

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

28 September 2017

**Internal Audit Consortium Summary of Progress on the Annual Internal Audit Plan
2017/2018**

Purpose of the Report

- To present, for members' information, progress made by the Audit Consortium in respect of the 2017/18 Internal Audit Plan. The report includes a summary of Internal Audit Reports issued during the period and Work in Progress.

1 Report Details

- 1.1 The 2017/18 Consortium Audit Plan for North East Derbyshire was agreed at the Audit and Corporate Governance Scrutiny Committee on the 6th April 2017. 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 to date in respect of the 2017/18 Internal Audit Plan.
- 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 |
|------------------------------|---|
| Substantial Assurance | There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed. |
| Reasonable Assurance | 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. |
| Limited Assurance | 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. |
| Inadequate Assurance | 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:

- Procurement
- Non Domestic Rates
- Members Allowances

2 Conclusions and Reasons for Recommendation

2.1 To inform Members of progress on the Internal Audit Plan for 2017/18 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

| | |
|--|-----|
| Is the decision a Key Decision? 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:</i> <i>Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC:</i> <i>Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i> | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Affected | All |
| Links to Corporate Plan priorities or Policy Framework | All |

8 Document Information

| Appendix No | Title |
|--|--|
| 1 | Summary of Internal Audit reports issued in respect of the 2017/18 Internal Audit Plan |
| Background Papers (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 |
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NORTH EAST DERBYSHIRE DISTRICT COUNCIL

Appendix 1

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

Summary of Internal Audit Reports Issued in respect of the 2017/18 Internal Audit Plan

| Report Ref No. | Report Title | Scope and Objectives | Assurance Provided | Date | | Number of Recommendations | |
|----------------|---|--|--------------------|---------------|--------------|---------------------------|----------|
| | | | | Report Issued | Response Due | Made | Accepted |
| N001 | Business Continuity and Emergency Planning Arrangements | To ensure that the Council has adequate arrangements in place to meet its responsibilities | Reasonable | 25/5/2017 | 23/6/2017 | 3 (1M 2L) | 3 |
| N002 | Sickness Absence Management | To ensure that the Council monitors and manages sickness absence appropriately | Reasonable | 15/6/2017 | 6/7/2017 | 4 (2M 2L) | 4 |
| N003 | Cemeteries | To review the procedures in place and to ensure that fees are levied correctly | Substantial | 3/7/2017 | 24/7/2017 | 1L | 1 |
| N004 | Leisure Financial Arrangements | To review the financial procedures in place | Substantial | 5/7/2017 | 26/07/2017 | 2L | 2 |

| Report Ref No. | Report Title | Scope and Objectives | Assurance Provided | Date | | Number of Recommendations | |
|----------------|-------------------------------|---|--------------------|---------------|--------------|---------------------------|--|
| | | | | Report Issued | Response Due | Made | Accepted |
| N005 | Leisure Direct Debit Scheme | To ensure that direct debits are collected promptly and accurately | Substantial | 5/7/2017 | 26/7/2017 | 3L | 3 |
| N006 | Asset Management Arrangements | To ensure that there is an asset management strategy in place that is adhered to | Reasonable | 26/7/2017 | 16/8/2017 | 5 (4M 1L) | 5 |
| N007 | Corporate Plan Targets | To ensure that targets link to the Council's objectives and that they are monitored and calculated correctly | Substantial | 8/8/2017 | 30/8/2017 | 3L | 3 |
| N008 | Disabled Facilities Grants | To ensure that grants are properly awarded in line with procedures and that works are appropriately carried out | Substantial | 6/9/2017 | 13/9/2017 | 3 (1M 2L) | Response not due at time of writing Report |
| N009 | Housing Benefits | To review the new verification system and to ensure that housing benefits are paid promptly and accurately | Reasonable | 22/8/2017 | 13/9/2017 | 5 (4M 1L) | Response not due at time of writing Report |

| Report Ref No. | Report Title | Scope and Objectives | Assurance Provided | Date | | Number of Recommendations | |
|----------------|---------------|--|--------------------|---------------|--------------|---------------------------|--|
| | | | | Report Issued | Response Due | Made | Accepted |
| N010 | Cash and Bank | To review and test the procedures in place | Substantial | 23/8/2017 | 14/9/2017 | 1L | Response not due at time of writing Report |

Notes: For recommendations, H = High priority, M = Medium priority and L = Low priority