

INTERNAL AUDIT PROGRESS REPORT

Cabinet Member Cllr Neal Davey
Responsible Officer Audit Team Leader

Reason for Report: To update the Committee on the work performed by Internal Audit in the 2013/14 financial year to date.

RECOMMENDATION(S): The Committee notes the contents of this report.

Relationship to Corporate Plan: Effective Internal Audit plays a fundamental role in assisting the Council to deliver its corporate and improvement plan.

Financial Implications: None

Legal Implications: None

Risk Assessment: None

1.0 Introduction

1.1 The four-year strategic audit plan for 2013/14 to 2016/17 and annual work plan for 2013/14 were presented to the Audit Committee at its meeting on 19 March 2013, where they were approved; a revised annual work plan for 2013/14 was agreed at the 19 November Audit Committee meeting.

1.2 The purpose of this report is to provide the Committee with a progress report on performance against the 2013/14 Internal Audit work plan for the period from 1 April to 24 December 2013.

2.0 Progress to date and scope of audit activities

2.1 The Audit Plan is split into the following sections:

- Core Audits
- Systems Audits
- Other Work (including fraud/ irregularity/ consultancy/contingency)

2.2 Core Audits

2.2.1 The Core Audits are given priority as they cover the Council's key financial controls and also the areas where the level of income is material in the context of the Council's annual accounts. These audits are required to be carried out on an annual basis as part of the risk based audit process.

2.2.2 The Core Audits commenced in September 2013. Deeds, Income and Cash Collection, Housing Rents, Creditors, Trade Waste, Council Tax and NNDR have been completed so far.

2.2.3 We have had a little trouble with scheduling and some delays but we should still have completed the Core Audits by the end of January.

2.3 Systems Audits

2.3.1 Systems Audits have been completed for Grounds Maintenance, Private Sector Renewal Grants, Procurement, Elections & Electoral Registration, Corporate Health & Safety, Travel & Subsistence, Housing Homeless Persons, Development Control and Gifts & Hospitality.

2.3.2 No further Systems Audits have been carried out since September as we have been concentrating on the Core audits.

2.4 Other Work

2.4.1 The Internal Audit team continue to audit and report on performance and risk using the Spar system and present the quarterly corporate performance and risk reports to PDGs and Committees.

2.4.2 Data quality checks are carried out on committee and other reports as requested.

2.4.3 All the Internal Audit Team members have now had job evaluation training and 2 have sat on job evaluation panels since April. One Auditor provided some cover and training for the Finance Systems Administrator. The Audit Team Leader carried out an investigation for HR.

3.0 **Audit Opinions**

The following opinions have been issued since the last report:

3.1 **Trade Waste**

3.1.1 It is acknowledged that there have been a lot of changes to the management of Trade Waste since the last audit which will have had a big impact on the service and changes are still ongoing. Due to the changes a lot of the recommendations from the last audit are still outstanding.

The invoicing/administration side of Trade Waste seems to be very organised with new customers and any variations to services being correctly and promptly invoiced.

3.1.2 However, there were a number of areas where, it is considered, there is need of improvement to provide a more efficient and effective service.

There is a general lack of recorded procedures, poor audit trail and out of date documentation throughout.

The complaints procedure does not seem to be consistent with other areas of the Council.

3.1.3 The area of invoicing is currently being reviewed which will save the Council money on support costs and improve the invoicing process. Some of the points above can be addressed with the implementation of the new system which will help to make some efficiency in processes for the service.

It is felt that the service could easily and quickly be improved with the implementation of processes and procedures for the Trade Waste service to work with and the implementation of the new invoicing system.

- 3.1.4 It is the overall opinion of the auditor that the Trade Waste system is poorly controlled.

3.2 Council Tax and NNDR

- 3.2.1 The areas of Council Tax and NNDR that are performing well are:

There is good separation of duties between administration (creation of debt) and collection of monies/payment.

Suspense accounts are being regularly monitored and cleared out.

Non payers and missed payments are being followed up and well managed according to the processes in place.

Collection rates are regularly monitored and collection rates for 2011/12 and 2012/13 are encouraging.

- 3.2.2 The impact on workflows of Customer First taking calls remains unclear; they do not have access to the customers' accounts which reduces their efficiency. This will be followed up on the Customer First audit we are due to do early next year.

- 3.2.3 However, there are some areas of weaknesses in the systems of internal check and control that need to be addressed:

For a number of years we have been informed that there have been no changes made to the procedure notes, therefore we have not looked at them again this year. These need to be reviewed as soon as possible to ensure that they are up to date. They should include all processes with meaningful and realistic targets in order for performance to be monitored. For instance, the process of checking NNDR valuations are adequate but this is let down by the amendments not being carried out in accordance with the current Service Level Agreement of 'aiming' to complete within 5 days from download date. Currently no member of staff is adequately trained to carry out the NNDR valuation amendments in the absence of the Business Rates Officer.

There isn't an adequate audit trail in place to ensure that the number of invoices printed matches the number that was posted.

The Cash Balancing Reconciliations for months of April 2013 – August 2013 were not carried out until the month of August 2013.

- 3.2.4 It is the overall opinion of the auditor that the Council Tax and NNDR system is adequately controlled.

4.0 Conclusion

4.1 Progress has been steady and some new processes we have introduced or re-introduced have proved helpful. We are keeping a better record of the time spent on each audit which will help when it comes to doing future audit planning work.

4.2 All the post audit surveys for systems audits sent out have come back “very satisfied” or “satisfied” so far.

4.3 Outstanding Recommendations

Summary audit reports for the various areas showing progress to date for outstanding recommendations follow.

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Circulation of the Report: Management Team and Cllr Neal Davey

List of Background Papers: None