2014/15 INTERNAL AUDIT MID-YEAR REPORT

1.   Table 1 below details the follow ups completed in Q1/Q2 of 2014/15 with the original assurance rating and the re-assessed assurance rating. All assurance ratings at follow-up have been re-assessed as green showing improvement in the control environment as a result of internal audit work.

Table 1 – Follow Ups completed in Q1&2 of 2014/15

Review (2013/14 Plan)	Audit Coverage	Original Assurance Rating		Re-assessed Assurance Rating
Corporate Accounts Payable	Review of key controls	AMBER	GREEN	GREEN
St John Fisher Governance & Financial Controls	Covering the adequacy, application and effectiveness of financial controls and governance procedures in place	AMBER	GREEN	GREEN
Hillview Nursery Governance & Financial Controls	Covering the adequacy, application and effectiveness of financial controls and governance procedures in place	RED		GREEN
Disabled Adaptations	Review of governance arrangements	AMBER	GREEN	GREEN
RetrEat	Review the cash handling process of the Council RetrEat Café and the trolley service	RED		GREEN
Arboricultural Services	Review that there are appropriate processes in place to manage the works undertaken on the boroughs trees	RED	AMBER	GREEN
Belmont Primary Governance & Financial Controls	Covering the adequacy, application and effectiveness of financial controls and governance procedures in place	AMBER	GREEN	GREEN
Kenmore Park Infant & Nursery Governance & Financial Controls	Covering the adequacy, application and effectiveness of financial controls and governance procedures in place	AMBER	GREEN	GREEN
Shaftesbury Governance & Financial Controls	Covering the adequacy, application and effectiveness of financial controls and governance procedures in place	AMBER	GREEN	GREEN

Review (2013/14 Plan)	Audit Coverage	Original Assurance Rating		Re-assessed Assurance Rating
St Georges Governance & Financial Controls	Covering the adequacy, application and effectiveness of financial controls and governance procedures in place	**AMBER**	**GREEN**	**GREEN**
St Johns C of E Governance & Financial Controls	Covering the adequacy, application and effectiveness of financial controls and governance procedures in place	**AMBER**		**GREEN**
Welldon Park Infant & Nursery Governance & Financial Controls	Covering the adequacy, application and effectiveness of financial controls and governance procedures in place	**AMBER**		**GREEN**
Emergency Relief Scheme	Risk based system review to include fraud risk	**AMBER**		**GREEN**
Parking Enforcement – Cancellation of PCN's	Risk based system review to include fraud risk	**RED**		**GREEN**

2.   Table 2 below details all the final reports issued in Q1/Q2 of 2014/15 from the 2013/14 audit plan with the report assurance rating.

Table 2 – 2013/14 Plan Final Reports Issued in Q1&2 of 2014/15

Review	Audit Coverage	Assurance Rating		Follow-up Due
Data Security Breaches	To assess action taken after breaches identified to close gaps and improve processes	**AMBER**	**GREEN**	January 2015
Housing Benefit	A review of controls in place to prevent fraud including response to CAFT reports	**AMBER**		November 2014
Housing Assessments	Review of the robustness of the assessments process to mitigate the risk of fraud	**AMBER**		January 2015
Data Quality	Reviewing a sample of areas where data quality is important to establish compliance with standards	**RED**		Follow up in progress

Review	Audit Coverage	Assurance Rating		Follow-up Due
Cashiers	IT System, petty cash, income and banking, separation of duties, refunds	**AMBER**	**GREEN**	March 2015
Finance Restructure	Maintenance of Key Controls (after restructure)	**AMBER**	**GREEN**	January 2015
Pensions	Risk based system review to include fraud risk	**GREEN**		Follow up not required
Property Maintenance – Cyclical Maintenance	Review frequency and quality of cyclical maintenance and assess implications for Health and Safety.	**AMBER**		February 2015

3.   Table 3 below details the completed assurance report reviews issued in Q1/Q2 of 2014/15 from the 2014/15 Plan and the assurance rating.

Table 3 – 2014/15 Plan Completed Assurance Report Reviews in Q1/Q2 of 2014/15

Plan 14/15 Assurance Reviews	Audit Coverage	ASSURANCE RATING		Comment
Business Rates	Key Control Review, systems notes	**GREEN**		Follow up not required
Housing Benefit	Key Control Review, systems notes	**GREEN**		Follow up not required
Capital Expenditure	Key Control Review, systems notes	**AMBER**		Follow up not yet due
Insurance claims	Controls in place to prevent fraud/use of claims handlers	**AMBER**	**GREEN**	Report in draft

4.   Table 4 below details the completed assurance non report reviews undertaken in Q1/Q2 of 2014/15 from the 201415 Plan.

Table 4 – 2014/15 Plan Completed Assurance Non Report Reviews in Q1/Q2 of 2014/15

Review	Audit Coverage	Comments
Payroll	System notes, walkthrough. CRSA	Complete
Treasury	System notes, walkthrough. CRSA	Complete
Council Tax	System notes, walkthrough. CRSA	Complete
Housing Rents	System notes, walkthrough. CRSA	Complete
Corporate Accounts Payable	System notes, walkthrough. CRSA	Complete
Corporate Accounts Receivable	System notes, walkthrough. CRSA	Complete
Corporate Governance	Annual governance review, drafting AGS, AGS Action Plan	Complete to end of Q2
Management Assurance	Completion of 2013/14 exercise & development of 2014/15 exercise	Complete to end of Q2
Risk Management	Maintenance and update of Corporate Risk Registers	Complete to end of Q2
Information Governance Board (IGB)	To ensure that the Council has effective polices & management arrangements covering Information governance	Complete to end of Q2
Financial Regulations review/update (not in draft)	To feed into the current review of Financial Regulations	Complete
Contract Procedure Rules review/update (not in draft)	To feed into the current review of Contract Procedure Rules	Complete
Families First (Troubled Families Grant)	Grant certification	Complete
Carbon Reduction Commitment	Audit review and sign-off of CRC Annual Report	Complete
Suspected Financial Irregularities + Control Reviews	Guidance to managers on investigations and the undertaking of investigations	Complete to end of Q2
Professional Advice	Advice on risk mitigation & control	Complete to end of Q2
Follow-up	Red, Red/Amber & Amber reports followed-up	Complete to end of Q2
Liaison with External Audit	On-going liaison throughout the year	Complete to end of Q2
Audit Management	e.g. planning, GARM reporting	Complete to end of Q2

5.   Table 5 below details the reviews currently in progress for 2014/15 from the 2014/15 Plan.

Table 5 – 20141/15 Plan Assurance Reviews in progress in Q1/Q2 of 2014/15

Review	Audit Coverage
Compliance Testing	Register of interests and Fees & Charges;
Access Control – Network/SAP/EMS/SIMS/CITRIX Remote Access	Set up and removal, parameters, password configuration, reset frequency.
Public Health IT Compliance Draft Plan	Ensuring compliance with IT requirements
Fighting Fraud Checklist for Governance	Completion and analysis of checklist to feed into Annual Governance review
Procurement	Assessing risk of procurement fraud and preventative controls in place.
Right to Buy	A review of controls in place to prevent fraud
Council Tax Discounts	A review of controls in place to prevent fraud
Business Continuity/IT Disaster Recovery (c/f 2013/14)	Covering adequacy and effectiveness of controls over the arrangements that are in place for the prevention of system downtime through adequate resilience
EE Restructure – maintenance of key controls (c/f 2013/14)	Maintenance of key controls within Directorate and to ensure appropriate controls in place for Licensing
School HR Policies	Check that appropriate HR Policies are adopted by schools
Public Health Visiting Transfer	To provide professional advice on control and risk mitigation

6.   Table 6 below details the assurance reviews which are yet to be started for 2014/15 from the 2014/15 Plan.

Table 6 – 2014/15 Plan Assurance Reviews yet to be started

Review	Audit Coverage	Comments/Planned
Procure to Pay	To provide ongoing risk and control advice	No longer required
E-invoicing	To provide professional advice on control and risk mitigation	Q3/Q4
Legal Services Company	To provide professional advice on control and risk mitigation	Q3/Q4
IWorld/Northgate Housing Benefit – Operating System Review (c/f 2013/14)	To assess the control process built within Northgate Housing Benefits System including the localised CT Benefit module and the cloud based Harrow Emergency Scheme	Q3
IT Data Centre - Landlord Risks (c/f 2013/14)	Covering environmental controls and security	Q3
IT Change Management (c/f 2013/14)	Review of system in place to manage IT change	Q3
Freedom of Information	Review of the policy and process employed by the Council for dealing with FOI requests to ensure appropriate and proportionate. Possible joint review with Lean Team.	Q3
Leaseholder Charges	Risk based system review	Q4
My Community E Purse	Health check requested by management	Q4
Schools Expansion Programme	Programme Management/Procurement	Q3
Highways Contract	Contract Management review	Q4
Financial Control & Governance Reviews	A four year programme of school reviews covering the adequacy, application and effectiveness of financial controls and governance procedures in place	Q3/Q4
School Governor Governance Training	Training session to be presented at the C&F Heads & Directors meeting + evening Governor training session	Q3
SIMS Personnel	Review of controls to ensure robust	Q4

Performance Indicators

7.   Table 7 below outlines the seven Internal Audit indicators agreed for the year, including the key indicator covering achievement of the IA annual plan and table 8 the three corporate audit indicators and the results achieved. These indicators cover performance on projects from the 2013/14 plan and the 2014/15 plan issued in the first half of the year (i.e. up to 30/09/14).

Table 7 – Internal Audit Performance Indicator Results

	Performance Indicator	Target	Mid Year Result
1	Recommendations agreed for implementation	95%	99%
2	Final reports issued on / ahead of time	85%	91%
3	Projects completed within budgeted time allowance	85%	89%
4	Target met for issue of draft report after end of fieldwork	85%	82%
5	Follow up undertaken	100%	100%
6	Plan achieved for key control reviews	100%	100%
7	Plan achieved overall (key indicator)	45%	48%

Analysis of Results

8.   Overall 6 (86%) of the performance targets have been met or exceeded. Four (57%) of the performance targets have been exceeded, 2 (29%) have been fully met and 1 target has not been met. Performance indicator 4 (target met for issue of draft report after the end of fieldwork) missed the target by 3% as 2 reports did not meet the target due Auditors being diverted to undertake an investigation which caused a delay in the issue of the reports.

Table 8 – Corporate Audit Indicators Results

	Performance Indicator	Target	Mid Year Result
1	Implementation of recommendations	90%	64% (expected to be 93%)
2	Auditee response times to draft report within 4 weeks	80%	73%
3	Auditee response times to follow ups within 4 weeks	80%	78%

Analysis of Results

9.   The result for performance indicator 1 shows that whilst only 64% of recommendations had been implemented at the time of follow-up a further 29% were planned for implementation giving an expected implementation rate of 93% exceeding the 90% target.

10.   The result reported in the 2013/14 year end report for auditee response times to draft reports was 53%; therefore the mid year result for 2014/15 (whilst not meeting the target) has shown an improvement of 20%.

11.   For the auditee response time to follow ups indicator, the result reported in the 2013/14 year end report was 62%; therefore the mid year result for 2014/15 has shown an increase of 16%.

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07/11/14