comments
IT Management and operational structure	2	3		Ditto
Service desk operation & management	3	3		Ditto
Planning Development (and enforcement)	1	6	Audit Planning Memorandum Issued	Audit delayed due to the service review being undertaken this year
Building Control	2	3	Audit Planning Memorandum issued	
Housing - Allocations/Homelessness	2	3	Draft report issued	
Housing – Section 106	2	4		
Health and Safety – Contractor arrangements	3	4	Audit Planning memorandum issued	
Waste Collection	3	5		
Contracts	2	6		
Car Parking	4	5		
Community Grants	1	3	Draft Report issued	
Electoral Registration	2	3	Audit Planning Memorandum issued	
Freedom of Information	1	3	Draft Report issued	
Governance	4	4		
Risk Management	2	3	Audit Planning Memorandum Issued	
Joint Working Arrangements	2	6		
Counter Fraud	3	5		

System	Planned Quarter	Days	Current Status	Comments
Audit follow up work		4		

KEY:

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

AUDITS FINALISED SINCE LAST AUDIT COMMITTEE

Title of review:	Council Tax and NDR
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Date issued:	July 2015
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	<p>At the time of audit, it was advised that the 2014/15 annual billing folder was being held electronically on the Council 'G drive' however, not all documentation was available for review. A document listing procedures to be done in preparation for annual billing was in place, however this did not include target dates with which such activities should be completed by.</p> <p>The billing parameters for Council Tax rates are updated annually by the Northgate Systems Controller following approval of the tax bandings by Council members. Evidence of the precepts for 2014/15 were obtained for review. Emails evidencing the authorisation of the Council Tax parameters by senior members of staff were also provided. The 2015/16 precepts were then obtained for review and it was confirmed that the documents had been reviewed and signed off by the appropriate member of staff.</p> <p>Billing parameters for NDR payments are set by central government with the relevant rates provided annually by the</p>	<p>A complete annual billing file to be retained each year to evidence that all year end procedures and testing has been carried out and reviewed by an appropriate member of staff.</p>	2	Agreed	Already Implemented	Northgate Revenues Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		<p>Department for Communities and Local Government. The parameters on the Academy system are updated by the Northgate Systems Controller based on the information provided. A review of the parameters on the Academy system indicated that the system had been accurately updated. It was noted that a formal parameter schedule is not produced for sign-off due to the limited changes necessary for updating the parameters for NDR. Instead, the control is undertaken by the Revenues and Benefits Client Manager through the review of test bills as part of the annual billing process. At the time of the audit, evidence of such a process was not available for review however, emails showing that the parameters had been approved were provided.</p> <p>A recommendation was raised in the previous year's audit regarding the retention of documentation to evidence that VO reconciliation are being undertaken as part of the annual billing process. No documentation was available for review during the 2014/15 audit.</p>					

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Compliance	Discussions with the Northgate Revenues Manager confirmed that in previous years a reconciliation was conducted on a monthly basis between the total cash received as per Academy and the total recorded in the Council's general ledger. At the time of audit it was found that the reconciliations with respect to Council Tax had only been conducted for six months (April to September 2014) during the financial year whilst none had been conducted for NDR accounts. It was stated that the 2014/15 cash reconciliations would be carried out at year end where a formal review and sign off would be conducted. Discussions with the Northgate Revenues Manager also confirmed that meetings between the Revenues department and the Finance department will be held in the near future in order to improve the current practise to ensure that such a situation does not occur again.	New procedures to be implemented in order to ensure that regular reconciliations between the General Ledger and the Council Tax/ NDR system are conducted and subject to appropriate review.	2	<i>Agreed. A new processes has been designed in conjunction with the Councils Head of Finance.</i>	<i>Already implemented</i>	<i>Northgate Revenues Manager</i>

Title of review:	Procurement
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Date issued:	August 2015
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	From sample testing, audit were informed that for 2 contracts (Phoenix IT, Compex 360) the procurement exercise was undertaken a number of years previously and no documentation could be located.	In all cases, procurement supporting documentation is to be retained in accordance with procurement procedures.	2	Agreed.	Immediate	All officers undertaking procurements
3	Compliance	Testing identified that the contract with Xpress Software Solutions has been in place since 2002. The Joint Contracts Procedure Rules for Chiltern District Council and South Bucks District Council state that it is recommended that contract reviews take place at least every twelve months for contracts under £50,000 and at least every six months for contracts above this value. Discussions with the officer responsible for the contract indicated that, while informal reviews have taken place, there has been no formal re-tender or value for money exercise carried out.	Due to the length of time the supplier has been used, either a formal re-tender or value for money exercise needs to be carried out to ensure the Council are still receiving value for money.	2	TBC	TBC	Head of Legal & Democratic Services

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Compliance	In one case (Ultra Electronics, which fell under the previous SBDC only Rules) only 2 quotes were sought and received, rather than the required 3, due to a matter of urgency. Urgency was a permitted exception under the previous Rules, with a requirement to subsequently submit a report to the next meeting of the Committee/PAG responsible or Cabinet. No report was provided in this case. Moving forward under the new joint Procedure Rules, all exemptions should be formally approved by the Management Team and reported to the next appropriate Cabinet meeting.	Where exemptions are necessary due to urgency etc., the formal exemption procedure is to be followed in all cases to ensure that senior management and Members are fully informed and to create a clear audit trail for the decision-making process in these instances.	2	<i>Agreed. This was an oversight.</i>	<i>Immediate</i>	<i>All officers undertaking procurements</i>

Title of review:	Housing Benefit and Council Tax Support
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Date issued:	May 2015
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	With respect to recovery through the sundry debtor process, in, a recommendation was raised in the previous year's audit report due to the fact that Northgate had been experiencing difficulties with the issuing of recovery letters beyond the first and second reminder stage. Discussions with the Northgate Systems Controller indicated that, although this problem has been investigated, at the time of the audit it had not yet been fully resolved. As such, the recommendation has been re-iterated here.	South Bucks to liaise with Northgate as to the outstanding issues with raising reminder notices in order to ensure that the recovery of Housing Benefit overpayments is maximised through prompt and comprehensive recovery action.	2	<i>Agreed. The issue will be raised again with Northgate to establish why the problems exist and a resolution to the issue.</i>	<i>Discussions will take place immediately</i>	<i>Revenues and Benefits Client Manager</i>
3	Compliance	At the time of the audit it was advised that one batch of 118 Housing Benefit overpayment write-offs had been processed so far during this financial year, and all related to small values (under £25) which were deemed uneconomical to collect. A review of the supporting documentation confirmed that the write-offs had been recommended by the Revenues and Benefits Client Manager and	Action to be taken to ensure that write-offs are processed promptly by Northgate following appropriate authorisation from South Bucks officers.	2	<i>Agreed. Reports will be requested from Northgate on each occasion write-offs are authorised to evidence that the necessary adjustments have taken place on the system.</i>	<i>Immediately</i>	<i>Revenues and Benefits Client Manager/ Northgate Revenues Manager</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		<p>appropriately authorised by the Head of Finance.</p> <p>Five write-offs were selected at random from the batch that had been authorised in July 2014. From a review of the accounts on the system, it was noted that none of the write-offs had been processed at the time of the audit and the accounts were still showing balances outstanding.</p>					