

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**26 July 2018**

**Summary of Progress on the Annual Internal Audit Plan 2018/2019**

**Report of the Internal Audit Consortium Manager**

**This report is public**

**Purpose of the Report**

- To present, for members' information, progress made by the Audit Consortium in respect of the 2018/19 Internal Audit Plan. The report includes a summary of Internal Audit Reports issued since the last meeting of the committee.

**1 Report Details**

- 1.1 The 2018/19 Consortium Audit Plan for North East Derbyshire was agreed at the Audit and Corporate Governance Scrutiny Committee on the 12th April 2018. The Consortium Legal Agreement in paragraph 9.3 requires that the Head of the Internal Audit Consortium (HIAC) or his or her nominee will report to the Audit Committee of each Council on progress made in relation to their annual Audit Plan.
- 1.2 Attached, as Appendix 1, is a summary of reports issued between the 1st May 2018 and the 13th July 2018.
- 1.3 Reports are issued as Drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.
- 1.4 The Appendix shows for each report a summary of the level of assurance that can be given in respect of the audit area examined and the number of recommendations made / agreed where a full response has been received.
- 1.5 The assurance provided column in Appendix 1 gives an overall assessment of the assurance that can be given in terms of the controls in place and the system's ability to meet its objectives and manage risk in accordance with the following classifications:

Assurance Level	Definition
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

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1.6 In respect of the audits being reported, it is confirmed that there were no issues arising relating to fraud that need to be brought to the Committee's attention.

1.7 The following audits are in progress:

- IT Inventory/disposal of Equipment
- Health and Safety
- Transport follow up
- Cyber Security
- Industrial Property Rents / periodic Income
- Leisure – operational
- Non Domestic Rates

## **2 Conclusions and Reasons for Recommendation**

2.1 To inform Members of progress on the Internal Audit Plan for 2018/19 and the Audit Reports issued.

2.2 To comply with the requirements of the Public Sector Internal Audit Standards.

## **3 Consultation and Equality Impact**

3.1 None.

## **4 Alternative Options and Reasons for Rejection**

4.1 None.

## **5 Implications**

### **5.1 Finance and Risk Implications**

5.1.1 The regular reporting of the progress made by the Internal Audit Consortium enables Members to monitor progress against the approved internal audit plan.

### **5.2 Legal Implications including Data Protection**

5.2.1 None

### **5.3 Human Resources Implications**

5.3.1 None

## **6 Recommendation**

6.1 That the report be noted.

## **7 Decision Information**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000 <input type="checkbox"/></i> <i>Capital - £150,000 <input type="checkbox"/></i> <i>NEDDC: Revenue - £100,000 <input type="checkbox"/></i> <i>Capital - £250,000 <input type="checkbox"/></i> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

## 8 Document Information

Appendix No	Title
1	Summary of Internal Audit reports issued in respect of the 2018/19 Internal Audit Plan 1st May 2018 to the 13 <sup>th</sup> July 2018
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Jenny Williams Internal Audit Consortium Manager	01246 217547

AGIN5(b)(0726) – Internal Audit Plan

# **NORTH EAST DERBYSHIRE DISTRICT COUNCIL**

**Appendix 1**

## **Internal Audit Consortium - Report to Audit and Corporate Governance Scrutiny Committee**

### **Summary of Internal Audit Reports Issued 1st May 2018 – 13th July 2018**

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N001	System Security	To review a sample of systems to ensure that access levels, password protocols, administrator rights etc. are in place and operating	Substantial	18/5/18	11/6/18	3 (1M 2L)	3
N002	Land Charges	To ensure that land charge searches are undertaken promptly and that the correct fees are charged	Substantial	18/5/19	11/6/18	3 (1M 2L)	3
N003	VAT	To ensure that VAT returns are accurate and timely and that the procedures in place are operating.	Reasonable	19/6/18	10/7/18	3 (2M 1L)	3

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N004	Money Laundering	To ensure that there is a money laundering policy in place, an appointed money laundering officer and that legislation is complied with	Reasonable	19/6/18	10/7/18	6 (2M 4L)	6
N005	Recruitment and Selection	To ensure that there are appropriate policies and procedures in place that are followed	Reasonable	22/6/18	13/7/18	6(2M 4L)	6
N006	Property Services Compliance	To ensure that gas servicing and legionella checks etc. are undertaken appropriately AT Council buildings	Reasonable	9/7/18	30/7/18	4 (3M 1L)	4