



**South Bucks District Council**

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**Internal Audit Progress Report**

**2016/17**

**Audit Committee – 19 January 2017**

## 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 12 December 2016.

## PROGRESS AGAINST THE 2016/17 ANNUAL PLAN

2. Our progress against the Annual Plan for 2016-17 is set out in Appendix A.

## EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

4. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation.

## AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE 2016/17

5. The table below sets out details of audits finalised since our last report to the Audit Committee for the year 2016/17. Final reports with priority 1 and 2 recommendations are shown at Appendix B.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM*
Expenses	Reasonable	01/11/2016	07/11/2016	10/11/2016	0	3	1	2
Budgetary Control	Substantial	20/10/2016	21/10/2016	28/10/2016	0	1	0	2
Licensing	Substantial	17/06/2016		13/10/2016	0	0	1	2
Information Governance/Data Quality	Substantial	31/08/2016	07/10/2016	11/10/2016	0	0	1	0
Environmental Health	Substantial	07/12/2016	12/12/2016	14/12/2016	0	1	1	2

\*Operational Effectiveness Matters

## CHANGES TO THE ANNUAL PLAN 2016/17

6. The following audits are additional to the annual plan:

- Purchasing Cards.
- Contractor Health and Safety – follow on from 15/16 audit.

- Expenses.

The following audits are deleted from the annual plan:

- Individual Electoral Registration (audit undertaken in later part of 2015/16).
- Farnham Park – Academy (Academy now closed).

### **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**

8. We liaise with EY and provide reports and working paper files, as required.

### **PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS**

9. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report.

### **RISK MANAGEMENT**

10. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager have met to discuss progressing Risk Management for both Councils.

The current Risk Procedures/Guidance for Risk Management is being reviewed and progress is being made to display appropriate information on Risk Management throughout both Councils. This will include posters on all notice boards at the main civic offices for South Bucks and Chiltern Councils, as well as data on the Councils intranet and regular items within the Councils all staff Newsletter.

Appropriate training will also be developed and delivered during 2016/17 on “Risk Management in a Changing Environment” for all middle managers. This will be incorporated into the current personnel training programme for staff.

### **DISCLAIMER**

11. 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 2016/17

System	Planned Quarter	Days	Current Status	Comments
Performance Management/Efficient Working	1	10	Planned start now January 2017	Audit delayed
Purchasing Cards	1	11	Final report issued June 2016	Additional Review to 2016/17 plan
Contractor Health and Safety – follow on	1	5	In progress	Additional Review to 2016/17 plan
Property and Asset Management	1	8	Draft report issued 20 July 2016	
Information Governance/Data Quality	1	9	Final report issued October 2016	
Health & Safety – internal arrangements	1	8	In progress	
Licensing	1	10	Final report issued October 2016	
Environmental Health	1	10	Final report issued December 2016	
Absence Management	1	8	Planned start 20 <sup>th</sup> February 2017	Request by Head of Service to postpone
Expenses	1	8	Final report issued November 2016	Additional Review to 2016/17 plan
ICT - Controls over access to the internet	2	6	Planned start January 2017	Audit delayed – Audit Planned to start early January 2017
Individual Electoral Registration	2	8	Cancelled	An audit of this system was undertaken during 2015/16 and a further audit is not required at this time
Recruitment	2	8	Planned start 20 <sup>th</sup> February 2017	Awaiting implementation of new IT system
Leisure Contracts	2	8	In progress	
Waste-Joint Service Chiltern and Wycombe	2	8	Planned start 27 <sup>th</sup> February 2017	Follow up audit now completed by Wycombe Council
Budgetary Control	2	8	Final report issued October 2016	
ICT - Information risk management	2	10	Awaiting agreement to commence from Head of ICT	Audit Delayed - Audit planned to start early January 2017

System	Planned Quarter	Days	Current Status	Comments
ICT - Network project implementation	3	10	Awaiting agreement to commence from Head of ICT	Audit Delayed - Audit planned to start early January 2017
ICT - Mobile / agile working	3	10	Awaiting agreement to commence from Head of ICT	Audit Delayed - Audit planned to start early January 2017
Main Accounting	3	8	Draft report issued December 2016	
Governance	3	9	In progress	
Procurement	3	8	In progress	
Debtors	3	10	In progress	
Council Tax and NDR	3	20	Planned start date 11 <sup>th</sup> January 2017	
Cash and Bank	3	9	Planned start date 16 <sup>th</sup> January 2017	
Benefits	3	10	In progress	
Council Tax Support	3	10	In progress	
Creditors	3	10	In progress	
Payroll	3	13	Planned start date 9 <sup>th</sup> January 2017	
Complaints and Compliments	3/4	6	Planned start February 2017	To be undertaken during quarter 1 of 2017/18
Follow up	4	10		
Car Parking	4	11	Planned start date 27 <sup>th</sup> February 2017	
Risk Management Assistance	3/4	10	In progress	
Counter Fraud	4	8	Planned start date 16 <sup>th</sup> November 2016	
Disabled Facilities Grants	TBA	5	Final Report issued 20 July 2016	
Housing DECC Grants – energy efficiency	TBA	20	In progress	Additional 10 days agreed

System	Planned Quarter	Days	Current Status	Comments
<b><u>Farnham Park Trust</u></b>				
Bar	1	5	Planned start date 11 <sup>th</sup> January 2017	
Academy	1	0		Audit Cancelled
Stores/Shop	1	5	Draft report issued September 2016	
Contingency		2		Time spent with Farnham Park Manager on control, risk and governance issues

KEY:

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

## Audits Finalised since last Audit Committee

Title of review: **Expenses**

Date issued: **November 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	In eight of the 30 expenses claims selected for testing receipts had not been retained to support some or all of the expenditure incurred, indicating that these had been authorised without reference to any supporting evidence. In one further case where all receipts had been retained there was a minor discrepancy between the amount claimed and the total value of the receipts. Again this points to a lack of review by managers prior to authorisation.	Officers responsible for authorising expenses claims be reminded of the need to review supporting evidence at the time of authorisation. All claims without satisfactory and complete supporting documentation are to be rejected by authorising officers.	2	<i>Reminder email sent to all staff, attaching procedure notes. 31/10/16.</i>	07/11/16	<i>Principal Accountant, Capital and Treasury</i>
2	Compliance	In six of the 30 expenses claims tested the receipts were available, but these were not stored in a departmental shared drive in accordance with procedures. Officers were not aware of any such folders having been set up within their department and instead receipts were either retained in hard copy or in personal electronic folders.  In addition, one of the officers concerned advised that they had not been told that they needed to provide receipts when claiming expenses.	Officers responsible for authorising expenses claims ensure that appropriate procedures are in place within their department for the retention of supporting evidence in line with Finance guidelines, and to ensure that all staff within their department are aware of such procedures.	2	<i>Reminder email sent to all staff, attaching procedure notes. 31/10/16.  Specific email sent to Heads of Service reminding them of requirements 28/10/16.</i>	07/11/16	<i>Principal Accountant, Capital and Treasury and Head of Finance</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Compliance	One expenses claim related to pure business expenditure rather than incidental expenses. The officer involved advised that ordinarily a corporate procurement card would have been used to purchase such items, but on this occasion they had used their own personal debit card instead.	Procurement card arrangements be reviewed to ensure they can be utilised wherever appropriate.	2	<i>To be addressed by Chris Harris, Audit Director, TIAA, in next regular meeting with the Golf Manager.</i>	30/04/17	<i>General Manager, The South Buckinghams hire and Farnham Park Playing Fields</i>



Title of review: **Budgetary Control**

Date issued: **October 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	Testing of virements found instances where these had not been appropriately authorised. In three cases relating to virements over £10,000, while these had been authorised by a senior officer (Head of Finance), they had not been authorised by the Director of Resources in accordance with the delegated authority limits.	All virements to be authorised by officers in accordance with their delegated authority.	2	<i>Email to be sent to Finance staff reminding them to ensure requests for virements have appropriate sign-off before auctioning.</i>	<i>Immediately</i>	<i>Principal Accountant</i>

Title of review: **Environmental Health**

Date issued: **December 2016**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Compliance	A sample of 19 premises were tested split between CDC and SBDC. It was confirmed that in each case the premises had undergone an inspection in line with the FSA Code of Practice requirements, however, for 11 premises this inspection fell beyond the 28 day limit following the due date. As a mitigating factor it was noted that the ability to inspect is generally within the control of the Food Business Operator rather than the Council and therefore it is not always possible to meet the inspection target date.	Ensure all inspections are carried out within the 28 day limit following the due date, in accordance with the FSA Code of Practice.	2	<i>Noted, the ability to inspect is generally within the control of the Food Business Operator rather than the Council and therefore it is not always possible to meet the inspection target date, this is despite visits out of hours, weekends etc. when organisations are trading.</i>	13/12/16	<i>Environmental Health Manager</i>