

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

2 February 2017

**Internal Audit Consortium – Summary of Progress on the Annual
Internal Audit Plan 2016/17**

This report is Public

Purpose of the Report

- To present, for members' information, progress made by the Audit Consortium, during the period 10th September 2016 – 6th January 2017, in relation to the completion of the 2016/17 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 2016/17 Consortium Audit Plan for North East Derbyshire was agreed at the Audit Committee on the 21st April 2016. 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 covering the period 10th September 2016 – 6th January 2017, for audits included in the 2016/17 Consortium 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 Overall Audit Opinion of the audit and the number of recommendations made / agreed where a full response has been received. Appendix 1 also shows the number of recommendations analysed between High, Medium and Low priority.
- 1.5 Members have been provided with a copy of the use of social media report that received a "marginal" conclusion.
- 1.6 The overall opinion column of Appendix 1 gives an overall assessment of the reliability of the internal controls examined in accordance with the classifications shown in the following table:

| <i>Control Level</i> | Definition |
|-----------------------|---|
| Good | A few minor recommendations (if any). |
| Satisfactory | Minimal risk; a few areas identified where changes would be beneficial. |
| Marginal | A number of areas have been identified for improvement. |
| Unsatisfactory | Unacceptable risks identified, changes should be made. |
| Unsound | Major risks identified; fundamental improvements are required. |

1.7 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.

1.8 The following audits are in progress:

- Central Garage (vehicles)
- Payroll
- Creditors

2 Conclusions and Reasons for Recommendation

2.1 To inform Members of progress on the Internal Audit Plan for 2016/17 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 one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards) | No |
| District Wards Affected | N/A |
| Links to Corporate Plan priorities or Policy Framework | The report is linked to NEDDC's aims and objectives to provide customers with an excellent service |

8 **Document Information**

| Appendix No | Title |
|--|---|
| 1 | Summary of Internal Audit reports issued 10th September 2016 – 6th January 2017 |
| 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 – 10th September 2016 to 6th January 2017

| Report Ref No. | Report Title | Scope and Objectives | Overall Opinion | Date | | Number of Recommendations | |
|----------------|---------------------|--|-----------------|---------------|--------------|---------------------------|----------|
| | | | | Report Issued | Response Due | Made | Accepted |
| N010 | Council Tax | To ensure that Council tax bills are raised promptly and accurately and that there are effective debt collection procedures in place | Good | 21/09/2016 | 12/10/2016 | 2L | 2 |
| N011 | Non Domestic Rates | To ensure that NNDR bills are raised promptly and accurately and that there are effective debt collection procedures in place | Good | 5/10/2016 | 26/10/2016 | 0 | 0 |
| N012 | Treasury Management | To ensure there is a strategy in place that is adhered to and that there is an adequate separation of duties | Good | 10/10/2016 | 31/10/2016 | 0 | 0 |

| Report Ref No. | Report Title | Scope and Objectives | Overall Opinion | Date | | Number of Recommendations | |
|----------------|---------------------|---|-----------------|---------------|--------------|---------------------------|----------|
| | | | | Report Issued | Response Due | Made | Accepted |
| N013 | Use of Social Media | To ensure that there are appropriate procedures and controls in place | Marginal | 3/11/2016 | 24/11/2016 | 7 (3H 4M) | 7 |
| N014 | Housing Benefits | To ensure that housing benefits are calculated accurately and paid promptly | Good | 16/11/2016 | 7/12/2016 | 0 | 0 |
| N015 | Ambition Project | | Good | 30/11/2016 | 31/12/2016 | 1L | 1 |
| N016 | Sundry Debtors | To ensure that invoices are raised promptly and accurately and that there are effective debt recovery procedures in place | Good | 20/12/2016 | 18/01/2017 | 2 (1M 1L) | 2 |

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

App1 to AGIN7(c)(A&CGS0202)2017 Sum of Progress