

Internal Audit Progress Report

Report by the Acting Head of Internal Audit

1.0 Summary

- 1.1 This report outlines the performance of the Internal Audit Section for the period 1 April 2014 to 31 December 2014 against the agreed 2014/15 Annual Internal Audit Plan and provides a summary of the audit work completed.
- 1.2 This report provides a summary of the key issues raised in final audit reports issued since our last report to this Committee and provides the current status on the follow-up on the agreed audit recommendations made in final audit reports.

2.0 Background

- 2.1 Each quarter a report is produced for this Committee which details the Internal Audit Section's performance against the current year of the agreed 3 year Strategic Internal Audit Plan, and summarises the results of audit work carried out.

Internal Audit Performance - 2014/15

- 2.2 The 2014/15 Annual Internal Audit Plan agreed by the Joint Governance & Audit Committee on 20 March 2014 contained 773 days and 66 items of audit work to be undertaken by the Internal Audit Service during the year.
- 2.3 Since approval, the audit plan has been revised to accommodate requests to move audits to different parts of the year and to take account of changes in requirements. The current plan is summarised as:

Period	No of audits planned	No of days planned	% of days planned
Quarter 1 (April – June)	13	134.25	17.6%
Quarter 2 (July – September)	16	187.75	24.7%
Quarter 3 (October – December)	11	156.25	20.5%
Quarter 4 (January – March)	22	283.75	37.2%
	62	762	100

- 2.4 At 31 December, 415.94 days (54.6%) of the planned days had been delivered against revised 762 days.
- 2.5 Attached at **Appendix 1** is a table showing summarised information on Internal Audit progress as at 31 December against the 2014/15 Audit Plan.

- 2.6 Recommendations made in audit reports are categorised according to their level of priority as follows:

Priority 1	Major issues for the attention of senior management.
Priority 2	Other recommendations for local management action.
Priority 3	Minor matters.

Final Audit Reports

- 2.7 Internal Audit's assurance opinions accord with an assessment of the controls in place and the level of compliance with these controls. During the course of an audit, a large number of controls will be examined for adequacy and compliance. The assurance level given is the best indicator of the system's control adequacy. The assurance levels and their associated explanations are:-

Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
Satisfactory Assurance	While there is a basically sound system, there are weaknesses that put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited Assurance	Weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No Assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

- 2.8 The report attached as **Appendix 2** provides a summary of key issues raised in all final reports issued since our last report to this Committee, including those with a Limited Assurance opinion. Since the previous Committee, seven reports have been finalised, of these five were Satisfactory assurance, one was Limited assurance and one was Full assurance. A total of five P1 recommendations were raised within these reports.

Follow up of Audit Recommendations

- 2.9 In accordance with the Council's Follow-Up Protocol, Internal Audit has continued following-up the status of implementation of recommendations contained in final audit reports.
- 2.10 Follow-up audits are undertaken to ensure that all recommendations raised have been successfully implemented according to the action plans agreed with the service managers. The Follow-up Protocol requires implementation of 80% of all priority 2 and 3 recommendations and 100% of priority 1 recommendations. The performance in relation to these targets as at 31 December is shown in the tables below.

Analysis of status of recommendations 2012/13

	Total Due	Imp	%	Carried Over (Not Implemented)	%	FU & Overdue	%	FU & No Response	%	Total % NOT Implemented	FU Not Due	Total
P1	37	29	78.4%	3	8.1%	5	13.5%	0	0%	21.6%	2	39
P2	185	121	65.4%	30	16.2%	34	18.4%	0	0%	34.6%	6	191
P3	18	14	77.8%	3	16.7%	1	5.5%	0	0%	22.2%	0	18
Other	20	3	15%	0	0%	17	85%	0	0%	85%	8	28
Total	260	167	64.2%	36	13.9%	57	21.9%	0	0%	35.8%	16	276

Analysis of status of recommendations 2013/14

	Total Due	Imp	%	Carried Over (Not Implemented)	%	FU & Overdue	%	FU & No Response	%	Total % NOT Implemented	FU Not Due	Total
P1	8	7	87.5%	0	0%	1	12.5%	0	0%	12.5%	4	12
P2	64	32	50%	8	12.5%	15	23.4%	9	14.1%	50%	35	99
P3	13	8	61.5%	1	7.7%	1	7.7%	3	23.1%	38.5%	8	21
Other	5	0	0%	0	0%	0	0%	5	100%	0%	1	6
Total	90	47	52.2%	9	10%	17	18.9%	17	18.9%	47.8%	48	138

2.11 Attached as **Appendices 3 & 4** are tables which summarise the current follow-up status of recommendations made in final audit reports for 2012/13 and 2013/14. The shaded boxes indicate where changes have occurred since our last report. As reported in our last progress report to this Committee, we continue to monitor the recommendations outstanding for 2010/11 and 2011/12 audit reports for which the percentage of outstanding recommendations are now 1.4% and 3% respectively.

2.12 Follow up of finalised reports from the 2014-15 plan is just starting and will be reported fully in our next progress report to the Committee.

3.0 Proposals

3.1 That the Committee note the performance of the Internal Audit Section for 1 April 2014 to 31 December 2014 against the 2014/15 Audit Plan.

3.2 That the Committee note the summary of the key issues raised in final audit reports issued since our last report to this committee and the current status on the follow-up on Internal Audit recommendations made as a result of audits completed during 2012/13 and 2013/14.

4.0 Legal

4.1 There are no legal matters arising as a result of this report.

5.0 Financial Implications

5.1 There are no financial implications arising from this report.

6.0 Recommendations

6.1 That the Joint Governance Committee note the performance of the Internal Audit Section for 1 April 2014 to 31 December 2014 against the 2014/15 audit plan.

6.2 That the Committee note the summary of the key issues raised in final audit reports issued since our last report to this Committee and the current status on the follow-up on Internal Audit recommendations made as a result of audits completed during 2012/13 and 2013/14.

Local Government Act 1972

Background Papers: None

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Schedule of Other Matters

1.0 Council Priority

1.1 The report does not seek to meet any particular Council priorities.

2.0 Specific Action Plans

2.1 (A) Matter considered and no issues identified.
(B) Matter considered and no issues identified.

3.0 Sustainability Issues

3.1 Matter considered and no issues identified.

4.0 Equality Issues

4.1 Matter considered and no issues identified.

5.0 Community Safety Issues (SECTION 17)

5.1 Matter considered and no issues identified.

6.0 Human Rights Issues

6.1 Matter considered and no issues identified.

7.0 Reputation

7.1 Matter considered and no issues identified.

8.0 Consultations

8.1 (A) Matter considered and no issues identified.
8.2 (B) Matter considered and no issues identified.

9.0 Risk Assessment

9.1 Matter considered and no issues identified.

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified.

11.0 Procurement Strategy

11.1 Matter considered and no issues identified.

12.0 Partnership Working

12.1 Matter considered and no issues identified.

Quarter	Audit Title	Risk Level	Authority to which audit relates			Work Complete	Draft Issued	Final Issued	Assurance level	Assurance at previous audit
			Joint	ADC only	WBC only					
1	ADC - Annual Governance Statement	H		*		Y	Y	N/A	N/A	N/A
1	WBC - Annual Governance Statement	H			*	Y	Y	N/A	N/A	N/A
1	Insurance	M	*			Y	Y	Y	Satisfactory	Satisfactory
1	Petty Cash	L	*			Y	Y			
1	Agency Staff Arrangements	M	*			Y	Y	Y	Satisfactory	No previous audit
1	Staff Loans	L	*			Y	Y			
1	Housing Maintenance	M		*		Y	Y			
1	Home Improvement Assistance	L	*			Y	Y			
1	Health & Safety	H	*			Y	Y			
1	Budgetary Control	H	*			Y	Y	Y	Satisfactory	Satisfactory
1	Facilities Management	M	*			Y	Y			
1	Complaints	M	*			Y	Y	Y	Limited	Limited
1	Probity - Inventories	L	*			Y	Memo	N/A	Not given for probity work	N/A
2	Davison Leisure Centre	M			*	Y	Y			
2	External Funding	M	*			Y	Y			
2	Pool Cars	L	*			Y	Y	UR		
2	Housing Homelessness, Advice & Allocations	H	*			Y	Y			
2	Data Protection & Information Governance	H	*			Y	Y			
2	Pension Scheme- local administration	M	*			Y	Y	Y	Full	No previous audit
2	Car Parks	H	*			Y	Y	Y	Satisfactory	No previous comparable audit
2	Estates	M	*			Y	Y			
2	Probity - Cash Floats	L	*			Y	Memo	N/A	Not given for probity work	N/A
2	Contract Variations - extended follow-up	H	*			WIP				
2	Register of Electors	M	*			Y	Y			
2	Corporate Governance	H	*			Y	Y			
2	Sickness Recording & Monitoring	M	*			WIP				
2	Business Rates - Forecasting & income projection	H	*			Y	UR			
2	Void Management	M		*		Y	UR			
3	Hackney Carriage & Private Hire	L	*			Y	UR			
3	Desktop Printing & Reprographics	L	*			Y	UR			
3	Creditors	H	*			Y	UR			
3	Debtors	H	*			Y	UR			
3	Emergency Planning/Business Continuity (including Flood	H	*			Y	UR			
3	Probity -security company invoices	L	*			WIP				
3	Housing Rents	M		*		Y	UR			
3	General Ledger	H	*			WIP				
3	WBC Revenues (Council Tax & NDR)	H		*		WIP				
3	WBC Benefits	H		*		WIP				
3	Decent Homes Contract Management	H		*		WIP				
3	Procurement Strategy & Communications - extended follow up	H	*			WIP				
4	Public Services Network	H	*							
4	Cashiering	H	*			P				
4	Risk Management	H	*							
4	Payroll	H	*			P				
4	Field Place	M		*		P				
4	Capital Expenditure & Fixed Assets	M	*			P				
4	HMS Application	H		*		P				
4	Disaster Recovery	H	*			P				
4	Treasury Management	M	*			P				
4	Service Desk (ITIL)	H	*			P				
4	Land Drainage	L	*							
4	Third Party Commissioning	H	*							
4	Project Management	H	*							
4	Change Management	H	*			P				
4	Public Health	M	*							
4	Manpower Planning	M	*							
4	Technology & Business Solutions	H	*							
4	Vertical - Multi Storey Car Park Barriers	H		*						
4	Approved Lists	H	*							

4	Term Maintenance Contract - Keith Long Electrical	H	*							
4	CenSus - Benefits	H		*						
4	Construction Contract (Technical Services)	H	*							

KEY

- P In Planning stage
- WIP Work In Progress
- UR Under review

Key issues from finalised audits

Appendix 2

Audit Title	Risk Level	Assurance Level & Number of Issues	Summary of key issues raised
Capital Receipts & Fixed Assets (13/14)	H	Satisfactory (Six Priority 2 and Two Priority 3 recommendations)	No Priority 1 recommendations were raised.
Complaints (14/15)	H	Limited (One Priority 1, Five Priority 2 and Three Priority 3 recommendations)	The Priority 1 recommendation related to failures identified from our sample testing which highlighted in respect of acknowledgments being sent to complainants and failures to responding to complainants within the 10 day target,
Budgetary Control (14/15)	H	Satisfactory (One Priority 3 recommendation)	No Priority 1 recommendations were raised.
Insurance (14/15)	M	Satisfactory (One Priority 1 and One Priority 2 recommendations)	The Priority 1 recommendation relates to the signing and sealing of the contract with Zurich for insurance services.
Pension Scheme (Local Administration)	M	Full (No recommendations)	No recommendations raised.
Car Parks(14/15)	H	Satisfactory (Two Priority 1 and One Priority 2 recommendations)	The two Priority 1 recommendations relate to the need for income reconciliations between Pay & Display and season ticket sales and investigation into monthly variances between NSL audit information and Jade count.
Agency Staff Arrangements (14/15)	H	Satisfactory (One Priority 1 and Three Priority 2 recommendations)	The Priority 1 recommendation related to the automatic system authorisation of timesheets and expenses when they have not been authorised by the appropriate manager.

Follow Up of Recommendations 2012/13 Audit Plan

Audit Title	Joint Audit	Final Report Date	Assurance level	Recs not applicable for follow up	Total No of Recs	Number of agreed recs completed	Percentage of recs completed	Recs carried over into next audit	Percentage of recs carried over	Number of agreed recs outstanding	Percentage of recs outstanding	Comments	Date Further Follow-up due
Chief Executive													
Delivery of Corporate Vision & Priorities	*	Mar-13	Satisfactory	3	2	2	100%						
Risk Management	*	May-13	Satisfactory	1	9	5	56%	4	44%				
Communications	*	Oct-13	Satisfactory		7	1	14%			6	86%	Detailed response to FU received from new Head of Communications - O/S recs still in progress - Further update requested Jan 15	
Strategic Director (JM)													
Equalities	*	Jul-12	Satisfactory		7	7	100%					COMPLETE	
IT Project Management & Governance (CenSus contract)	*	Jun-13	Satisfactory		1					1	100%	Update received in June 14 confirms that recs still in progress and dependant on newly appointed officers. Requests for update sent - no response. Further request sent Jan 15	
Exec Head of Adur Homes													
ADC - Leasehold Management		Nov-12	Satisfactory		1	1	100%					COMPLETE	
ADC - Housing Rents		Jan-13	Satisfactory		1	1	100%					COMPLETE	
ADC - Right to Buy		Mar-13	Full		0							NO FOLLOW UP REQ'D	
ADC - Sheltered Accommodation		Oct-13	Satisfactory		2	1	50%			1	50%	FU response confirmed 1 implemented & other rec in progress but will take 18 months (dependant on WSCC). Update requested Jan 15	
ADC - Community Alarm		Nov-13	Satisfactory		2	2	100%					COMPLETE	
Exec Head of Corporate & Cultural Services													
Corporate Governance	*	Dec-12	Satisfactory		6	0		6	100%			FU performed as part of 13/14 audit confirmed none of recs were implemented and all have been reiterated in 13/14 report	
Freedom of Information	*	Feb-13	Limited		12	12	100%					COMPLETE	
Bribery Act	*	Feb-13	Satisfactory		2	1	50%			1	50%	O/S rec partly implemented - further request for update sent Dec 14	Apr-15
Worthing Leisure Centre - Catering Income & Stock Control		Mar-13	Limited		25	19	76%			6	24%	Recent testing (Aug 14) found that 6 still O/S. Memo to be sent to LC Managers re outstanding issues	Jan-15
WBC - Museum		May-13	Satisfactory		10	9	90%	1	10%			90% complete & last rec (due Dec 13) was in progress. No further FU required.	
WBC Theatres (Catering Income & Stock control)		Apr-14	Limited		12	10	83%			2	17%	FU self assessment suggests that 10/12 have been completed - visit to be undertaken to confirm.	Jan-15
WBC Commidea Application		Apr-13	Limited		6	3	50%			3	50%	3 recs still outstanding & dialogue in progress	Jan-15
Election Expenses	*	Sep-13	Satisfactory		5	5	100%					COMPLETE	
Members Allowances & Equipment	*	Jan-14	Satisfactory	1	7	6	86%	1	14%			86% complete - no further FU req'd	
Exec Head of Customer Services													
AWCS	*	Jul-12	Satisfactory		2					2	100%	Update provided in Dec 14 states 2 recs still O/S -	
Worthing Crematorium		Aug-12	Limited		7	6	86%	1	14%			86% complete - no further FU req'd	
WBC - Benefits		Mar-13	Satisfactory		1	1	100%					COMPLETE	
WBC Revenues (Council Tax & NDR)		Jun-13	Satisfactory		4	3		1	25%			O/S rec reiterated in 13/14 audit report	
Exec Head of Housing, Health & Community Safety													
Licensing	*	Jul-13	Satisfactory		2	2	100%					COMPLETE	

Partnership Arrangements - Family Intervention Project	*	Feb-13	Satisfactory		6	6	100%					COMPLETE	
Strategic Director (AG)													
ADC - Annual Governance Statement		N/A	N/A		N/A	N/A	N/A			N/A	N/A		
WBC - Annual Governance Statement		N/A	N/A		N/A	N/A	N/A			N/A	N/A		
Exec Head of Financial Services													
Medium Term Financial Planning	*	Sep-12	Satisfactory		1	1	100%					COMPLETE	
Contract Variations	*	Dec-12	Limited		6	5	83%	1	17%			COMPLETE	
Axis Income Management Application	*	Dec-12	Satisfactory		9	6	67%			3	33%	Self assessment FU confirmed 6 completed & 3 in progress - Further FU to be performed	Jan-15
Probity - Ebay Sales	*	Feb-13	N/A		8					8	100%	EHFS advised on 26/11/13 that ebay sales suspended until policy & procedures in place but this would be a while. Check in Jan 15 confirmed ebay still not being used.	
BACSESS IP	*	Feb-13	Limited	12	0							Bacess system was replaced following our audit and new system Paygate was purchased. Recs from Bacess report no longer valid for follow up but have been considered during implementation of the new system and Audit has been kept up to date with these development.	
ADC CenSus C Tax		Apr-13	Satisfactory		8	3	38%	3	38%	2	25%	2 recs still outstanding - one will not be completed until June 15 - update requested re other in Jan 15	Jul-15
Probity - Corporate Credit Cards	*	May-13	N/A		2	2	100%					COMPLETE	
Creditors	*	May-13	Satisfactory		6	4	67%	2	33%			Recs were followed up during 13/14 annual audit	
Debtors	*	May-13	Limited	1	11	9	82%	2	18%			Recs were followed up during 13/14 annual audit	
General Ledger	*	May-13	Satisfactory	1	7	3	43%	4	57%			Recs were followed up during 13/14 annual audit	
Cashiering	*	May-13	Satisfactory		5	4	80%	1	20%			Recs were followed up during 13/14 annual audit	
Treasury Management	*	Aug-13	Satisfactory		7	4	57%	3	43%			Recs were followed up during 13/14 annual audit	
IT Asset Management	*	Oct-13	Satisfactory		7					7	100%	Response in Feb confirmed no progress - 7 reminders sent since but no response	
Anti Fraud Approach	*	Nov-13	N/A	1	18	1	6%			17	94%	Response in Sept 14 identified, 1 rec NLA & 1 completed. The remaining 17 are still outstanding and further follow up is required	Mar-15
Payroll	*	N/A	N/A									Report not finalised before 13/14 audit so issues in draft report being considered as part of 13/14 audit.	
Capital Expenditure & Fixed Assets	*	Jan-14	Satisfactory		6			6	100%			Recs were followed up during 13/14 annual audit	
Exec Head of Planning, Regeneration & Wellbeing													
Local Development Framework	*	Feb-13	Full		0							NO FOLLOW UP REQ'D	
Economic Development	*	Apr-13	Limited	1	6	3	50%			3	50%	FU response received - changes in management have effected - outstanding recs to be included in new Head of Service - Further FU	Apr-15
Planning	*	May-13	Satisfactory	1	2	2	100%					COMPLETE	
ADC Pot of Gold		Jul-13	Satisfactory	2	5	2	40%			3	60%	Outstanding recs to be assessed against recent scheme to confirm if implemented	Jan-15
Exec Head of Technical Services													
Coastal Protection	*	Mar-13	Satisfactory		5	5	100%					COMPLETE	
Procurement Strategy, Governance & Communications	*	Nov-13	Limited		10	2	20%			8	80%	Self assessment follow up received in Nov 14 confirmed 2 completed and rest in progress. Detailed follow up planned as part of 14/15 audit plan - to be completed in Q4	Apr-15
Allotments	*	Jan-14	Limited	2	8	8	100%						
WBC - Crematorium contract													
					276	167	61%	36	13%	73	26%		

Housing Rents		May-14	Satisfactory		2					2	100%	Recommendations followed up as part of 14/15 annual audit which has yet to be reviewed	
Private Sector Leasing/ Temporary Accommodation													
Property Buy Back		Mar-14	Satisfactory		2	1	50%			1	50%	self assessment confirmed one rec actioned & other still outstanding - Further FU required	Jan-15
Customer Services													
Benefits		Jun-14	Satisfactory		3					3	100%	Recommendations being followed up as part of current annual audit	
Revenues (Council Tax & NDR)		May-14	Satisfactory		3	2	67%			1	33%	Recommendations being followed up as part of current annual audit	
WBC - Business Improvement District		Dec-13	Satisfactory		2	1	50%			1	50%	Further FU of OS rec is req'd	Mar-15
AWCS - Vehicle Maintenance	*	May-14	Satisfactory		2					2	100%	SA issued - no response Further FU req'd	Jan-15
CenSus NDR		Jun-14	Satisfactory		9	4	44%			5	56%	further FU required re os recs	Jan-15
Corporate & Cultural Services													
Corporate Governance	*	Mar-14	Limited		10					10	100%	Recommendations followed up as part of 14/15 annual audit which has yet to be reviewed	
Leisure Trust - Contract Management													
Democratic & Civic Services	*												
Human Resources	*												
DBS checks & requirements	*	Oct-13	Satisfactory	1	3					3	100%	have met with HR - 3 recs still not fully implemented	Jan-15
Local Land Charges	*	Apr-14	Satisfactory		1					1	100%	Responses indicate rec is partly implemented & in progress	
Splashpoint													
Leisure On-Line Bookings													
Legal Services	*	Dec-13	Limited	1	7	7	100%					COMPLETE	
Health, Housing & Community Safety													
Anti Social Behaviour Management	*	Jun-14	Satisfactory	2	4	4	100%					COMPLETE	
Pest Control	*												
Computer Audits													
Joint website - content & workflow	*	Nov-13	Satisfactory	1	2	2	100%					Part of OS rec cannot be implemented due to functionality of T4 system - no further FU req'd.	
Network (LAN & WAN)	*												
Data Centre	*	Nov-13	Satisfactory		4					4	100%	Self Assessment issued & 6 reminders - No response to FU yet	Jan-15
House on the Hill	*	Mar-14	Satisfactory		9					9	100%	Director of Digital & Resources responded in July that recs fed into PTS disaster recovery work - no update since	Jan-15
Contract Audit													
Procurement Compliance	*												
Shoreham Centre	*												
					138	47	34%	9	7%	82	59%		