



## **INTERNAL AUDIT SHARED SERVICE**

**North West Leicestershire District Council**  
Internal Audit Progress Report: August 2015

## **1. Introduction**

- 1.1 The assurances received through the Internal Audit programme is a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight the progress against the Internal Audit Plan up to the 31 August 2015.

## **2. Purpose of Internal Audit**

- 2.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to Internal Audit activity should lead to strengthening the control environment, and therefore contribute to the achievement of the organisation's objectives.
- 2.2 This is achieved through Internal Audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

## **3. Authority of Internal Audit**

- 3.1 Internal Audit derives its authority from the Accounts and Audit Regulations 2015, the Internal Audit Charter and the Council's Constitution. The Financial Regulations, which are part of the Constitution, sets out that 'Internal Audit has authority to:
- a) enter any Council owned or occupied premises or land at all times (subject to any legal restrictions outside the Council's control);
  - b) have access at all times to the Council's records, documents and correspondence;
  - c) require and receive such explanations from any employee or member of the Council as he or she deems necessary concerning any matter under examination; and
  - d) require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.
  - e) The Senior Auditor shall have access to, and the freedom to report in his/her name to all boards, members or officers, as he/she deems necessary.

## **4 Responsibility of Internal Audit**

- 4.1 Internal Audit will have the responsibility to review, appraise and report as necessary on:
- a) the adequacy and effectiveness and application of internal controls and processes and systems;
  - b) the extent of compliance with Financial Regulations and Standing Orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation; and
  - c) the extent to which the Council's assets and interest are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

## **5 Independence of Internal Audit**

- 5.1 Internal Auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice.

Internal Auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made.

- 5.2 If independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to senior management and the Audit and Governance Committee. There are no impairments to report to senior management and the Audit and Governance Committee for the current financial year.

## **6 Internal Audit Team Update**

- 6.1 Unfortunately since the last update report there has been some longer term sickness within the Internal Audit team. This, coupled with the work carried over from 2014/15 and because the team is quite small, means that without some temporary additional resources the 2015/16 plan is unlikely to be delivered. A temporary auditor is starting at the end of September and will be focussed on the key financial system audits. The costs can be accommodated within the existing budget for Internal Audit.

## **7 Internal Audit Plan Update**

- 7.1 A progress report against the 2015/16 Internal Audit plan is documented in Appendix A. All of the 2014/15 audit work outstanding has been completed and work is now focussing on the 2015/16 plan. Two audits are currently at the report drafting stage and three audits are in progress.
- 7.2 An Executive Summary of the two reports issued by the in house internal audit team since the last progress report is documented in Appendix B.
- 7.3 The Human Resources and Payroll audit report issued in June 2015 identified significant control weaknesses and made 14 high priority recommendations to address these. Internal Audit will not formally review progress against these recommendations until the next audit which will take place during quarter 4 of 2015/16. The Chief Executive and Head of Finance are monitoring progress against the recommendations, which is documented in the 'management comments' column of Appendix C.
- 7.3 A report has also been issued to us by Leicestershire County Council who carried out a Key ICT Controls audit. They use a different assurance model to us and gave a 'limited' level of assurance because at least one "high importance" (HI) recommendation was made. In fact three high importance recommendations were made in the report. All of the recommendations are included in the recommendations tracker tables in the appendices as Internal Audit are following up progress during the year.
- 7.3 The Internal Audit plan needs to be flexible in order to reflect current issues and resource requirements. There have been a number of changes to the Internal Audit plan approved in March 2015 and details are documented in the 'comments' column in Appendix A.

## **8 Internal Audit Recommendations**

- 8.1 Internal Audit monitors and follows up all medium and high risk recommendations. Appendix C lists all overdue recommendations along with a status update. Although the target dates have not been met, Internal Audit are satisfied that in the majority of cases reasonable progress had been made. Where progress has stalled, follow up

work by Internal Audit has brought this to the attention of Heads of Service and they are now addressing this.

- 8.2 All outstanding recommendations i.e. those not yet due, are included in Appendix D for information. Recommendations that have been made and addressed between June and August have been included to show progress.

## **9 Internal Audit Performance Indicators**

- 9.1 Performance information for Internal Audit in relation to its team plan actions and performance indicators is documented in Appendix E.

## **10 Risk Management**

- 10.1 The Cabinet approved an updated Risk Management Strategy at its meeting on 29 July 2014 and this was presented to Audit and Governance Committee on 24 September 2014.
- 10.2 One of the requirements of the Strategy is for members of the Cabinet and this Committee to receive details of the high level risks monitored through the Corporate Risk Register. These are now included in the Quarterly Performance Reports which are presented to Cabinet. Appendix F to this report shows the information presented to Cabinet at its meeting on 22 September 2015.
- 10.3 The Council's Risk Management Scrutiny Group reviewed the register and recommended the following changes to the RAG ratings of the risks via Corporate Leadership Team which are now incorporated in the register:

### Resource Capacity and Capability

This has changed from Green to Amber. This is in recognition of the Council's ambitious work programme, in particular the Coalville Project. Additional interim capacity at Corporate Management Team level and above is currently being recruited.

### Information Governance & Data Protection

This has changed from Green to Amber. This is in recognition of self-reported data protection issues. An external audit of the Council's Data Protection processes has been requested by the Council and is about to be undertaken.

### Project & Programme Management

This has changed from Amber to Red. This is also in recognition of the Council's ambitious work programme, in particular the Coalville Project. As outlined above the necessary increase in capacity and capability is being addressed through recruitment to interim positions.

## 2015/16 Audit Plan Progress: August 2015 (In-house Audit Team Audits)

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						H	M	L	A	
Cash and Bank	Key Financial System	6	-	Scheduled for Quarter 4						Moved from Quarter 2
Creditors	Key Financial System	8	-	Scheduled for Quarter 3						Moved from Quarter 4
Debtors	Key Financial System	8	-	Scheduled for Quarter 4						
Main Accounting	Key Financial System	8	-	Scheduled for Quarter 3						Moved from Quarter 4
Payroll	Key Financial System	8	-	Scheduled for Quarter 4						
Rent Accounting	Key Financial System	8	-	Engagement Planning						
Treasury Management	Key Financial System	6	4	In progress						Brought forward to use capacity in audit team. Almost complete - one piece of information outstanding.
ICT Security	Key Financial System	5	-	Scheduled for Quarter 2						This work will take the form of following up recommendations from the LCC 2014/15 audit.
Risk Management	Assurance	5	-	Scheduled for Quarter 3						
Governance and Ethics – New Members	Assurance	10	-	In progress						
Performance Management	Assurance	6	-	Drafting report						Almost complete - one piece of information outstanding.
Fraud	Assurance	6	-	Scheduled for Quarter 2						
Information Sharing and Data Protection	Risk Based	8	-	Removed from plan						Assurance will be taken from Leicester City Council 'health check'.
Housing - Other Capital Works/Non DHIP	Risk Based	8	-	Removed from plan						Removed from plan as Senior Auditor analysis of the remaining capital work does not present a significant risk at this time.
Responsive Housing Repairs & Voids	Risk Based	8	-	Scheduled for Quarter 3						Moved to quarter 3 to allow new ways of working to embed.

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						H	M	L	A	
Safeguarding	Risk Based	5	-	Scheduled for Quarter 3						Moved from quarter 1.
Disabled Facilities Grants (advisory)	Risk Based	5	6.5	Memo issued	N/A					Memo issued rather than formal report to reflect transition status of service. A formal audit will be carried out later in the year.
Leisure Centres	Risk Based	12	23	Drafting report						Planned days exceeded due to sickness issues, absences over summer and some additional testing.
Building Control	Risk Based	6	-	In progress						
Expenses/mileage claims	Risk Based	5	-	Scheduled for Quarter 3						
Green & Decent (advisory)	Risk Based	5	-	Scheduled for Quarter 3						Move to quarter 3 to allow robustness of results to be considered as part of the audit. Given the nature of the project this is likely to be an advisory piece of work.
DHIP	Risk Based	5	-	Scheduled for Quarter 2						External Audit during August 2015. Senior Auditor will review results to consider need for Internal Audit.
Disabled Facilities Grant (audit)	Additional Audit	6	-	Scheduled for Quarter 4						

## KEY

### Assurance Levels:

- Grade 1** Internal Controls are adequate in all important aspects
- Grade 2** Internal Controls require improvement in some areas
- Grade 3** Internal Controls require significant improvement
- Grade 4** Internal Controls are inadequate in all important aspects

**Recommendations:**

- H     High Priority**
- M     Medium Priority**
- L     Low Priority**
- A     Advisory**

## EXECUTIVE SUMMARY OF FINAL IN HOUSE INTERNAL AUDIT REPORTS ISSUED BETWEEN JUNE 2015 AND AUGUST 2015

Report	Portfolio Holder	Head of Service & Team Manager	Assurance Level	Areas for Improvement	Recommendations			
					H	M	L	A
2014/15 – 14 Human Resources and Payroll	Leader	Chief Executive/Head of Finance HR Team Manager	Grade 3	<p>Finalising the Selima Service Level Agreement for the provision of the managed payroll service as a matter of urgency and formally assigning and documenting the roles and responsibilities of NWLDC staff.</p> <p>Strengthening and consistently applying HR procedures, this includes but is not limited to:            -all data entry to the HR module;            -arrangements for new starters and leavers; and            -verification of the effects of monthly amendments on the payroll.</p> <p>Training and support for managers and staff using the self service system.</p> <p>Regular review of the Council's establishment list by Senior Managers.</p> <p>Formal recording of all under and overpayments and the corrective action taken including monitoring the recovery of overpayments.</p>	14	-	-	-
2014/15 – 15 Aids and Adaptations	Housing	Head of Housing Planned Investment Team Manager	Grade 2	<p>The engagement of the contractors with the 'mini competition' process.</p> <p>The verification of invoices to the agreed pricing schedule.</p>	3	2	-	-



Report	Portfolio Holder	Head of Service & Team Manager	Assurance Level	Areas for Improvement	Recommendations			
					H	M	L	A
				<p>The contract / agreement in place with Leicestershire County Council.</p> <p>The monitoring and reporting of Key Performance Indicators.</p>				

## Recommendations Tracker – Overdue Recommendations

Report		Recommendation	Rating	Officer Responsible	Target Date	Status	Management Comments	
<b>2014/15 Reports</b>								
6	Fraud Prevention and Detection	1	All Members and staff should be circulated with information detailing their responsibilities regarding fraud prevention and detection and provided with clear links to the Anti-Fraud and Corruption Strategy and the Confidential Reporting (Whistle-blowing) Policy.	High	Head of Finance / Head of Legal and Support Services	December 2014  Revised Date: March 2015  May 2015	Partially complete  This has been provided for staff however not yet for Members.	Training for Members to be rolled out during September 2015.
6	Fraud Prevention and Detection	2	Members (in particular, the Audit and Governance Committee) should be provided with training to ensure they can effectively consider the effectiveness of the Authority's Anti-Fraud and Corruption Arrangements.	Medium	Head of Finance	June 2015  Revised Date: Dec 2015	In progress	Head of Finance plans to arrange for external auditors to deliver training.
LCC	ICT Key Controls Audit	1	Consideration should be given to reviewing the backup site arrangements to ensure that environmental controls from the main machine room can be replicated at the backup site. If a decision is taken to accept the risk then this should be formally accepted and recorded by Senior Management.	High	Head of Finance/ICT Team Manager	July 2015	In progress	ICT manager considers the arrangements to be adequate but will take a report to CLT on 22.09.15 to formally approve.

## Recommendations Tracker – Outstanding Recommendations

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
<b>2014/15 Reports</b>								
6	Fraud Prevention and Detection	9	Details regarding the management of fraud risks and any identified incidences of fraud should be included within the Council's Annual Governance Statement.	Medium	Head of Finance	September 2015	Testing scheduled September 2015	
14	Human Resources and Payroll	1	The Selima Service Level Agreement for the provision of the managed payroll service should include the requirement for Selima to notify that all processes have been completed for each payroll.  The SLA should be signed off by both parties as a matter of urgency.	High	Head of Finance assisted by Human Resources Team Manager and Financial Services Team Manager	Sept 2015	Testing scheduled October 2015	This was signed by both parties and returned in August 2015.
14	Human Resources and Payroll	2	Responsibilities in NWLDC for the HR and Payroll function should be formally assigned and fully documented.	High	Head of Finance assisted by Human Resources Team Manager and Financial Services Team Manager	Sept 2015	Testing scheduled October 2015	This was fully documented in July 2015.
14	Human Resources and Payroll	3	HR staff should ensure that all personnel files are securely held whether in paper or electronic format.	High	Human Resources Team Manager	Immediate and ongoing	Compliance testing will be undertaken as part of the 2015/16 Payroll audit which is not planned until Q4. This means Internal Audit cannot	Implemented immediately as agreed.

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
							comment on the status until this time.	
14	Human Resources and Payroll	4	All new employees should complete the starter form that should then be held on their HR file.	High	Human Resources Team Manager	Immediate and ongoing	As above	Implemented immediately as agreed.
14	Human Resources and Payroll	5	HR should verify the Offer Letter to the payslip prior to payment for all starters. The verification should be completed by a person different to the originator of the data input and a record maintained.	High	Human Resources Team Manager	Immediate and ongoing	As above	Implemented immediately as agreed.
14	Human Resources and Payroll	6	All new starters should have their identity verified and recorded as such.	High	Human Resources Team Manager	Immediate and ongoing	As above	Implemented immediately as agreed.
14	Human Resources and Payroll	7	Team managers should ensure that all staff leaving NWLDC complete a leaver form and this should be provided to HR in sufficient time for them to make accurate final payments. The leaver form should be held on the HR file together with supporting documentation.	High	Team Managers	Immediate and ongoing	As above	Implemented immediately as agreed. Chief Executive has written to the Director responsible for the work area to ask for forms to be submitted in a timely way and members of the HR Team have held a meeting with the department to clarify arrangements.
14	Human Resources and Payroll	8	HR should verify the details from the Leaver Form to the payslip prior to payment for all leavers. The verification should be completed by a person different to the originator of the data input and a record maintained.	High	Human Resources Team Manager	Immediate and ongoing	As above	Implemented immediately as agreed.
14	Human Resources and Payroll	9	The Human Resources Team Manager should review the functionality made available to Managers and staff in the self serve system to ensure that appropriate 'training notes' are issued prior to full implementation of the system.	High	Human Resources Team Manager	Immediate and ongoing	As above	This will be continually developed as the functionality of the system develops.
14	Human Resources and Payroll	10	When an employee starts to receive maternity benefits HR should check whether essential car allowance is also in	High	Human Resources Team Manager	Immediate and ongoing	As above	Implemented immediately as agreed.

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
			payment and make the appropriate adjustment to avoid an overpayment.					
14	Human Resources and Payroll	11	The Human Resources Team Manager should periodically circulate to Chief Officers the current establishment list for their area of responsibility to enable verification of the staffing structure and current employees.	High	Human Resources Team Manager	Immediate and ongoing	As above	These were circulated to all Chief Officers on the 30th June 2015 with a return date of 27 <sup>th</sup> July. The vast majority of these have now been returned.
14	Human Resources and Payroll	12	The HR database should be checked to ensure that the correct coding has been entered for the relevant service area and that the manager shown is correct as the self service authorisation system will not operate correctly with incorrect managers shown.	High	Human Resources Team Manager	Part of project	As above	Pending.
14	Human Resources and Payroll	13	A schedule of under and overpayments generated by the payroll process should be compiled with the proposals for full recovery of the overpayment that will be updated with repayment transactions as they occur.	High	Human Resources Team Manager	Immediate and ongoing	As above	Implemented immediately as agreed. It is important to note that repayment arrangements are always put in place and the Council has not been in a position of needing to write off any debts during 2014/15 as a result of overpayment errors on the Payroll system.
14	Human Resources and Payroll	14	Bulk amendments, such as increments, should be subject to sample testing of the resulting payslips and all other amendments verified to the payslip.  The verification should be completed by a person different to the originator of the data input and a record maintained.	High	Human Resources Team Manager	June 2015	As above	No bulk amendments have been actioned since the recommendations of the Audit report.
15	Aids and Adaptations	1	Consideration should be given as to how the engagement from the other two contractors in the 'mini-competition' process could be improved.	Medium	Planned Investment Team Manager	31 July 2015	Implemented	
	Aids and Adaptations	2	In accordance with the agreed schedule of rates, decorating and carpentry costs should be based on specific room	High	Planned Investment Team Manager	Immediate for 2015/16 programme	Recommendation no longer	

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
			dimensions. These costs can then be verified as part of the post-work inspection process.				applicable. A revised pricing schedule has been agreed which itemises these costs and is in line with the National Housing Federation Schedule of Rates.	
	Aids and Adaptations	3	The longstanding arrangement currently in place for the provision of goods and services for adaptations through Leicestershire County Council should be formalised in accordance with the council's procurement procedures.	High	Planned Investment Team Manager	31 <sup>st</sup> March 2016	Testing scheduled April 2016.	Discussions have started as this may be able to be progressed through Lightbulb.
	Aids and Adaptations	4	All KPIs should be formally monitored and reported to senior management and members as appropriate. This will allow action to be taken against any contractor failing to meet the required standards.	High	Planned Investment Team Manager	Immediate for 2015/16 programme	Implemented	
	Aids and Adaptations	5	Consideration should be given to introducing similar KPIs for aids and adaptations work which falls outside of the framework agreements, to allow performance in these areas to be formally monitored.	Medium	Planned Investment Team Manager	Immediate for 2015/16 programme	Implemented	
LCC	ICT Key Controls Audit	2	ICT Management should give consideration to producing a detailed DR plan and process. Once this has been completed consideration should be given to undertaking a full end to end DR test to ensure that data and systems can be recovered successfully.	High	Head of Finance/ICT Team Manager	December 2015	Testing scheduled January 2015	In progress DR plan updated and testing planned for Q3.

Report	Recommendation	Rating	Officer Responsible	Target Date	Status	Management Comments	
	3	A formal ICT change control policy and process should be established for all ICT changes and changes associated with Line of Business Systems.	High	Head of Finance/ICT Team Manager	July 2015	Implemented  Policy has been produced and will be presented to CLT 22.09.15.	
	4	ICT Management should give consideration to what performance indicators and reports should be made available and the new Service Desk Management System should be developed to satisfy this requirement.	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented  PIs agreed and sample reports being produced.	
	5	ICT Management should give consideration to developing a formal ICT Service Level Standard which ICT should be monitored against.	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented  Service standards developed, sample report being produced.	
	6	Consideration should be given to formalising systems ownership for all applications in use at NWLDC and the associated roles and responsibilities. This should include the:- Senior Management Owner (Usually at Assistant Director Level) Name of the Systems Owner Name of the Deputy Systems Owner Main Systems Administrator	Medium	Head of Finance/ICT Team Manager	September 2015	Testing scheduled October 2015	In progress This is being considered as part of systems improvements ICE workstream. Role description has been documented and systems list drafted.
	7	Consideration should be given to developing and rolling out key ICT related policies.	Medium	Head of Finance/ICT Team Manager	March 2016	Testing scheduled April 2016	Work to start in September.
	8	Where a decision is taken not to pay for support, this decision should be formally	Medium	Head of Finance/ICT	August 2015	Implemented	

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
			risk assessed and approved by Management. ICT should determine if there are any similar instances where systems are being run unsupported and this decision should be approved by Senior Management, risks assessed and mitigating controls put in place.		Team Manager		However no such decisions since the audit.	
		9	Consideration should be given to testing what would happen if one of the air conditioning units was to stop operating in the main machine room e.g. would the other AC units still function and whether just running on one or two of the AC units would provide adequate cooling.	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented	
		10	Consideration should be given to whether some more operational business tasks currently being undertaken by ICT would, subject to adequate segregation of duties, reside better within the departments e.g. the processing of BACS files.	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented	
		11	Consideration should be given to ascertaining if there are any efficiencies to be gained through automating some of the manual processes currently (e.g. spreadsheets for overtime) undertaken by departments.	Medium	Head of Finance/ICT Team Manager	September 2015	Implemented	
		12	Consideration should be given to implementing capacity monitoring processes to prevent any system downtime as a result of capacity issues and ensure that any areas of concern are addressed in a proactive manner.	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented Data is being collected and contract is in place.	
		13	ICT staff should give consideration to undertaking a risk assessment when moving systems to a cloud based system	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented Clearly	



Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
			to ensure that key risks have been identified and mitigating controls implemented.				documented risk assessments will be carried out for any major changes.	
		14	The ICT Section of the Corporate Business Continuity Plan should be reviewed and updated to reflect timescales that are aligned to operational business needs for the recovery of IT systems and should also detail the new backup arrangements.	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented	
		15	The policy for passwords should be revised to reflect the actual settings. Furthermore the policy should include the requirement for the number of passwords to be retained in the password history.	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented	
		16	Consideration should be given to reviewing the password configurations within key applications to either ensure that they comply with best practice or that a conscious decision has been made to accept any residual risk of non-compliance (once other controls such as lock out settings have also been taken into account)	Medium	Head of Finance/ICT Team Manager	January 2016	Testing scheduled February 2016	In progress Systems list created.
		17	Staff should be reminded on the need to notify ICT and relevant systems administrators promptly when an employee leaves the organisation. Furthermore HR should ensure that leaver forms are promptly sent to ICT so that leavers can be removed from the network. (The feasibility of receiving a monthly leavers report from HR should be	Medium	Head of Finance/ICT Team Manager	September 2015	Testing scheduled October 2015	In progress A comprehensive audit of ICT managed user accounts has been completed and where problems have been identified an improved process has been designed. Next stage is to advise system owners.

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
			investigated as an additional control).					
		18	For the Selima System (HR) consideration should be given to training and assigning another user with HR Super User access in order to ensure system continuity.	Medium	Head of Finance/ICT Team Manager	July 2015	Implemented	
		19	ICT Management should consider undertaking a review of all the generic accounts set up and disable/ delete the accounts as appropriate. This review should also include consideration on whether passwords should be set to expire depending on the level of risk posed if the password for the generic account was breached.	Medium	Head of Finance/ICT Team Manager	August 2015	Implemented	

## Internal Audit Performance: August 2015

### Performance Measures:

Performance Measure	2015/16 Qtr 2 Target	Position as at 31.08.15	Comments
Delivery of 2015/16 Audit Plan – Key Financial Systems	25%	0%	Treasury Management almost complete. Temporary audit resources will focus on key financial systems.
Delivery of 2015/16 Audit Plan – Non Key Financial Systems	40%	10%	
Percentage of time spent on audit work	80%	85%	
Percentage of Client Satisfaction with the Internal Audit Service	100%	Not available	Surveys sent out for quarter 1 of 2015/16 however no responses. Surveys will be sent out for quarter 2 in October.
Compliance with the Internal Audit Standards	Full	No significant gaps in compliance	
Compliance testing of completed recommendations	90%	100%	

### Service Plan Actions:

Key Deliverables (Action)	Quarter 2 Milestone	Position as at 31.08.15
Review and update Health and Safety risk assessments to ensure risks to staff and customers are controlled.	Set action plan and timescale to deliver improvements where highlighted in reviews	On target – no actions. Review due September 2015.
Undertake audits as per agreed Audit Plan.	Complete audits of 6 systems to enable the completion of the audit plan	Under control. Temporary resources from September 2015 will focus on key financial systems. We are behind from quarter 1 however at this point should be able to catch up.
Provide the Audit and Governance Committee with quarterly reports on the work and performance of internal audit.	Progress report to June Audit and Governance Committee	On target
Achievement of the PSAIS	External assessment of compliance with PSAIS	On target
Produce the 2014/15 Annual Audit Opinion Report by 30 <sup>th</sup> June 2015.	Prepare Annual Report for presentation to June Audit and Governance Committee.	Completed.
Produce and have approved the 2016/17 Internal Audit Plan by 31 <sup>st</sup> March 2016.	No action	-

Corporate Risk Register							
Risk Area	Inherent Risk			Control Measures	Residual Risk		
	Impact	Likelihood	Rating		Impact	Likelihood	Rating
Finance & Budget	4	4	16	Monthly management reviews are performed of actual against budgets and forecast to the end of the year. Monthly reporting and challenging at CLT, and reported to Cabinet quarterly Sound policies and procedures are in place. Planning for the Future has been documented and is reviewed regularly. Internal and External audit of systems and accounts.	4	1	4
Resource Capacity & Capability	4	4	16	Advance planning will mitigate this risk; however should it occur diverting resources from other services, bringing in additional resources from other sources (e.g. Agencies, Consultants, Voluntary/Community sector etc.) would be activated. Market conditions are tested through recruitment processes. The Council offers a package of additional benefits to enhance the recruitment offer. Linked to the above, the Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive. Best Employee Experience is a programme to attract and develop the right skills. It is a programme developing the talent within the staff resource through secondments and tailored development programmes.	3	2	6

Contract Management & Procurement	4	4	16	Corporate procurement staff and legal team to support where necessary on contract management. Policies and procedures are in place. Procurement Gateway Board oversees a procurement planning process. Training programme in place for staff.	3	2	6
Information Governance & Data Protection	4	4	16	Policies and procedures are in place. Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. The Council has a dedicated SIRO. Corporate Governance Groups are in place to scrutinise impacts/issues arising.	4	2	8
Emergency Planning & Business Continuity arrangements	4	4	16	Business continuity plans have been documented, policies and procedures are in place, initial continuity plans are in place to allow access to the service through alternative mechanisms (Hermitage Leisure Centre)	4	1	4
Effective IT Systems & Procedures	4	4	16	Fully resilient environment in place with no single points of failure for core systems, other critical systems use cold standby equipment. New business services are being run in remote fully resilient data centres and existing systems are being progressively migrated to these cloud computing centres. Data is backed up to a second disk unit offsite at Hermitage Leisure Centre. Improved business recovery arrangements have been implemented to minimise recovery time.	3	2	6
Project & Programme Management	4	4	16	Progress is shared regularly with CLT, experienced PRINCE 2 staff, transformation programme is continually reassessing its objectives	4	3	12

Governance, Policies & Procedures	4	4	16	Policies & procedures in place, governance processes are documented and in operation, ongoing assessments and reviews are performed.	4	1	4
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