AUDIT COMMITTEE
28TH JULY 2015

INTERNAL AUDIT PROGRESS REPORT

Cabinet Member	Cllr Peter Hare-Scott
Responsible Officer	Audit Team Leader

Reason for Report: To update the Committee on the work performed by Internal Audit for the 2015/16 financial year.

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 plan.

Financial Implications: None arising from the report

Legal Implications: None arising from the report

Risk Assessment: The role of Internal Audit is providing assurance that the risk management and internal control framework are operating effectively.

1.0   Introduction

1.1   The four-year strategic audit plan for 2015/16 to 2018/19 and annual work plan for 2015/16 were presented to the Audit Committee at its meeting on 24 March 2015, where they were approved.

1.2   The purpose of this report is to provide the Committee with a progress report on performance against the 2015/16 Internal Audit work plan for the period from 1 April 2015 to end of June 2015.

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 or are areas where the level of income is material in the context of the Council's annual accounts. As these audits are allocated a larger number of days, as part of the risk based audit planning process, they are carried out annually. Trade Waste and Car Park Income are carried out biennially; this year we are due to do Trade Waste.

2.2.2 The Core audits for 2015/16 do not start until August; this is 3 months earlier than last year, partly to reflect the compressed accounts/audit timetable in the future.

2.3 Systems Audits

2.3.1 Systems Audits have been completed for Emergency Planning, Vehicles & Fuel, Listed Buildings & Conservation and Recruitment, Selection & JE.

2.3.2 Work on the audits of Grants & Donations, Legal Services and Culm Valley Sports Centre have commenced.

2.4 Other Work

2.4.1 The Internal Audit team continue to 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 The Audit Team have assisted with 1 investigation and sat on 1 job evaluation panel so far this year.

2.5 Performance Indicators

As at end of June the Internal Audit PIs are as follows:

	Current	Target
Core	0%	0%
System	25%	34%

There was a little slippage on the 2014/15 core audits as anticipated which has had a knock on effect on the systems audits for 2015/16; this should not cause great concern at this stage of the year.

3.0 Audit Opinions

The following opinions have been issued since the last report:

3.1 Emergency Planning

3.1.1 For this audit we felt that the scope was limited in that the Emergency Plan is being completely re-written and Part 3 was not yet available. In addition the Emergency Plan is un-tried, and at this point in time un-tested. Therefore we could not express an audit opinion and the report took the form of a review and bullet points. An extract follows:

3.1.2 *This is very much a work in progress due to Emergency Planning being re-established and revitalised in March 2014 when it was passed over to the Community Safety Officer, therefore the audit will be conducted on the*

information currently available. For this reason our usual "Action Plan" is not considered appropriate.

3.1.2 Considerable progress has been made since the review particularly as regards wheeling out training plans for key staff.

Summary of Recommendations		
High	Medium	Low
0	2	3

3.2   Vehicles & Fuel

3.2.1 The responsibility for fleet management has recently been re-assigned to the Waste and Transport Manager, who is currently involved with the new Waste Collection pilot scheme.

3.2.2 An improved system for obtaining the best price for the Council's fuel has been adopted by using a County wide preferred list which ensures value for money when filling the fuel tank at Station Yard.

A 12 monthly inspection of the vehicle fuelling bulk tank was carried out on 3 March 2015 which is also considered best practice.

3.2.3 The Waste Management Officer is about to start a monthly usage chart of fuel for HGVs which will help to analyse the efficiency of the vehicles.

The Council's Transport Policy has been outstanding for some time, and with the pressures of other projects and a changing remit for the Waste and Transport Manager, this policy is unlikely to be reviewed until the third quarter of the current financial year. However, some of the background planning and work to support the Transport Policy is being put in place.

With this in mind, the findings of this Audit report should help influence the processes implemented going forward, to ensure best practise and that the Council operates within Driver and Vehicle Standard Agency (DVSA, formerly the Vehicle and Operator Services Agency VOSA) & Department of Transport (DoT) guidelines.

There are a number of weaknesses which require attention, these being:

- A vehicle maintenance agreement needs to be in place with regard to the HGV vehicles and a copy kept in the possession of the Council.

- General vehicle maintenance needs to be looked at and an informed decision as to the most efficient and cost effective option going forward needs to be put in place i.e. tender process or leasing option etc.

- 6 weekly inspections must be adhered to and records kept should there be a delay in the inspection. All inspection sheets must be obtained promptly and kept for 15 months.

Some of these weaknesses are already reflected in the Service Business Plan to be addressed in 2015-16. (See section 1.3 above).

3.2.4 It is the overall opinion of the auditor that Fleet Management, in its inherited state, is poorly controlled. However, since the appointment of the Waste and Transport Manager; measures and controls are being addressed but inevitably it will take time to bring the service up to a good standard.

Summary of Recommendations		
High	Medium	Low
4	8	0

3.3 Listed Buildings & Conservation Areas

3.3.1 There are three Conservation Officers and each one is allocated to an area. All three Conservation Officers are part time and it is felt that, at times, there can be a workload beyond the time available, as it is mainly reactive, especially when you consider time out for training and holidays. This could cause the workload to be very time pressured and affect achievement of targets.

The process for signing off officer reports has been that Area Planning Officer's (APO) sign off reports for their own Team. As of 1 April 2015 the Head of Planning decided to give delegated authority for APO's to sign decision notices on all planning and other applications together with related matters. This delegation will help to reduce any delays in signing off decisions and provide cover for other areas in the absence of an APO.

3.3.2 There must be an adequate audit trail on CAPS to provide an explanation where an application has exceeded the target date and the applicant has been advised.

3.3.3 It is the overall opinion of the auditor that the Listed Buildings and Conservation Areas system is adequately controlled.

Summary of Recommendations		
High	Medium	Low
0	2	0

3.4 Recruitment, Selection & JE (Exit meeting will be on 13/07/15)

3.4.1 There are a number of area's within recruitment and selection where robust processes are in place, particularly in the interview selection scoring for shortlisting and also the scoring system for interview questions. This ensures transparency and equality and also demonstrates that these processes are fair and consistent.

3.4.2 One area of the process which does lack consistency is the guidance on the Vacancy Approval Form. There have been updates via Management team for the process of filling vacancies which has changed because of budget constraints, but it is unclear if these have been adopted and therefore the guidance is confusing.

3.4.3 Since new legislation was introduced in April 2014 to protect government information, it is now a requirement for Local Government to carry out DBS checks on all new employees. Human Resources have been doing this for all new starters and for existing employees who access the GSI mailbox system. Another requirement is to obtain 3 years employment for each new employee; this requirement has been found to be challenging in some cases when previous employers ignore requests for information.

3.4.4 Overall the JE process looks fair and consistent with procedures and guidance in place for employees and JE panellists although there is sometimes a delay between JE forms being submitted and being referred to a panel. Transparency is important in case of challenge or an equal pay audit, so all processes need to be carefully recorded, including Pay and Grading meetings.

3.4.5 However, it is the opinion of the Auditor that other means of evaluating jobs should be considered, including software and benchmarking, to establish if there is a more efficient alternative.

3.4.6 It is the overall opinion of the auditor that the Recruitment and Selection process is adequately controlled.

Summary of Recommendations		
High	Medium	Low
0	9	5

4.0 Conclusion

4.1 We will continue to monitor and report on our progress at each Audit Committee meeting.

4.2 Three post-audit surveys have been sent out so far, all have been returned, and were scored by the client as 4-5 for all questions meaning they were satisfied or very satisfied with the process.

4.3 Outstanding audit recommendations are summarised at Appendix 1

4.4 Overdue high priority recommendations are at Appendix 2.

Contact for more Information: Catherine Yandle, Audit Team Leader, x4975
Circulation of the Report: Management Team and Cllr Peter Hare-Scott
List of Background Papers: None

Incomplete Audits	Year	High			Medium			Low			Total		
		C	N	O	C	N	O	C	N	O	C	N	O
Building Control	2012	1			2		2	7		3	10	0	5
Car Park Income	2014	1					7				1	0	7
Contracts	2014			1				1	3		1	3	1
Council tax/NNDR	2014					1					0	1	0
Creditors	2014						2			1	0	0	3
Customer Care - Complaints	2013				4		1	4			8	0	1
Data Protection	2014	2		1			4				2	0	5
Elections	2013				2			2		2	4	0	2
Emergency Planning	2015				1	1			3		1	4	0
Gifts & Hospitality	2014						1	2		2	2	0	3
Homelessness	2013						1	2			2	0	1
Housing Benefits	2014						4				0	0	4
Housing H & S Management	2014	2				2		1		2	3	2	2
Housing Repairs & Maintenance	2014				1		3			2	1	0	5
Housing Rents	2014				4		2				4	0	2
ICT Core	2014	1					4			3	1	0	7
Income & Cash Collection	2013						1				0	0	1
Leasing and Asset Management	2014						1	1			1	0	1
Leisure LMLC	2014				3			2			5	0	0
Listed Buildings & Conservation	2015					2					0	2	0
Main Accounting	2014					1					0	1	0
Payroll	2013				2	1					2	1	0
Payroll	2014				1		4				1	0	4
Procurement	2013			1	2		1	2		1	4	0	3
Recovery	2009						1				0	0	1
Recovery	2013						1		1		0	1	1
Recovery	2014					1					0	1	0
Sickness & Other Time Off	2012				2			2		2	4	0	2
Standby	2012				3		1				3	0	1
Time Recording	2014				3		6				3	0	6
Tiverton Pannier Market	2014				7		2	2			9	0	2
Trade Waste	2013				4		1	6	2	1	10	2	2
Treasury	2014					1					0	1	0
Vehicles & Fuel	2015	5			4	3					9	3	0
		12	0	3	45	13	50	34	9	19	91	22	72

CORE	
SYSTEM	

C = Completed 49%

N= Not yet due 12%

O= Overdue 39%

Audit Report - High Priority Outstanding Recommendations Appendix 2

Annual report for 2015-2016
Arranged by Service
Filtered by Flag: Include: Audit Recommendations
Filtered by Performance Status: Include Project Status: No Data available,
Milestone Missed, Behind schedule, On / ahead of schedule
Exclude Project Status: Cancelled, Completed and evaluated

Key to Performance Status:

Projects:		No Data available	Milestone Missed	Behind schedule	On / ahead of schedule	Completed and evaluated

Audit Report - High Priority Outstanding Recommendations Appendix 2

Service: I C T	Head of Service: Christina Cross			Portfolio: n/a		

Projects

Project Status	Code	Objective	Project End	Last Review Date	Achieved	Arising
Milestone Missed	A - 2014 - DP - 1.2 - H	**Review the members code of conduct to ensure that they have to accept all Council policies including DPP and Information Security Policy in line with the council officers**	30/04/2015 (due)			

Service: Procurement	Head of Service: Andrew Jarrett			Portfolio: n/a		

Projects

Project Status	Code	Objective	Project End	Last Review Date	Achieved	Arising
Behind schedule	A - 2013 - PC - 1.1 - H	**Put contracts in place where spend is over £50,000 in a year in accordance**	31/05/2014 (due)	11/06/2015		The Procurement Manager has just returned to work and a new Support Officer was

Audit Report - High Priority Outstanding Recommendations Appendix 2

Service: Procurement	Head of Service: Andrew Jarrett			Portfolio: n/a	

Projects

Project Status	Code	Objective	Project End	Last Review Date	Achieved	Arising
		with the Financial Rules.				recently appointed. This will provide the required resource to re-commence this piece of work
Behind schedule	A - 2014 - CON - 2.1 - H	**Ensure that the supplier spend monitoring process resumes as soon as possible to ensure that the Council obtains the best prices and value for money.**	31/08/2014 (due)	11/06/2015		The Procurement Manager has just returned to work and a new Support Officer was recently appointed. This will provide the required resource to re-commence this piece of work