

Meeting	AUDIT AND GOVERNANCE COMMITTEE
Time/Day/Date	6.30 pm on Wednesday, 25 June 2014
Location	Council Chamber, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

The Monitoring Officer would like to remind members that when they are considering whether the following items are exempt information under the relevant paragraph under part 1 of Schedule 12A of the Local Government Act 1972 they must have regard to the public interest test. This means that members must consider, for each item, whether the public interest in maintaining the exemption from disclosure outweighs the public interest in making the item available to the public.

AGENDA

Item	Pages
1. APOLOGIES FOR ABSENCE	
2. DECLARATIONS OF INTEREST	
Under the Code of Conduct members are reminded that in declaring disclosable interests you should make clear the nature of that interest and whether it is pecuniary or non-pecuniary.	
3. MINUTES	
To confirm and sign the minutes of the meeting held on 26 March 2014	3 - 8
4. PROTECTING THE PUBLIC PURSE FRAUD BRIEFING 2013	
Presentation from KPMG	
5. STANDARDS AND ETHICS - QUARTER 4 REPORT	
Report of the Head of Legal and Support Services and Monitoring Officer	9 - 16
6. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT	
Report of the Senior Auditor	17 - 50



7.	INTERNAL AUDIT ANNUAL REPORT 2013/14	
	Report of the Senior Auditor	51 - 76
8.	INTERNAL AUDIT PROGRESS REPORT - MAY 2014	
	Report of the Senior Auditor	77 - 98
9.	COMMITTEE WORK PLAN	
	To note the Committee's Work Plan	99 - 100

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 26 MARCH 2014

Present: Councillor T Neilson (Chairman)

Councillors J Cotterill, D De Lacy, D Everitt, A C Saffell, N Smith and R Woodward

In Attendance: Councillors

Officers: Mr P Padaniya, Mrs R Wallace, Miss E Warhurst and Miss A Wright

External Audit: Ms S Brown

30. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors A Bridges, G Jones and C Large.

31. DECLARATIONS OF INTEREST

There were no declarations of interest.

32. MINUTES

Consideration was given to the minutes of the meeting held on 11 December 2013.

It was moved by Councillor T Neilson, seconded by Councillor R Woodward and

RESOLVED THAT:

The minutes of the Audit and Governance Committee held on 11 December 2013 be approved as a correct record and signed by the Chairman.

33. STANDARDS AND ETHICS - QUARTER 3 REPORT

The Monitoring Officer presented the report to Members.

Councillor D De Lacy asked if the Local Government Ombudsman complaint referred to in the Development Control service area was an Istock application. The Monitoring Officer was not able to confirm this but agreed to find out and pass the information on to Councillor D De Lacy.

It was moved by Councillor T Neilson, seconded by Councillor R Woodward and

RESOLVED THAT:

The report be received and noted.

34. DRAFT MEMBER CONDUCT ANNUAL REPORT 2013/14

The Monitoring Officer presented the report to Members.

Councillor D De Lacy referred to the eight complaints received and asked if it was a reduction in number from the previous year. As the Monitoring Officer did not have the information at the meeting, she agreed to forward it on to all Members of the Committee at their request.

Councillor R Woodward asked that future reports include more information on the nature of the complaints so that Members could understand the context. The Monitoring Officer agreed.

It was moved by Councillor T Neilson, seconded by Councillor D De Lacy and

RESOLVED THAT:

- 1) The Draft Member Conduct Annual Report 2013/14 be received and noted.
- 2) The authority to make any minor amendments to the report following comments from the Audit and Governance Committee be delegated to the Head of Legal and Support Services and Monitoring Officer.
- 3) Council be recommended to endorse the Member Conduct Annual Report 2013/14.

35. NOMINATION OF PARISH MEMBERS

The Monitoring Officer presented the report to Members.

Councillor D De Lacy expressed his disappointment that only three nominations had been received from the Parish Councils and asked what the appointment process involved. The Monitoring Officer explained that all Parish Councils were written to with information and were asked to put forward nominations. She confirmed that a similar response had been received during previous recruitment requests.

Councillor R Woodward concurred that he was disappointed with the low response rate and asked if the Parish Representatives had been used yet. The Monitoring Officer responded that as yet, a complaint had not reached the stage where a Parish Representative was required. Councillor R Woodward commented that he did not believe that the new process was as structured as it was previously and that Members were sometimes left uninformed. The Monitoring Officer commented that there were pros and cons to the system but it did help resolve more complaints informally.

In response to a question from Councillor N Smith, the Monitoring Officer explained that Parish Councils were not limited to the number of nominations they could put forward and she would check the correspondence sent out to make sure that was clear.

Councillor N Smith pointed out that one of the nominations used to be an employee of the Council and asked if this mattered. The Monitoring Officer confirmed that this was not an issue as he would be representing the Parish Council on the Committee.

Councillor T Neilson also expressed his disappointment at the low response rate.

It was moved by Councillor T Neilson, seconded by Councillor R Woodward and

RESOLVED THAT:

The following be appointed as Parish Representatives on the Audit and Governance Committee:

Kelly Grove
Robert Martin
Susan McKendrick

36. EXTERNAL AUDIT PLAN 2013-14

Ms S Brown, External Auditor, presented the report to Members, and confirmed that the final audit would be conducted in August and then reported to the Committee in September.

Councillor N Smith asked what the impact would be once the Government removed the requirement to match employee pension contributions. Ms S Brown explained that the pension deficit would be reduced but it would not impact on the audit work undertaken.

Councillor D De Lacy asked why there was a high risk of data being inaccurate with regards to pensions. Ms S Brown explained that at the valuation each pension contribution has to be inspected which meant a large amount of data and therefore a higher risk for human error. This was why the data was tested to assist in making the process more accurate.

In response to a question from Councillor T Neilson, Ms S Brown confirmed that a proportion of work was still being undertaken by an offshore company.

Councillor N Smith asked that as the Authority was doing well, should the fee to KPMG be reduced. He confirmed that he had asked this question previously but had not been given a response. Ms S Brown explained that the Audit Commission had originally set the fees and this had been carried over to KPMG. She also stated that KPMG would be able to influence the fees charged in a few years time.

It was moved by Councillor T Neilson, seconded by Councillor N Smith and

RESOLVED THAT:

The External Audit Plan for 2013-14 be approved.

37. PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) UPDATE REPORT

The Senior Auditor presented the report to Members.

It was moved by Councillor T Neilson, seconded by Councillor N Smith and

RESOLVED THAT:

The report be noted.

38. INTERNAL AUDIT PROGRESS REPORT APRIL 2013 - FEBRUARY 2014

The Senior Auditor presented the report to Members and asked Members to comment on the new format of the report.

Councillor D De Lacy commented that he had difficulty in assessing the importance of some of the audits and asked that the report include more information in future. He also raised concerns regarding continuous missed target dates and asked how this could be addressed. The Senior Auditor agreed that more information could be included. She also explained that the missed targets for the audits were the responsibility of the Service Manager and she was aware that a new process was being introduced to keep the Corporate Leadership Team informed.

Councillor T Neilson suggested that an additional column be added to the report with an explanation from the Service Manager as to why the target date had been missed. The

Committee concurred with the suggestion. The Senior Auditor agreed to include this information in future reports.

Councillor R Woodward asked if there was anything that could be done as a Committee regarding the missed target dates. The Monitoring Officer suggested that if Members were not happy with the comments provided by the Service Managers then they could refer it to the Corporate Leadership Team for consideration. Members agreed.

Councillor N Smith queried the allocations audit following a whistle blowing allegation as referred to in the report and asked for further information. The Monitoring Officer explained that as it was a confidential matter, no information could be given but she would however express Members concerns.

It was moved by Councillor T Neilson, seconded by Councillor R Woodward and

RESOLVED THAT:

The report be noted.

39. INTERNAL AUDIT PLAN 2014-15

The Senior Auditor presented the report to Members.

Councillor D De Lacy stated that he would like more time to consider the report and asked if he could submit comments after the meeting. The Senior Auditor agreed and asked Members to send any comments directly to her.

Councillor T Neilson stressed the importance of having resources to cover the areas that needed it.

In response to a question from Councillor D De Lacy, the Senior Auditor explained that risk assessments were carried out to decide which areas to include. She added that the three year plan was referring to how the planning process was carried out in 2013/14; it was the priority of the audits which was decided through the risk assessment process. Councillor D De Lacy also requested a copy of the risk assessment scoring matrix.

It was moved by Councillor T Neilson, seconded by Councillor R Woodward and

RESOLVED THAT:

- 1) The report be noted.
- 2) The Internal Audit Plan 2014-15 be approved.

40. TREASURY MANAGEMENT ACTIVITY REPORT - APRIL 2013 TO FEBRUARY 2014

The Finance Team Manager presented the report to Members.

Councillor D De Lacy commented that the investments were mainly short term and asked if there were any opportunities for more long term investments with a higher interest rate. The Finance Team Manager explained that the Authority did have some long term investments whenever the cash flow could facilitate this. In response to a further question, the Finance Team Manager confirmed that most of the borrowing was at a fixed rate.

In response to a question from Councillor N Smith, the Finance Team Manager clarified that at the moment investments were for periods of over three months but he was currently looking into investments for over a 12 month period.

It was moved by Councillor T Neilson, seconded by Councillor J Cotterill and

RESOLVED THAT:

The report be approved.

41. AUDIT AND GOVERNANCE COMMITTEE WORK PLAN 2013 - 14

RESOLVED THAT:

The report be noted.

Councillor A C Saffell arrived at 6.35pm.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.15 pm

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**AUDIT AND GOVERNANCE COMMITTEE – 25 JUNE 2014**

Title of report	STANDARDS AND ETHICS – QUARTER 4 REPORT
Contacts	Councillor N Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Head of Legal and Support Services and Monitoring Officer 01530 454762 elizabeth.warhurst@nwleicestershire.gov.uk
Purpose of report	To receive the figures for local determination of complaints and the ethical indicators for Quarter 4 of 2013/14.
Council Priorities	Value for Money
Implications:	
Financial/Staff	N/A
Link to relevant CAT	N/A
Risk Management	By receiving this information members will be able to manage risks.
Equalities Impact Assessment	N/A
Human Rights	N/A
Transformational Government	N/A
Consultees	N/A
Background papers	None.
Recommendations	THAT THE REPORT BE RECEIVED AND NOTED.

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STANDARDS AND ETHICS

QUARTER 4 REPORT 2013-2014

1. Introduction

This is the fourth quarterly report to the Audit & Governance Committee detailing both the figures for the Ethical Indicators and the figures for the Local Determination of Complaints process for 2013/14.

For clarification purposes the months covered by the quarters are as follows:

Quarter 1 – 1 April to 30 June
Quarter 2 – 1 July to 30 September
Quarter 3 – 1 October to 31 December
Quarter 4 – 1 January to 31 March

The report is split into 2 parts for ease of reference; Part 1 refers to the local determination of complaints, part 2 is the table showing the ethical indicators figures.

The report will enable the Audit & Governance Committee to build up a picture over time of how many complaints are received and where these are coming from. The parts of the Code of Conduct which have been breached will also be recorded to enable training to be targeted effectively.

2. Part 1 – Local Determination of Complaints

The Monitoring Officer received 0 complaints in Quarter 4 of 2013/14.

2.1 Source of Complaints

There were no complaints received.

2.2 Assessment Sub-Committee Decisions

There were no Assessment Sub-committee meetings in this quarter.

As members will be aware, the Monitoring Officer now pursues an informal dispute resolution process prior to initiating formal proceedings via the sub-committee route.

2.3 Timeliness of Decision

The Standards for England Guidance stated that the Assessment Sub-committee should complete its initial assessment of an allegation “within an average of 20 working days” to reach a decision on what should happen with the complaint. The Council has taken this standard and adapted it under the new rules to aim to hold an Assessment Sub-committee within 20 working days of notifying the parties that informal resolution is not possible.

2.4 Review Requests

There have been no review requests this year. Review requests can only be made following a decision of ‘No further Action’ by the Assessment Sub-committee where there is submission of new evidence or information by the complainant.

2.5 Subsequent Referrals

None to report – see above.

2.6 Outcome of Investigations

There were no investigations concluded in this period.

2.7 Parts of the Code Breached

This section is intended to show where there are patterns forming to enable the Audit & Governance Committee to determine where there needs to be further training for Councillors. Targeting training in this way makes it more sustainable and, hopefully, more effective.

So far this year, the following areas of the code were found to have been breached:

N/A

4. Part 2 – Ethical Indicators

Ref.	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2012/13	2013/14	Actual 2012/13	2013/14	Actual 2012/13	2013/14	Actual 2012/13	2013/14
SE1	Objections to the Councils Accounts	Financial Planning Team Manager	0	0	0	0	0	0	0	0
SE3	Follow up action relating to breaches of the Member/Officer Protocol (Members)	Head of Legal and Support Services	0	0	0	0	0	0	0	0
SE3a	Disciplinary action relating to breaches of the Member/Officer Protocol (staff)	Human Resources Team Manager	0	0	0	0	0	0	0	0
SE4	District Audit Public Interest Reports	Senior Auditor	0	0	0		0	0	0	0
SE5	Number of Whistle blowing Incidents reported		1	0	0		0	0	0	0
SE6	No. of recommendations made to improve governance procedures / policies		0	4	4	5	2	0	3	17
SE6a	No. of recommendations implemented		7	5	6	2	1	1	1	9
SE7	No. of Ombudsman complaints received	Customer Services and Corporate Complaints Officer	1	2	2	2	2	2	2	0
SE7a	No. of Ombudsman complaints resolved		1	1 (1 where LGO has sent further enquiries)	2	2 (1 awaiting final decision)	2	1 (1 awaiting final decision)	2 (1 responded to in Q1 13/14)	0

Ref.	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2012/13	2013/14	Actual 2012/13	2013/14	Actual 2012/13	2013/14	Actual 2012/13	2013/14
SE7b	No. of Ombudsman complaints where compensation paid	Customer Services and Corporate Complaints Officer	0	1	1	0	1	0 (based on 1 resolved in Q3)	0	0
SE8	No. of Corporate Complaints received		77	72	84	75	89	53	51	84
SE8a	No. of Corporate Complaints resolved		75	68	84	71	89	50	47	79
SE8b	No. of Corporate Complaints where compensation paid		1	3	2	2	6	2	0	3
Freedom of Information Act Indicators										
SE9	Total no. of requests received	Head of Legal and Support Services	115	116	84	109	83	165	148	208
SE9a	No. of requests compliant		94	100	59	92	72	125	128	151
SE9b	No. of Non compliant requests		21	14	14	15	11	31	16	51
SE9c	No of requests still open and within the 20 working days		0	0	8	0	0	0	2	0
SE9d	Number withheld due to exemptions/fees applied		12	5	3	4	9	5	16	6

Ref.	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2012/13	2013/14	Actual 2012/13	2013/14	Actual 2012/13	2013/14	Actual 2012/13	2013/14
Regulation of Investigatory Powers Act Indicators										
SE10	No. of Directed Surveillance authorisations granted during the quarter	Senior Auditor	0	0	0	0	0	0	0	0
SE10a	No. in force at the end of the quarter		0	0	0	0	0	0	0	0
SE10b	No. of CHIS recruited during the quarter		0	0	0	0	0	0	0	0
SE10c	No. ceased to be used during the quarter		0	0	0	0	0	0	0	0
SE10d	No. active at the end of the quarter		0	0	0	0	0	0	0	0
SE10e	No. of breaches (particularly unauthorised surveillance)		0	0	0	0	0	0	0	0
SE10f	No. of applications submitted to obtain communications data which were rejected		0	0	0	0	0	0	0	0
SE10g	No of notices requiring disclosure of communications data		0	0	0	0	0	0	0	0
SE10h	No of authorisations for conduct to acquire communications data		0	0	0	0	0	0	0	0
SE10i	No of recordable errors		0	0	0	0	0	0	0	0

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**AUDIT AND GOVERNANCE COMMITTEE – 25 JUNE 2014**

Title of report	REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT
Contacts	Councillor Nicholas Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Senior Auditor 01530 454728 anna.wright@nwleicestershire.gov.uk
Purpose of report	To provide members of this committee with an opportunity to review the effectiveness of Internal Audit.
Reason for Decision	To comply with the Public Sector Internal Audit Standards.
Council Priorities	Value for Money
Implications:	
Financial/Staff	None
Link to relevant CAT	None
Risk Management	The Internal Audit planning process is based on a risk assessment methodology
Equalities Impact Assessment	Not Applicable
Human Rights	None
Transformational Government	Not Applicable
Consultees	Head of Finance
Background papers	Public Sector Internal Audit Standards
Recommendations	THAT THE COMMITTEE ACCEPTS THE INTERNAL AUDIT SELF ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL AUDIT FOR 2013/14 AND COMMENTS AS APPROPRIATE.

1. INTRODUCTION

- 1.1 Regulation 6 of the Accounts and Audit (England) Regulations 2011 requires bodies to conduct an annual review of the effectiveness of its internal audit function and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the overall system of internal control. The Public Sector Internal Audit Standards (PSIAS) also require that an internal or external review of the Internal Audit service is conducted annually. This review also contributes to the process in preparing the Annual Governance Statement (AGS).

2. REVIEW OF THE EFFECTIVENESS

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) have produced a Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards. The Application Note includes a 'Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note'. The checklist has been developed by CIPFA to satisfy the requirements for periodic self assessments and externally validated self assessments as part of the Quality Assurance and Improvement Programme. It incorporates both the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents.
- 2.2 A self assessment using the CIPFA checklist has been undertaken by the Senior Auditor and reviewed by the Head of Finance. The completed checklist is documented in Appendix 1. The actions required to ensure conformance with the PSIAS and the CIPFA Application Note has been produced and was presented to this committee in March 2014. An update on the progress against the action plan is included within the Internal Audit Progress Report. The self-assessment is based on the 2013-14 financial year and therefore does not take into account recent work to ensure conformance, for example, the updated Audit Opinion Report.

CHECKLIST FOR ASSESSING COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) AND THE LOCAL GOVERNMENT APPLICATION NOTE (LGAN)

2013/14 Self – Assessment

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
1		Definition of Internal Auditing				
1.1		Using evidence gained from assessing conformance with other Standards is the internal audit activity: a) Independent? b) Objective?	✓ ✓			
1.2		Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improved the effectiveness of risk management, control and governance processed within the organisation?		✓		
2		Code of Ethics				
2.1		Integrity				
2.1.1		Using evidence gained from assessing conformance with other Standards, do internal auditors: a) Perform their work with honesty, diligence and responsibility? b) Observe the law and make disclosures expected by the law and the profession? c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation? d) Respect and contribute to the legitimate and ethical objectives of the organisation?	✓ ✓ ✓ ✓			
2.2		Objectivity				

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
2.2.1		Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not: a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? b) Accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	✓ ✓ ✓			
2.3		Confidentiality				
2.3.1		Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by: a) Acting prudently when using information acquired in the course of their duties and protecting that information? b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?	✓ ✓			
2.4		Competency				
2.4.1		Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by: a) Only carrying out services for which they have the necessary knowledge, skills and experience? b) Performing services in accordance with the PSIAS? c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD		✓ ✓ ✓		

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
2.4.2		Do internal auditors have regard to the Standards of Public Life's <i>Seven Principles of Public Life</i> ?	✓			
3		Attribute Standards				
3.1		1000 Purpose, Authority and Responsibility				
3.1.1		Does the internal audit charter include a formal definition of: a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	✓ ✓ ✓			Internal Audit Charter
3.1.2	✓	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.	✓			
3.1.3	✓ ✓	Does the Internal audit charter also: a) Set out the internal audit activity's position within the organisation? b) Establish the CAE's functional reporting relationship with the board? c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively? d) Establish the responsibility of the board and also the role of the statutory officers (such as CFO, the monitoring officer and the head of paid service) with regards to internal audit?	✓ ✓ ✓ ✓			

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	✓			
	✓	f) Define the scope of internal audit activities?	✓			
	✓	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	✓			
	✓	h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (England) Regulations 2011?	✓			
	✓	i) Establish the organisational independence of internal audit?	✓			
		j) Cover the arrangements for appropriate resourcing?	✓			
		k) Define the role of internal audit in any fraud-related work?	✓			
		l) Set out the existing arrangements within the organisation, as well as assurances provided to parties external to the organisation?	✓			
		o) Define the nature of consulting services?	✓			
		p) Recognise the mandatory nature of the PSIAS?	✓			
3.1.4		Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	✓			The Internal Audit Charter was presented to Senior Management and the Board for approval in September 2013 and will be reviewed annually.
3.1.5		Does the CAE attend audit committee meetings?	✓			
3.1.6		Does the CAE contribute to audit committee agendas?	✓			
3.2		1100 Independence and Objectivity				

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
3.2.1		Does the CAE have direct and unrestricted access to senior management and the board?	✓			Constitution
3.2.2		Does the CAE have direct and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	✓			
3.2.3		Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓ ✓ ✓ ✓			
		1110 Organisational Independence				
3.2.4		Does the CAE report to an organisational level equal or higher to the corporate management team?	✓			
3.2.5	✓	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority.	✓			
3.2.6	✓	Does the CAE's position in the management structure: a) Reflect the influence he or she has on the control environment? b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?		✓ ✓ ✓		

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
3.2.7		<p>Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity:</p> <p>The board:</p> <p>a) approves the internal audit charter?</p> <p>b) approves the risk-based audit plan?</p> <p>c) approves the internal audit budget and resource plan?</p> <p>d) receives communications from the CAE on the activity's performance (in relation to the plan, for example)</p> <p>e) approves decisions relating to the appointment and removal of the CAE</p> <p>f) seeks assurances from management and the CAE as to whether there are any inappropriate scope or resource limitations.</p>	✓		✓	<p>IA Charter approved September 2013</p> <p>Audit Plan approved March 2014.</p> <p>Quarterly Progress Report</p>
3.2.8		Does the chief executive or equivalent undertake, countersign, contribute feedback or review the performance of the CAE?			✓	
3.2.9		Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?			✓	
		1111 Direct Interaction with the Board				
3.2.10		Does the CAE communicate and interact directly with the board?	✓			Reports to Audit Committee in own name, presents the reports to the committee and answers any questions.
		1120 Individual Objectivity				
3.2.11		Do internal auditors have an impartial, unbiased attitude?	✓			
3.2.12		Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		1130 Impairment to Independence or Objectivity				
3.2.13		If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?	✓			
3.2.14		Have internal audits assessed specific operations for which they have been responsible within the previous year?	✓			
3.2.15		If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	✓			
3.2.16	✓	Are assignments for ongoing assurances engagements and other audit responsibilities rotated periodically within the internal audit team?		✓		
3.2.17	✓	Have internal audits declared interests in accordance with organisational requirements?		✓		
3.2.18	✓	Where any internal auditor has accepted gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has been declared and investigated fully?				N/A – no accepted gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties have been offered or accepted.
3.2.19	✓	Have any instances been discovered where any internal auditor has used information obtained during the course of duties for personal gain?				N/A – no instances discovered.
3.2.20	✓	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓			
3.2.21	✓	Have internal auditors complied with the Bribery Act 2010?	✓			

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
3.2.22		If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?				N/A
3.2.23		Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?				N/A
3.3		1200 Proficiency and Due Professional Care				
		1210 Proficiency				
3.3.1		Does the CAE hold a professional qualification such as CMIIA/CCAB or equivalent?	✓			CIPFA qualified since September 2005
3.3.2		Is the CAE suitably experienced?	✓			13 years experience within Internal Audit
3.3.3	✓	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			
3.3.4	✓	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?		✓		
3.3.5		Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?		✓		
3.3.6		Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?		✓		
3.3.7		Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?		✓		

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
3.3.8		Do internal auditors have sufficient knowledge of key information technology risks and controls?			✓	
3.3.9		Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?			✓	
		1220 Due Professional Care				
3.3.10		Do internal auditors exercise due professional care by considering the: a) Extent of work needed to achieve the engagement's objectives? b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? c) Adequacy and effectiveness of governance, risk management and control processes? d) Probability of significant errors, fraud or non-compliance? e) Cost of assurance in relation to potential benefits?		✓ ✓ ✓ ✓ ✓		
3.3.11		Do internal auditors exercise due professional care during a consulting engagement by considering the: a) Needs and expectations of clients, including the nature, timing and communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement's objectives? c) Cost of the consulting engagement in relation to potential benefits?		✓ ✓ ✓		
		1230 Continuing Professional Development				
3.3.12	✓	Has the CAE defined the skills and competencies for each level of auditor?		✓		Job Description/Person Specification

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
3.3.13	✓	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?		✓		BEE Valued Appraisal – not audit specific
3.3.14		Do internal auditors undertake a programme of continuing professional development?		✓		
3.3.15		Do internal auditors maintain a record of their professional development and training activities?		✓		Record maintained by Senior Auditor
3.4		1300 Quality Assurance and Improvement Programme				
3.4.1		Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?			✓	
3.4.2		Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?			✓	
3.4.3		Does the CAE maintain the QAIP?			✓	
3.4.4	✓	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?	✓			An annual review of the effectiveness of its internal audit activity conducted annually and reported to Audit Committee in June. However, the review was undertaken against the previous CIPFA Code of Conduct.
		1310 Requirements of the Quality Assurance and Improvement Programme				
3.4.5		Does the QAIP include both internal and external assessments?			✓	
		1311 Internal Assessments				
3.4.6	✓	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?		✓		
3.4.7		Do internal assessments include ongoing monitoring of the internal audit activity, such as: a) Routine quality monitoring processes?			✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		b) Periodic assessments for evaluating conformance with the PSIAS?			✓	
3.4.8	✓	Does ongoing performance monitoring include comprehensive performance targets?	✓			
3.4.9	✓	Are the performance targets developed in consultation with the appropriate parties and included in any service level agreement?		✓		
3.4.10	✓	Does the CAE measure, monitor and report on progress against these targets?	✓			
3.4.11	✓	Does ongoing performance monitoring include obtaining stakeholder feedback?		✓		
3.4.12		Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.			✓	
3.4.13	✓	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?			✓	
		1312 External Assessments				
3.4.14		Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			
3.4.15	✓	Has the CAE considered the pros and cons for the different types of external assessments (ie full or self-assessment plus 'independent validation')?			✓	
3.4.16		Has the CAE discussed the proposed form of the external assessments and the qualifications and independence of the assessor or assessment team with the board?			✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
3.4.17	✓	Has the CAE agreed the scope of the external assessments with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?			✓	
3.4.18		Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?			✓	
3.4.19		<p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <ul style="list-style-type: none"> a) experience gained in organisations of similar size b) Complexity c) sector (ie the public sector) d) industry (ie local government) e) technical expertise. <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>			✓ ✓ ✓ ✓ ✓	
3.4.20		How has the CAE used his or her professional judgment to decide whether the assessor or assessment team demonstrated sufficient competence to carry out the external assessment?			✓	
3.4.21		Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under control of the organisation to which the internal audit activity belongs.			✓	
		<i>1320 Reporting on the Quality Assurance and Improvement Programme</i>				
3.4.22		<p>Has the CAE reported the results of the QAIP to senior management and the board.</p> <p>Note that:</p>			✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		a) the results of both external and periodic internal assessment must be communicated upon completion b) the results of ongoing monitoring must be communicated at least annually c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit's activity's conformance with the PSIAS.			✓ ✓ ✓	
3.4.23		Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?			✓	
		1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'				
3.4.24		Has the CAE reported any instances of non-conformance with the PSIAS to the board?			✓	
3.4.25		Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?			✓	
4		Performance Standards				
4.1		2000 Managing the Internal Audit Activity				
4.1.1		Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?		✓		
4.1.2		Does the internal audit activity conform with the <i>Definition of Internal Auditing and the Standards</i> ?		✓		
4.1.3		Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ?		✓		
4.1.4		Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance?		✓		

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?		✓		
		2010 Planning				
4.1.5		Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?			✓	
4.1.6		Does the risk-based plan take into account the requirement to produce an internal audit opinion?			✓	
4.1.7		Does the risk-based plan take into account the organisation's assurance framework?			✓	
4.1.8		Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links with the organisational objectives and priorities?			✓ ✓ ✓	
4.1.9		Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?			✓	
4.1.10		In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity framework and relative risk maturity of the organisation?			✓	
4.1.11		If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?			✓	
4.1.12	✓	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work?			✓ ✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		c) Estimated resources needed for the work?			✓	
4.1.13	✓	Does the risk-based plan differentiate between audit and other types of work?			✓	
4.1.14	✓	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?			✓	
4.1.15		Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?			✓	
4.1.16		Is the internal activity's plan of engagements based on a documented risk assessment?			✓	
4.1.17		Is the risk assessment used to develop the plan of engagements undertaken at least annually?			✓	
4.1.18	✓	In developing the risk-based plan, has the CAE also considered the following: a) Any declarations of interest (for the avoidance of conflicts of interest)? b) The requirements to use specialists, eg IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?		✓ ✓ ✓	✓	
4.1.19		Is the input of senior management and the board considered in the risk assessment process?	✓			
4.1.20		Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?			✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.1.21		Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?			✓	
4.1.22		Are consulting engagements that have been accepted included in the risk-based plan?			✓	
		2020 Communication and Approval				
4.1.23		Has the CAE communicated the internal audit activity's plans and resources requirements to senior management and the board for review and approval?	✓			
4.1.24		Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓			
4.1.25		Has the CAE communicated the impact of any resource limitations to senior management and the board?		✓		
		2030 Resource Management				
4.1.26		Does the risk-based plan explain how internal audit's resources requirements have been assessed?	✓			
4.1.27	✓	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	✓			
4.1.28	✓	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.		✓		
		2040 Policies and Procedures				

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.1.29		Has the CAE developed and put into place policies and procedures to guide the internal audit activity?		✓		
4.1.30	✓	Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS? Examples include maintaining an audit manual and/or electronic management systems.			✓	
4.1.31	✓	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?		✓		
		2050 Coordination				
4.1.32		Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?			✓	
4.1.33	✓	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			✓	
4.1.34		Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?		✓		
4.1.35	✓	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective plans?		✓		
		2060 Reporting to Senior Management and the Board				
4.1.36		Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?		✓		
4.1.37		Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?		✓		

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.1.38		Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?		✓		
		2070 External Service Provider and the Organisational Responsibility for Internal Auditing				
4.1.39		Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining an effective internal audit activity remains with the organisation?				N/A – provided in-house for NWLDC
4.2		2100 Nature of Work				
4.2.1		Does the internal audit activity evaluate and contribute to the improvement of the organisation’s governance, risk management and internal control processes?		✓		
4.2.2		Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?			✓	
		2110 Governance				
4.2.3		Does the internal audit activity:				
		a) Promote appropriate ethics and values within the organisation?	✓			
		b) Ensure effective organisational performance management and accountability?	✓			
		c) Communicate risk and control information to appropriate areas of the organisation?	✓			
		d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	✓			

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.2.4		Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	✓			
4.2.5		Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?			✓ ✓ ✓	
4.2.6		Has the internal audit activity assessed whether the organisation's information technology governance supports the strategies and objectives?			✓	
4.2.7	✓	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?		✓		
		<i>2120 Risk Management</i>				
4.2.8		Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that: a) Organisational objectives support and align with the organisation's mission? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite? d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?		✓ ✓	✓ ✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.2.9		Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies and contracts?			✓ ✓ ✓ ✓ ✓	
4.2.10		Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?			✓	
4.2.11		Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?		✓		
4.2.12		Are internal auditors alert to other significant risks when undertaking consulting engagements?		✓		
4.2.13		Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓			Internal Audit Charter
		2130 Control				
4.2.14		Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives?			✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies and contracts?			✓ ✓ ✓ ✓	
4.2.15		Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?		✓		
4.3		2200 Engagement Planning				
4.3.1		Do internal auditors develop and document a plan for each engagement?		✓		
4.3.2		Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource Allocations?		✓ ✓	✓ ✓	
4.3.3		Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagements records)?		✓ ✓ ✓		

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.3.4		For significant consulting engagements, has this understanding been documented?			✓	
		2210 Engagement Objectives				
4.3.5		Have objectives been agreed for each engagement?	✓			
4.3.6		Have internal auditors carried out a preliminary risk assessment of the activity under review?		✓		
4.3.7		Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?		✓		
4.3.8		Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?		✓ ✓ ✓ ✓		
4.3.9		Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?			✓	
4.3.10		If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?			✓	
4.3.11		If the criteria has been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?			✓	
4.3.12	✓	If the value for money criteria has been referred to, has the use of all the organisation's main types of resources been considered; including money, people and asset?			✓	
4.3.13		Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?			✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.3.14		Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?			✓	
		2220 Engagement Scope				
4.3.15		Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?			✓	
4.3.16		Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises?			✓ ✓ ✓ ✓	
4.3.17		Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate: a) Systems? b) Records? c) Personnel? d) Premises?			✓ ✓ ✓ ✓	
4.3.18		Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?				n/a
4.3.19		Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?				n/a
4.3.20		For a consulting engagement, was the scope of the engagement sufficient to address any agreed upon objectives?				n/a

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.3.21		If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?				n/a
4.3.22		During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?				n/a
4.3.23		During consulting engagements, were internal auditors alert to any significant control issues?				n/a
		2230 Engagement Resource Allocation				
4.3.24		Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?		✓ ✓ ✓		
		2240 Engagement Work Programme				
4.3.25		Have internal auditors developed and documented work programmes that achieve the engagement objectives?		✓		
4.3.26		Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?			✓ ✓ ✓ ✓	
4.3.27		Were work programmes approved prior to implementation for each engagement?			✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.3.28		Were any adjustments required to work programmes approved promptly?				n/a
4.4		2300 Performing the Engagement				
4.4.1		Have internal auditors carried out the following in order to achieve each engagement's objectives: a) Identifying sufficient information? b) Analyse sufficient information? c) Evaluate sufficient information? d) Document sufficient information?			✓ ✓ ✓ ✓	
		2310 Identifying Information				
4.4.2		Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information? c) Relevant information? d) Useful information?			✓ ✓ ✓ ✓	
		2320 Analysis and Evaluation				
4.4.3		Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	✓			
4.4.4	✓	Have internal auditors remained alert to the possibility of the following: a) intentional wrongdoing b) errors and omissions c) poor value for money d) failure to comply with management policy, and e) conflicts of interest when performing their individual audits, and has this been documented?	✓ ✓ ✓ ✓ ✓		✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		2330 Documenting Information				
4.4.5		Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			
4.4.6	✓	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			
4.4.7		Does the CAE control access to engagement records?	✓			
4.4.8		Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?			✓	Documents only released to External Audit
4.4.9		Has the CAE developed and implemented retention requirements for all types of engagement records?		✓		
4.4.10		Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?		✓		
		2340 Engagement Supervision				
4.4.11		Are all engagements properly supervised to ensure that the objectives are achieved, quality is assured and that staff are developed?		✓		
4.4.12		Is appropriate evidence of supervision documented and retained for each engagement?		✓		
4.5		2400 Communicating Results				
4.5.1		Do internal auditors communicate the results of engagement?	✓			
		2410 Criteria for Communicating				
4.5.2		Do the communications of engagement results include the following:				

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
		a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	✓ ✓ ✓		✓	
4.5.3	✓	Has the internal auditor discussed the content of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions/?	✓			
4.5.4	✓	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓			
4.5.5	✓	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			
4.5.6	✓	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?		✓		
4.5.7	✓	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	✓			
4.5.8	✓	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinion and/or conclusions, building up to the annual internal audit opinion on the control environment?	✓			
4.5.9		When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.5.10		When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			
4.5.11		Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?			✓	
4.5.12		When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?			✓	
4.5.13	✓	If the CAE has been required to provide assurance to other partnerships organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?				n/a
		2420 Quality of Communications				
4.5.14		Are communications? a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	✓ ✓ ✓ ✓ ✓ ✓ ✓			
		2421 Errors and Omissions				
4.5.15		If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓			n/a – no occurrences
		2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'				

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.5.16		Do internal auditors report that engagement are 'conducted in conformance with PSIAS' only if the results of the QAIP support such a statement?			✓	
		2431 Engagement Disclosure of Non-conformance				
4.5.17		Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communications of the results disclose the following: a) The principle of rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?			✓ ✓ ✓	
		2440 Disseminating Results				
4.5.18		Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			
4.5.19		Has the CAE communicated engagement results to all appropriate parties?	✓			
4.5.20		Before releasing engagement results to parties outside of the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of results?	✓		✓ ✓	
4.5.21		Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?		✓		
		2450 Overall Opinion				

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
4.5.22		Has the CAE delivered an annual internal audit opinion?	✓			
4.5.23		Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?		✓		
4.5.24		Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?			✓	
4.5.25		Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?		✓		
4.5.26		Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?		✓ ✓	✓ ✓	
4.5.27		Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?			✓	
4.5.28		Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?		✓		
4.5.29	✓ ✓ ✓ ✓ ✓	Does the annual report incorporate the following: a) The annual internal audit opinion? b) A summary of the work that supports the opinion? c) A disclosure of any qualifications to the opinion? d) The reasons for any qualifications to the opinion? e) A disclosure of any impairments or restriction in scope? f) A comparison or work actually carried out with the work planned?	✓ ✓ ✓	✓ ✓	✓	

Ref	LGAN	Conformance with the Standard	Yes	Partial	No	Evidence
	✓	g) A statement on conformance with the PSIAS?			✓	
	✓	h) The results of the QAIP?			✓	
	✓	i) Progress against any improvement plans resulting from the QAIP?			✓	
	✓	j) A summary of performance of the internal audit activity against its performance measures and targets?	✓			
		k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?		✓		
4.6		2500 Monitoring Progress				
4.6.1		Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risks of not taking action?		✓		
4.6.2		Where issues have been identified during the follow up process, has the CAE considered revising the internal audit opinion?			✓	
4.6.3		Do the results of the monitoring management actions inform the risk-based planning of future audit work?		✓		
4.6.4		Does the internal audit activity monitor the results of consulting engagements as agreed with the client?			✓	
4.7		2600 Communicating and Acceptance of Risks				
4.7.1		If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓			
4.7.2		If, after discussions with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	✓			

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 25 JUNE 2014

Title of report	INTERNAL AUDIT ANNUAL REPORT 2013/14
Contacts	Councillor Nicholas Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Senior Auditor 01530 454728 anna.wright@nwleicestershire.gov.uk
Purpose of report	To present the Internal Audit Annual Report to members.
Reason for Decision	To comply with the Public Sector Internal Audit Standards.
Council Priorities	Value for Money
Implications:	
Financial/Staff	None
Link to relevant CAT	None
Risk Management	The audit planning process is based on risk assessment
Equalities Impact Assessment	N/A
Human Rights	N/A
Transformational Government	No direct implications
Consultees	Head of Finance
Background papers	Public Sector Internal Audit Standards
Recommendations	THAT THE COMMITTEE NOTES THIS REPORT AND COMMENTS AS APPROPRIATE.

1. INTRODUCTION

- 1.1 This is the annual report of the Senior Auditor as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2013 to 31 March 2014.
- 1.2 This report includes the Senior Auditor's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.3 This report also provides information on:
- the independence of internal audit;
 - comparison of planned work to actual work undertaken;
 - audit reports issued and implementation of agreed recommendations;
 - other assurances;
 - issues of concern;
 - internal audit's performance;
 - compliance with the Public Sector Internal Audit Standards; and
 - issues for inclusion within the Annual Governance Statement.
- 1.4 The most that the Internal Audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes or internal controls. The matters raised in this report are only those which came to our attention during the internal audit work and are not necessarily a comprehensive statement of all weaknesses that exist, or of all the improvements that may be required.

2. ANNUAL OPINION 2013/14

- 2.1 For the 12 months ended 31st March 2014, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations. I have formed the opinion that the Council's overall internal control arrangements provide **adequate assurance** based on the assurance model adopted as detailed in the table below.

Table 1: Assurance Model Definitions

	LEVEL	SYSTEM ADEQUACY	CONTROL APPLICATION
Positive Opinion	Substantial Assurance	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
Positive Opinion	Adequate Assurance	Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger.	Controls are applied but with some lapses.
Negative Opinion	Limited Assurance	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

3 INDEPENDENCE OF INTERNAL AUDIT

- 3.1 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. There have been no impairments for the 2013/14 financial year.

4. COMPARISON OF PLANNED WORK TO ACTUAL WORK UNDERTAKEN

4.1 The Internal Audit Plan for 2013/14 was approved by the Audit and Governance Committee on 27 March 2013. A comparison of planned audits with audits completed is shown in Appendix A. The 2013/14 audit plan has been completed, plus two additional non main systems audits.

5. SUMMARY OF REPORTS ISSUED AND THE IMPLEMENTATION OF AGREED RECOMMENDATIONS

5.1 A summary of all audit reports issued during the 2013/14 financial year is documented in Appendix B. Appendix C details all the recommendations made during the year along with their status. Table 2 provides a summary of the assurance levels and status of agreed recommendations for each audit completed.

Table 2: Summary of Reports Issued

Audit Area	Level of Assurance	Agreed Recommendations Status
Capital	Grade 1	No actions
Cash & Bank	Grade 1	No actions
Creditors	Grade 2	On Target
Debtors	Grade 2	On Target
Main Accounting	Grade 2	On Target
Payroll	Grade 3	On Target
Rent Accounting	Grade 2	Implemented
Treasury Management	Grade 1	No actions
Allocations	Grade 2	Implemented
Car Parking & Enforcement	Grade 2	Implemented
Commercial Lettings	Grade 1	No actions
Development Control	Grade 2	Overdue
Housing Maintenance – Voids & Responsive Repairs	Grade 4	On Target
ICT Security and Back Up Controls	Grade 2	On Target
Licensing	Grade 1	No actions
Risk Management	Grade 3	Overdue
Trade Refuse	Grade 1	No actions

6. OTHER ASSURANCES

6.1 Three of the Council’s key financial systems (Benefits, Business Rates and Council Tax) are provided by the Leicestershire Revenues and Benefits Partnership. The internal audit service at the Partnership is provided by CW Audit Services. Appendix D details the level of assurance and overall opinion for the three key financial systems and Appendix E details the recommendations made and the status for each recommendation.

7. ISSUES OF CONCERN

7.1 During the year, there have been three audits that have identified significant controls weaknesses and have impacted on the overall assurance opinion. The three audits are in relation to:

- Payroll
Grade 3 – Internal controls require significant improvement
A summary of the improvements required is detailed in Appendix B.
The payroll report was not issued until May 2014 and therefore none of the recommendations are yet due for implementation.
- Housing Maintenance – Voids and Responsive Repairs
Grade 4 – Internal controls are inadequate in all important aspects.
A summary of the improvements required is detailed in Appendix B.
A Task and Finish Group, chaired by the Director of Services, has been formed to oversee the implementation of the Internal Audit recommendations. 19 recommendations to improve the internal controls were made, 15 have been implemented by the department and the remaining four are on target to be implemented by the agreed date.
- Risk Management
Grade 3 – Internal controls require significant improvement
A summary of the improvements required is detailed in Appendix B.
The recommendations to improve the internal control were due to be implemented in January 2014, however a revised date of July 2014 has been agreed.

8. INTERNAL AUDIT PERFORMANCE

8.1 The following table outlines the results against the performance indicators relating to Internal Audit for the year ended 31 March 2014.

Table 3: 2013/14 Internal Audit Performance

Indicator	Target	Actual	Notes
Delivery of Audit Plan: Main Systems	100%	87.5%	The Payroll audit was not completed until the 8 th May 2014.
Delivery of Audit Plan: Non Main Systems	100%	125%	Two additional audits completed. The ICT Security and Back Up Controls audit was not completed until 29 th May 2014.
Percentage of Productive Time	75%	62%	The productive time was lower than forecast due to the additional work undertaken in relation to the PSIAS.
Percentage of Clients satisfied with service	95%	100%	
Compliance with the Internal Audit Standards	100%	40%	An action plan has been produced to ensure conformance (where reasonable) by the end of March 2015.
Compliance testing of completed recommendations	90%	100%	

9. COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 9.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has produced a Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards. The Application Note includes a 'Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note'. A self assessment using the CIPFA checklist have been undertaken by the Senior Auditor and reviewed by the Head of Finance. The self assessment has been presented to the Audit and Governance Committee as part of a separate report, the main areas of non-conformance during the 2013/14 year were:
- Risk based audit planning;
 - Engagement planning;
 - Information reporting to management and members;
 - The Quality Assurance and Improvement Programme; and
 - Assessment of the ethics, governance and information systems.
- 9.2 An action plan to ensure conformance with the PSIAS has been produced and agreed by the Audit and Governance Committee in March 2014. The action plan is detailed in Appendix F, along with a status report as at 31 March 2014.

10. ISSUES FOR INCLUSION WITHIN THE ANNUAL GOVERNANCE STATEMENT

- 10.1 The Head of Finance has been issued with copies of all internal audit reports issued during the year. The Head of Finance should review the Payroll, Housing Maintenance-Voids and Responsive Repairs and Risk Management audit reports and assess whether to include the findings within the Annual Governance Statement.
- 10.2 The Head of Finance should also note the main areas of non-conformance with the Public Sector Internal Standards and assess whether this has an impact on the reliance of the work undertaken by Internal Audit.

Appendix A

Comparison of work actually carried out to the work planned

Capital	Planned Audit	Complete
Cash and Bank	Planned Audit	Complete
Creditors	Planned Audit	Complete
Debtors	Planned Audit	Complete
Main Accounting	Planned Audit	Complete
Payroll	Planned Audit	Complete
Treasury Management	Planned Audit	Complete
Rent Accounting	Planned Audit	Complete
Car Parking	Planned Audit	Complete
Licensing	Planned Audit	Complete
Trade Waste	Planned Audit	Complete
Commercial Rents	Planned Audit	Complete
ICT Security & Back Up Controls	Planned Audit	Complete
Housing Maintenance	Planned Audit	Complete
Strategic Risk Register	Planned Audit	Complete
Development Control	Planned Audit	Complete
Petty Cash and Floats	Additional Audit	Complete
Allocations	Additional Audit	Complete

Executive Summary of 2013/14 Audits Reports Issued

Audit	Grade	The principal areas identified for improvement:
<u>Main Systems</u>		
Capital	Grade 1 Internal Controls are adequate in all important areas	None required.
Cash & Bank	Grade 1 Internal Controls are adequate in all important areas	None required.
Creditors	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • A reminder should be sent to all officers with responsibility for placing orders regarding the necessity to ensure the proper process is followed at all times. The Council could also consider drawing up procedures to cover 'emergency' orders to ensure these are only made when necessary and are correctly authorised etc; • further investigation should be undertaken to establish if / how the TASK system could be used to provide the required exception reports regarding payments to new suppliers, potentially duplicated payments, unrepresented cheques; and • reconciliations should be completed in a timely manner.
Debtors	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • The Recovery module of the TASK sundry debtors system should be introduced as soon as possible to enable more effective recovery procedures to NWLDC; • progress to enable Departments to assist with more stringent recovery action should be accelerated to enable such actions to be used in practice as soon as possible; • the on-going review of aged debts should be continued for the foreseeable future or until all potential recovery avenues have been exhausted; • the monitoring of debt collection performance should be undertaken on a regular basis to ensure that collection processes remain effective and to ensure that uncollected amounts are not allowed to accumulate; and • reconciliations should be completed in a timely manner.
Main Accounting	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • Relevant procedural documentation should be reviewed and up-dated as necessary to ensure that all appropriate areas of operation are included; • reconciliations should be completed in a timely manner; • the redundant users on the TOTAL LIVE system should be deactivated immediately. In

		<p>addition, we would recommend that the Council introduces a formal process (e.g. a checklist) to ensure that details of all staff leaving the Council are communicated to relevant managers to ensure that system access is removed in a timely manner;</p> <ul style="list-style-type: none"> • the position regarding overall TOTAL LIVE systems administration should be clarified, and relevant training provided as necessary; and • the Finance Team should reintroduce the month end task checklists to help ensure that all relevant systems are kept up-to-date. The checklists should be reviewed by the Financial Team Manager to ensure that progress is maintained and to identify any issues arising.
Payroll	Grade 3 Internal Controls require significant improvement.	<ul style="list-style-type: none"> • More care needs to be taken by Human Resources staff directly inputting into the Human Resources module; • more care needs to be taken by Exchequer Services staff collating payroll spreadsheet input and by Selima staff when inputting data; • Selima should provide evidence of their internal processes that ensure all data supplied by NWLDC is entered into the payroll system and accurately reflects the input received from NWLDC and any legislative requirements relating to the input; • the exception reports should be redesigned to ensure they are fit for purpose; • the Senior Exchequer Services Officer and a Senior Human Resources Advisor should formally accept the Selima exception reports prior to authorisation of the submission of the BACS file making the payroll payments; and • the draft service level agreement prepared by Selima should be redrafted with more performance targets identified. Until this happens it would be sensible to have formal recording of issues maintained by NWLDC and Selima with monthly exchange of such detail.
Rent Accounting	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • There should be thorough checking of collated lists of accounts submitted for write-off to avoid duplicate requests; • the HRA Business Support Team Manager should undertake at least six monthly reviews of staff who have 'super user' access rights to confirm the continuing need for high level of access and provide written confirmation that the review has taken place; and • the user profile for Housing Maintenance users should not include access to the Housing Rents module.
Treasury Management	Grade 1 Internal Controls are adequate in all important areas	None required.
Non Main Systems		
Allocations	Grade 2	<ul style="list-style-type: none"> • Documented procedures should be produced detailing the process to be followed when a

	Internal Controls require improvement in some areas.	property is allocated to a council employee including the requirement for additional authorisation by the Housing Management Team Manager; and <ul style="list-style-type: none"> the process for requesting housing repairs to council properties should be followed by all council employees.
Car Parking & Enforcement	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> Procedure notes should be created to reflect the current working practices of the Environmental Crimes Assistant; regular printouts should be taken from the replacement ticket machine in North Street, Ashby by NWLDC staff to enable proper reconciliation of cash received; quarterly season tickets should not be issued until full payment or at least the first instalment has been received ; and staff should be reminded of the need to accurately record VAT to ensure that NWLDC is properly reporting VAT to HMRC.
Commercial Lettings	Grade 1 Internal Controls are adequate in all important areas	None required.
Development Control	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> The Development Control procedure notes should be updated to reflect current working practices; the Planning & Development Team Manager should authorise expenditure in excess of £2,000 up to £24,999 with the Head of Regeneration and Planning authorising in his absence and when the expenditure is in excess of £25,000; and all leavers and staff who transfer to another post within the Council should have their Uniform system user privileges removed as soon as the member of staff leaves their post.
Housing Maintenance – Voids & Responsive Repairs	Grade 4 Internal Controls are inadequate in all important aspects.	<ul style="list-style-type: none"> The 10% audit sample should be selected by the Responsive Repairs Manager or the Housing Repairs and Investment Team Manager when the In-house Repairs Team Leader is unavailable; the In House Repairs Team Leader should check all orders raised by the Logistics Support Officer in addition to existing sampling of the materials audits undertaken; all procurement card holders and suppliers should be reminded of the importance of quoting and recording the correct works order number for materials purchased; the DLO Operatives should be reminded to quote the works order for materials ordered to replenish van stock; the specification for the new mobile working system should include the capability to

		<p>transfer details of materials ordered and used to the Capita Housing Maintenance system and should be introduced as soon as possible;</p> <ul style="list-style-type: none"> • variation orders above £99 should be entered onto the Capita system by the authorising officer and a revised works order should be issued prior to completion of the additional work; • the backlog of historical post inspections should be cleared as soon as possible and procedures should be put into place to ensure post inspections are undertaken in a timely manner; • Housing Management should ensure that all rechargeable works are recorded and processed promptly; • the Customer Services Centre and Housing Maintenance should review their internal procedures and flowcharts to ensure that all rechargeable jobs are properly identified and promptly processed especially non-voids; • mileage claims should be checked by a different person to the authoriser; • invoices, overtime and mileage claims should only be authorised by persons with an approved limit greater than the value of the document being approved for payment; • the Responsive Repairs Manager should review the void property key signing in and out process to ensure that there is a complete audit trail of the entire process and to refine the documentation to remove unnecessary duplication in the process; • all incidences of break-ins, unauthorised entry, theft, vandalism and/or sabotage to empty council properties should be reported to HR, Internal Audit, Housing Repairs and Investment Team Manager and the police (if appropriate) promptly after it has been identified; • all incidences of break-ins, unauthorised entry, theft, vandalism and/or sabotage to empty council properties should be promptly investigated by the Planned Investment Manager and/or the Responsive Repairs Manager and the outcome reported to HR, Internal Audit and the Housing Repairs and Investment Team Manager; • the Housing Repairs and Investment Team Manager should review the officers who are able to raise work orders and order materials and request a corporate authorisation limit for those who do not have one in place; • the Customer Team Manager should review the list of officers able to raise works order and their limits and request a corporate authorisation limit for those who do not have one in place; • the Housing Repairs and Investment Team Manager should review the list of procurement card holders and their limits and request a corporate authorisation limit for those who do
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		<p>not have one in place; and</p> <ul style="list-style-type: none"> • a procedure should be implemented to ensure that officers are not set up with the ability to raise works orders or with a procurement card until a corporate authorisation limit is in place.
ICT Security and Back Up Controls	Grade 2 Internal Controls require improvement in some areas.	<ul style="list-style-type: none"> • ICT Service Desk staff should only create a network user account on receipt of a properly authorised network access request and ensure that access rights are disabled for any user where notification is received that the user no longer requires network access; • ICT Service Desk staff should disable the seventy eight accounts for users that no longer work for or with NWLDC staff and all Managers should be reminded of the need to inform ICT of all network users under their management who no longer require access to the data network; • ICT in conjunction with Departmental managers should review the network access for staff under their control on an annual basis and the ICT Service Desk staff should ensure that managers authorise the required data areas for any user that has a change of role necessitating a variation in their access rights; and • The ICT Team Manager should expedite the introduction of the proposed revised backup arrangements and perform a disaster recovery test at the earliest opportunity.
Licensing	Grade 1 Internal Controls are adequate in all important areas	None required.
Risk Management	Grade 3 Internal Controls require significant improvement.	<ul style="list-style-type: none"> • The NWLDC Risk Management Strategy created in 2009 should be reviewed for changes in structure, personnel and the procedures contained therein and the agreed policy should then be followed; • Regular reports should be taken to the Cabinet and Audit and Governance Committee to provide assurance to Members that risks are being managed appropriately; and • The Corporate Risk Register Action Plan should be generated as set out in the Risk Management Strategy.
Trade Refuse	Grade 1 Internal Controls are adequate in all important areas	None required.

Members are able to view copies of all Internal Audit reports on iNET at:

<http://workspace.nwldc.gov.uk/Members/Internal%20Audit%20Reports%20and%20Recommendations/Forms/AllItems.aspx>

INTERNAL AUDIT RECOMMENDATIONS 2013-14

Report No: 13/14-1

Report Name: Development Control

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The Development Control procedure notes should be updated to reflect current working practices.	Medium	Agree	June 2013 Revised Date: September 2013 July 2014	Planning & Development Team Manager	In progress (overdue)
2	The Planning & Development Team Manager should ensure that staff required to authorise expenditure are aware of their personal authorisation limits that are in force and consider the need for additional authorisers.	High	Agree	Immediate	Planning & Development Team Manager	Implemented
3	All leavers and staff who transfer to another post within the Council should have their Uniform system user privileges removed as soon as the member of staff leaves their post.	High	Agree	Immediate	Planning & Development Team Manager	Implemented

Report No: 13/14-2

Report Name: Car Parking and Enforcement

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	Procedure notes should be created to reflect the current working practices of the Environmental Crimes Assistant.	Medium	Agree	01.09.13 Revised: December 2013 March 2014	Environmental Crimes Assistant/ Wardens Manager	Implemented
2	Regular printouts should be taken from the replacement ticket machine in North Street, Ashby by NWLDC staff to enable proper reconciliation of cash received.	High	Agree	31.05.13	Environmental Crimes Assistant	Implemented
3	Quarterly season tickets should not be issued until full payment or at least the first instalment has been received.	High	Agree	31.05.13	Environmental Crimes Assistant	Implemented

4	Staff should be reminded of the need to accurately record VAT to ensure that NWLDC is properly reporting VAT to HMRC.	High	Agree	Implemented	Environmental Crimes Assistant	Implemented
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Report No: 13/14-6

Report Name: Risk Management

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The NWLDC Risk Management Strategy created in 2009 should be reviewed for changes in structure, personnel and the procedures contained therein.	High	Agree	January 2014 Revised Date: June 2014	Head of Finance as Chair of RMG	In progress (overdue)
2	Regular reports should be taken to the Cabinet and Audit Committees to provide assurance that risks are being managed appropriately.	High	Agree	January 2014 Revised Date: July 2014	Head of Finance as Chair of RMG	In progress (overdue)
3	The Corporate Risk Register Action Plan should be generated as set out in the Risk Management Strategy.	High	Agree	January 2014 Revised date: April 2014	Head of Finance as Chair of RMG	In progress (overdue)

Report No: 13/14-8

Report Name: Allocations

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	Documented procedures should be produced detailing the process to be followed when a property is allocated to a council employee including the requirement for additional authorisation by the Housing Management Team Manager.	High	Agree	November 2013	Housing Management Team Manager	Implemented
2	Consider whether the process for council employees to report repairs and their subsequent authorisation needs to be reviewed.	High	Agree	November 2013	Housing Management Team Manager	Implemented

Report No: 13/14-10

Report Name: Housing Maintenance – Voids and Responsive Repairs

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The 10% audit sample should be selected by the Responsive Repairs Manager or Housing Repairs and Investment Team Manager when the In-house Repairs Team Leader is unavailable.	High	Agree	10/03/14	In-house Repairs Team Leader	Implemented
2	The In-House Repairs Team Leader should check all orders raised by the Logistics Support Officer in addition to the existing sampling of the materials audits undertaken.	High	Disagree	28/02/14 Already implemented	In-house Repairs Team Leader	Implemented
3	All procurement card holders and suppliers should be reminded of the importance of quoting and recording the correct works order number for materials purchased.	High	Agree	28/02/14 Already implemented	In-house Repairs Team Leader	Implemented
4	The DLO Operatives should be reminded to quote the works order number for materials ordered to replenish van stock.	High	Agree	30/04/2014	In-house Repairs Team Leader	Implemented
5	The specification for the new mobile working system should include the capability to transfer details of materials ordered and used to the Capita Housing Maintenance system and should be introduced as soon as possible.	High	Agree	Estimated Aug 2014	Project Officer (HRA BP)	In Progress
6	For approved variation requests, a formal variation order should be raised on the Capita system and issued to the in-house operative and/or contractor in accordance with documented procedures.	High	Agree	31/05/2014	Responsive Repairs Manager	Implemented
7	The backlog of historical post inspections should be cleared as soon as possible and procedures should be put into place to ensure post inspections are undertaken in a timely manner	High	Agree	14/04/14 for completion by 09/05/14	Responsive Repairs Manager	Implemented

8	Housing Management should ensure that all rechargeable works are recorded and processed promptly by passing the relevant information to the HRA Business Support Team in order for them to raise a Sundry Debtors invoice.	High	Agree	31/07/14	Housing Management Team Manager	In Progress
9	The Customer Services Centre and Housing Maintenance should review their internal procedures and flowcharts to ensure that all rechargeable jobs are properly identified and promptly processed especially non-voids	High	Agree	14/03/14 Issue reminder to teams 07/04/14 Implement new structure 28/04/14 1 st meeting of T&F group 16/07/14 Draft to IA 31/07/14 Implement new procedure	Repairs and Investment Team Manager Customer Services Team Manager	In Progress
10	Mileage claims should be checked by a different person to the authoriser.	High	Agree	Already implemented (26/02/14)	Repairs and Investment Team Manager	Implemented
11	Invoices, overtime and mileage claims should only be authorised by officers with an approved limit greater than the value of the document being approved for payment.	High	Agree	Already implemented (26/02/14)	Repairs and Investment Team Manager	Implemented
12	The Responsive Repairs Manager should review the void property key signing in and out process to ensure that there is a complete audit trail of the entire process and to refine the documentation to remove unnecessary duplication in the process.	High	Agree	31/05/14	Repairs and Investment Team Manager	Implemented
13	All incidences of break-ins, unauthorised entry, theft, vandalism and/or sabotage to empty council properties should be reported to HR, Internal Audit, Housing Repairs and Investment Team Manager and the police (if appropriate) promptly after it has been identified.	High	Agree	Already implemented (26/02/14)	All Officers	Implemented
14	All incidences of break-ins, unauthorised entry, theft, vandalism and/or sabotage to empty council properties should be promptly investigated by the Planned Investment Manager and/or the Responsive	High	Agree	Already implemented (26/02/14)	Responsive Repairs and Planned Investment Managers	Implemented

	Repairs Manager and the outcome reported to HR, Internal Audit and the Housing Repairs and Investment Team Manager.					
15	The Housing Repairs and Investment Team Manager should monitor the revised system for control of access to void properties to ensure that the security of the properties is not compromised.	High	Agree	27/06/14	Repairs and Investment Team Manager	In Progress
16	The Housing Repairs and Investment Team Manager should review the list of officers able to raise works order and their limits and request a corporate authorisation limit for those who do not have one in place.	High	Agree	Already implemented (27/02/14)	Repairs and Investment Team Manager	Implemented
17	The Customer Team Manager should review the list of officers able to raise works order and their limits and request a corporate authorisation limit for those who do not have one in place.	High	Agree	06/03/14	Customer Team Manager	Implemented
18	The Housing Repairs and Investment Team Manager should review the list of procurement card holders and their limits and request a corporate authorisation limit for those who do not have one in place.	High	Agree	Already implemented (28/02/14)	Repairs and Investment Team Manager	Implemented
19	A procedure should be implemented to ensure that officers are not set up with the ability to raise works orders or with a procurement card until a corporate authorisation limit is in place.	High	Agree	04/04/14	Repairs and Investment Team Manager	In Progress

Report No: 13/14-11**Report Name: Housing Rents**

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	There should be thorough checking of collated lists of accounts submitted for write-off to avoid duplicate requests.	High	Agree	Immediate	Housing Management Team Manager	Implemented
2	The HRA Business Support Team Manager will undertake at least six monthly reviews of staff who have 'super user' access rights to confirm the continuing need for that high level of access and provide written confirmation that the review has taken place.	High	Agree	April 2014	HRA Business Support Team Manager	Implemented
3	The user profile for Housing Maintenance users should not include access to the Housing Rents module.	High	Agree	30 th June 2014	HRA Business Support Team Manager	Implemented

Report No: 13/14-12**Report Name: Main Accounting**

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	Relevant procedural documentation should be reviewed and up-dated as necessary to ensure that all appropriate areas of operation are included.	Low	Agree	July 2014	Financial Team Manager	In Progress
2	As a matter of best practice, the reconciliation process should be completed in a timely manner (i.e. within 30 days of end of period), and any outstanding journals etc. should be shown within the reconciliation calculation.	Medium	Agree	May 2014	Senior Exchequer Services Officer	Implemented
3	The Finance Team should reintroduce the month end TOTAL checklists to help ensure that all relevant systems are kept up-to-date. The checklists should be reviewed by the Financial Planning Team Manager to ensure that progress is maintained and to identify any issues arising.	Low	Agree	May 2014	Financial Team Manager	Implemented

4	As previously recommended as part of the 2012/13 audit of this area, the redundant users on the TOTAL system should be deactivated immediately. In addition, we would recommend that the Council introduces a formal process (e.g. a checklist) to ensure that details of all staff leaving the Council are communicated to relevant managers to ensure that system access is stopped in a timely manner.	High	Agree	Immediate	Financial Team Manager / Senior Exchequer Services Officer / Accountant / ICT Team Manager	In Progress
5	The position regarding overall systems administration should be clarified, and relevant training provided as necessary.	Medium	Agree	June 2014	Head of Finance	In Progress

Report No: 12/13-14

Report Name: Creditors

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	A reminder should be sent to all officers with responsibility for placing orders regarding the necessity to ensure the proper process is followed at all times. The Council could also consider drawing up procedures to cover 'emergency' orders to ensure these are only made when necessary and are correctly authorised etc.	Medium	Agree	April 2014	Senior Exchequer Services Officer	Implemented
2	Further investigation should be undertaken to establish if / how the TASK system could be used to provide the required exception reports regarding payments to new suppliers, potentially duplicated payments, unrepresented cheques.	Low	Agree	April 2014	Senior Exchequer Services Officer	In Progress

Report No: 13/14-15**Report Name: Sundry Debtors**

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	The Recovery module of the TASK sundry debtors system should be introduced as soon as possible to enable more effective recovery procedures to NWLDC.	High	Agree	April 2014	Senior Exchequer Services Officer	Implemented
2	Progress to enable Departments to assist with more stringent recovery action should be accelerated to enable such actions to be used in practice as soon as possible.	Low	Agree	April 2014	Senior Exchequer Services Officer	Implemented
3	The on-going review of aged debts should be continued for the foreseeable future or until all potential recovery avenues have been exhausted.	High	Agree	April 2014 & Ongoing Revised July 2014	Senior Exchequer Services Officer	In Progress
4	The monitoring of debt collection performance should be undertaken on a regular basis to ensure that collection processes remain effective and to ensure that uncollected amounts are not allowed to accumulate.	Medium	Agree	April 2014 & Quarterly	Senior Exchequer Services Officer	In Progress

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Report No: 13/14-16**Report Name: Payroll**

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	More care needs to be taken by Human Resources staff directly inputting into the Human Resources module.	High	Agree	Immediate	Human Resources Team Manager	
2	More care needs to be taken by Exchequer Services staff collating payroll overtime forms and spreadsheet input and by Selima staff when inputting overtime data.	High	Agree	Immediate August 2014	Senior Exchequer Services Officer & Head of Finance	
3	Selima should provide evidence of their internal processes that ensure all data supplied by NWLDC is entered into the payroll system and accurately reflects the input received from NWLDC and	High	Agree	August 2014	Head of Finance	

	any legislative requirements relating to the input; once these processes have finished Selima will notify NWLDC prior to authorisation of the submission of the BACS file making the payroll payments.					
4	The exception reports should be redesigned to ensure they are fit for purpose and the Senior Exchequer Services Officer and a Senior Human Resources Advisor should formally accept the revised Selima exception reports prior to authorisation of the submission of the BACS file making the payroll payments.	High	Agree	September 2014	Senior Exchequer Services Officer & Human Resources Team Manager	
5	The draft service level agreement prepared by Selima should be redrafted with more performance targets identified. Until this happens it would be sensible to have formal recording of issues maintained by NWLDC and Selima with monthly exchange of such detail.	High	Agree	August 2014	Head of Finance	

Report No: 13/14-17

Report Name: ICT Security & Back Up Controls

Rec No	Recommendation	Priority	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
1	ICT staff should only create a network user account on receipt of a properly authorised network access request and ensure that access rights are disabled for any user where notification is received that the user no longer requires network access.	High	Agree	TBA	ICT Team Manager	
2	ICT should disable the seventy eight accounts for users that no longer work for or with NWLDC staff and all Managers should be reminded of the need to inform ICT of all network users under their management who no longer require access to the data network.	High	Agree	TBA	ICT Team Manager	

3	ICT in conjunction with Departmental managers should review the network access for staff under their control on an annual basis and the ICT Service Desk staff should ensure that managers authorise the required data areas for any user that has a change of role necessitating a variation in their access rights.	High	Agree	TBA	ICT Team Manager	
4	The ICT Team Manager should expedite the introduction of the proposed revised backup arrangements and perform a disaster recovery test at the earliest opportunity.	High	Agree	TBA	ICT Team Manager	

Leicestershire Partnership – Revenues and Benefits

2013/14 Audits Completed by CW Audit Services

Audit	Level of Assurance	Overall Opinion
Benefits	Significant	The audit did not highlight any weaknesses that would materially impact on the achievement of the system's key objectives. The audit did find some low and medium impact control weaknesses and occasional processing errors detailed in section four of this report which, if addressed, would improve the overall performance of the system. The main issues highlighted during this review relate to the requirement to ensure that changes to system parameters are supported by evidenced authorisation, high value back-dated claims are independently checked and new claimants are checked to ensure that they have not been subject to a previous, unrecovered overpayments.
Business Rates	Significant	The audit did not highlight any weaknesses that would materially impact on the overall achievement of the system's key objectives although the audit did identify one control weakness that has impacted on the delivery of certain system objectives as follows: <ul style="list-style-type: none"> • Inspections are not always being carried out within 3 months of properties becoming empty.
Council Tax	Significant	The audit did not highlight any weaknesses that would materially impact on the overall achievement of the system's key objectives although the audit did identify some control weaknesses that have impacted on the delivery of certain system objectives as follows: <ul style="list-style-type: none"> • A small number of discounts and exemptions have been incorrectly applied, • Inspections are not always being carried out within 6 months of properties becoming empty.

Leicestershire Partnership – Revenues and Benefits

2013/14 Internal Audit Recommendations

Report Name: Benefits

Recommendation	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
A comprehensive operational procedure document should be in place that can be regularly updated for any welfare benefit changes.	Agree	February 2014	Partnership Managers	Implemented All core policies were aligned and adopted by Members in November 2013 Detailed procedure notes are available for training sessions and all changes are updated to staff by the training officer.
To ensure that staff training current and addresses any identified weaknesses the TNA should be routinely completed by all relevant staff.	Agree	March 2014	Support Services Partnership Manager Benefits Support Team Leader	Partially complete. The remaining TNA's will be completed in July 2014.
High value backdated claims should be authorised by Team Managers	Agree	December 2013	Benefits Partnership Manager	Implemented
Benefits assessors should be reminded of the requirement to classify backdated claims correctly and training updated should be provided.	Agree	December 2013	Benefits Support Team Leader	Implemented
Benefits assessors should be reminded of the requirement to check all correspondence to ensure that it is accurate.	Agree	December 2013	Benefits Support Team Leader	Implemented
Management should consider the introduction of a first response acknowledgment letter, issued to the claimant to ensure that the Council's customer satisfaction standards are met.	Agree	December 2013	Benefits Partnership Manager	Implemented Acknowledgements are sent on receipt of appeals and complaints.
All changes should be authorised by both the inputter and the Team Leader responsible for checking the accuracy of changes, and dated by both parties.	Agree	March 2014	Support Services Partnership Manager	Implemented
Process for removing access controls for staff that have left the employment of the Council should be reviewed and complied with, and confirmation should be obtained to demonstrate that access to Citrix has been disabled.	Agree	December 2013	Systems and Projects Team Leader	Implemented

Report Name: Business Rates

Recommendation	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
Every effort should be given to ensuring that the completion date for the standardised procedure notes is achieved.	Agree	February 2014	Benefits Partnership Manager Support Services Partnership Manager Revenues Partnership Manager	Implemented All core policies were aligned and adopted by Members in November 2013 Detailed procedure notes are available for training sessions and all changes are updated to staff by the training officer.
Consideration should be given to re-introducing quality audits to ensure consistency and accuracy of work.	Agree	February 2014	Support Services Partnership Manager	Implemented This was reintroduced but it has had to be temporarily put on hold as the performance officers have been reallocated to help tackle the Council Tax backlog.
Although it is understood that this should be addressed as part of the Capita Mobile Solution which has been delayed, the Partnership should ensure that all empty and void properties are inspected on a quarterly basis.	Agree	May 2014	NNDR Team Leader	Implemented The Partnership always aims to inspect properties on a quarterly basis. However, it is not always possible as other work must sometimes take priority. For e.g. work on the New Homes Bonus and supporting the recovery team when large batches of summonses have been issued.

Report Name: Council Tax

Recommendation	Agree/ Disagree	Implementation Date Agreed	Officer(s) Responsible	Status
Every effort should be given to ensuring that the completion date for the standardised procedure notes is achieved.	Agree	February 2014	Partnership Managers	<p>Implemented</p> <p>All core policies were aligned and adopted by Members in November 2013 Detailed procedure notes are available for training sessions and all changes are updated to staff by the training officer.</p>
Care should be taken to ensure that supporting documentation is indexed correctly to the relevant account.	Agree	December 2013	<p>Revenues Technical and Training Officer</p> <p>Benefits Support Team Leader</p>	Implemented
Although it is understood that this should be addressed as part of the Capita Mobile Solution which has been delayed, the Partnership should ensure that all empty and void properties are inspected at least 6 months from being registered as eligible.	Agree	February 2014	Council Tax Team Leaders	<p>Implemented</p> <p>The Partnership always aims to inspect properties on a quarterly basis. However, it is not always possible as other work must sometimes take priority. For e.g. work on the New Homes Bonus and supporting the recovery team when large batches of summonses have been issued.</p>
All inspections should be recorded on the inspection screen on the Academy system.	Agree	May 2014	Council Tax Team Leaders	In progress

Public Sector Internal Audit Standards (PSIAS) – Action Plan

Action		Target Date	Status as at 31.03.14
1	Set-up quarterly meetings with the Chair of the Audit Committee.	28 th February 2014	Implemented
2	Develop comprehensive performance targets for Internal Audit.	28 th February 2014	Implemented
3	Review the format of the Engagement Plan (Terms of Reference) to ensure conformance with the PSIAS.	28 th February 2014	Implemented
4	Review the format of the Engagement Programme (Audit Programme) to ensure conformance with the PSIAS.	28 th February 2014	Implemented
5	Update the Internal Audit Report format to ensure conformance with the PSIAS.	28 th February 2014	Implemented
6	Update the issuing of reports and the monitoring and follow up of management actions process.	28 th February 2014	Implemented
7	Produce a risk based annual audit plan.	31 st March 2014	Implemented
8	Update the Progress Report to Managers and Audit Committee Members to ensure conformance with the PSIAS.	31 st March 2014	Implemented
9	Update the Declaration of Interest Form for Internal Audit Staff.	31 st March 2014	Implemented
10	The Senior Auditor to provide the Internal Auditors with training in relation to the Bribery Act 2010	31 st March 2014	Implemented
11	Review the Annual Internal Audit Opinion Report to ensure conformance with the PSIAS.	31 st May 2014	In progress
12	The Head of Finance to obtain feedback on the performance of the Chief Audit Executive from the Chief Executive, the Chair of the Audit Committee and Blaby District Council as part of the appraisal process.	31 st May 2014	In progress
13	Undertake a self-assessment against the PSIAS.	30 th June 2014	In progress
14	Agree the process for the acceptance and authorisation of consulting engagements.	30 th June 2014	In progress
15	Develop a Quality Assurance and Improvement Programme.	30 th September 2014	
16	Review and update the job descriptions and personal specifications for Internal Audit Staff.	30 th September 2014	
17	Assess the collective skills, knowledge and competencies of the Internal Audit Team.	31 st December 2014	
18	Develop a programme of continuing professional development	31 st December 2014	
19	Update the Internal Audit manual.	31 st December 2014	
20	Review the computer assisted audit techniques available and access whether they could be used to perform audit testing.	31 st December 2014	
21	Undertake an assurance mapping exercise.	31 st January 2015	
22	Produce an Internal Audit Strategy in conformance with the PSIAS.	28 th February 2015	
23	Produce a risk based annual audit plan in conformance with the PSIAS.	28 th February 2015	
24	Undertake a fraud evaluation of the authority.	31 st March 2015	

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**AUDIT AND GOVERNANCE COMMITTEE – 25 JUNE 2014**

Title of report	INTERNAL AUDIT PROGRESS REPORT – MAY 2014
Contacts	Councillor Nicholas Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Senior Auditor 01530 454728 anna.wright@nwleicestershire.gov.uk
Purpose of report	To inform the committee of the progress against the internal audit plan for 2014/15 and to highlight incidences of any significant control failings or weaknesses.
Reason for Decision	To comply with the Public Sector Internal Audit Standards.
Council Priorities	Value for Money
Implications:	
Financial/Staff	None
Link to relevant CAT	None
Risk Management	The Internal Audit planning process is based on a risk assessment methodology
Equalities Impact Assessment	Not Applicable
Human Rights	None
Transformational Government	Not Applicable
Consultees	Head of Finance
Background papers	Public Sector Internal Audit Standards
Recommendations	THAT MEMBERS NOTE THE CONTENTS OF THE REPORT.

1. INTRODUCTION

- 1.1 The Public Sector Internal Audit Standards require the authority's Audit Committee to approve the audit plan and monitor progress and to receive periodic reports on the work of internal audit. The Audit and Governance Committee approved the Audit Plan on 26 March 2014.

2. TERMS OF REFERENCE

- 2.1 Section 3 of Part 3 of the Constitution sets out the Terms of Reference of the Audit and Governance Committee, as set out at the extract below:
'To act as the Authority's Audit Committee, to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to be responsible for the financial reporting process'.

3. PROGRESS REPORT

- 3.1 The Internal Audit Progress Report for the period to the end of May 2014 is attached at Appendix 1.



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council
Internal Audit Progress Report: May 2014

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 end of May 2014.

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 2011, 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 Plan Update

- 6.1 A progress report against the 2014-15 Internal Audit plan is documented in Appendix A. Two audits are in progress and a further two are currently in the planning stage. During April and May, Internal Audit resources have been utilised to complete two audits (Payroll and ICT Security and Back Up Controls) from the 2013/14 audit plan. These audits took longer than originally forecast due to additional testing required by External Audit and due to the implementation of a new HR module which impacted on the payroll audit. It is unlikely that the target to complete five audits in Quarter 1 will be achieved.
- 6.2 An Executive Summary of all reports issued since the progress report issued in March 2014 are documented in Appendix B.

There have been two internal audit reports issued since February 2014 that have identified significant control weaknesses and will have a significant impact on the overall assurance opinion:

1. The Housing Maintenance audit concluded that internal controls are inadequate in all important aspects. The main areas identified for improvement were:
 - the 10% audit sample should be selected by the Responsive Repairs Manager or the Housing Repairs and Investment Team Manager when the In-house Repairs Team Leader is unavailable;
 - the In House Repairs Team Leader should check all orders raised by the Logistics Support Officer in addition to existing sampling of the materials audits undertaken;
 - all procurement card holders and suppliers should be reminded of the importance of quoting and recording the correct works order number for materials purchased;
 - the DLO Operatives should be reminded to quote the works order for materials ordered to replenish van stock;
 - the specification for the new mobile working system should include the capability to transfer details of materials ordered and used to the Capita Housing Maintenance system and should be introduced as soon as possible;
 - variation orders above £99 should be entered onto the Capita system by the authorising officer and a revised works order should be issued prior to completion of the additional work;
 - the backlog of historical post inspections should be cleared as soon as possible and procedures should be put into place to ensure post inspections are undertaken in a timely manner;
 - Housing Management should ensure that all rechargeable works are recorded and processed promptly;

- the Customer Services Centre and Housing Maintenance should review their internal procedures and flowcharts to ensure that all rechargeable jobs are properly identified and promptly processed especially non-voids;
- mileage claims should be checked by a different person to the authoriser;
- invoices, overtime and mileage claims should only be authorised by persons with an approved limit greater than the value of the document being approved for payment;
- the Responsive Repairs Manager should review the void property key signing in and out process to ensure that there is a complete audit trail of the entire process and to refine the documentation to remove unnecessary duplication in the process;
- all incidences of break-ins, unauthorised entry, theft, vandalism and/or sabotage to empty council properties should be reported to HR, Internal Audit, Housing Repairs and Investment Team Manager and the police (if appropriate) promptly after it has been identified;
- all incidences of break-ins, unauthorised entry, theft, vandalism and/or sabotage to empty council properties should be promptly investigated by the Planned Investment Manager and/or the Responsive Repairs Manager and the outcome reported to HR, Internal Audit and the Housing Repairs and Investment Team Manager;
- the Housing Repairs and Investment Team Manager should review the officers who are able to raise work orders and order materials and request a corporate authorisation limit for those who do not have one in place;
- the Customer Team Manager should review the list of officers able to raise works order and their limits and request a corporate authorisation limit for those who do not have one in place;
- the Housing Repairs and Investment Team Manager should review the list of procurement card holders and their limits and request a corporate authorisation limit for those who do not have one in place; and
- a procedure should be implemented to ensure that officers are not set up with the ability to raise works orders or with a procurement card until a corporate authorisation limit is in place.

A Task and Finish Group, chaired by the Director of Services, has been formed to oversee the implementation of the Internal Audit recommendations. 19 recommendations to improve the internal controls were made, 15 have been implemented by the department and the remaining four are on target to be implemented by the agreed date.

2. The Payroll audit concluded that internal controls require significant improvement. During the 2013/14 financial year, the Payroll Service was in transition from a partially-managed to a fully-managed outsourced service. The main areas identified for improvement were.
 - more care needs to be taken by Human Resources staff directly inputting into the Human Resources module;
 - more care needs to be taken by Exchequer Services staff collating payroll spreadsheet input and by Selima staff when inputting data;
 - Selima should provide evidence of their internal processes that ensure all data supplied by NWLDC is entered into the payroll system and accurately reflects the input received from NWLDC and any legislative requirements relating to the input;
 - the exception reports should be redesigned to ensure they are fit for purpose;

- the Senior Exchequer Services Officer and a Senior Human Resources Advisor should formally accept the Selima exception reports prior to authorisation of the submission of the BACS file making the payroll payments; and
- the draft service level agreement prepared by Selima should be redrafted with more performance targets identified. Until this happens it would be sensible to have formal recording of issues maintained by NWLDC and Selima with monthly exchange of such detail.

The payroll report was not issued until May 2014 and therefore none of the recommendations are yet due for implementation

- 6.3 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 2014. An additional audit has been requested by the Head of Community Services in relation to the Sunbed Usage at the Leisure Centres and the Ethics and Governance audits have been merged into one. A number of audits have also been rescheduled for later periods; details are documented in Appendix A.

7 Internal Audit Recommendations

- 7.1 Internal Audit monitors and follows up all medium and high risk recommendations. Appendix C lists all outstanding recommendations along with a status update. Seven recommendations outstanding have not been implemented by the agreed target date. Non implementation of recommendations exposes the council to risks within the internal control environment as highlighted within the internal audit report.

8 Internal Audit Performance Indicators

- 8.1 Period 2 performance information for Internal Audit in relation to its team plan actions and performance indicators is documented in Appendix D.

9 Public Sector Internal Audit Standards (PSIAS) Action Plan Update

- 9.1 The agreed action plan to ensure conformance (where deemed necessary) with the PSIAS is documented in Appendix E, along with a status update. All of the actions are on target to be implemented by the agreed date.

2014/15 Audit Plan Progress: May 2014 (In-house Audit Team Audits)

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						H	M	L	A	
Business Rates Retention	Risk Based	6.0	0.0	Scheduled for Qtr 2						
Capital	Key Financial System	5.0	0.0	Scheduled for Qtr 2						
Cash and Bank	Key Financial System	6.0	0.0	Scheduled for Qtr 2						
Contracts and Procurement	Risk Based	6.0	0.1	Scheduled for Qtr 3						Moved from Quarter 1 at the request of the Head of Finance
Creditors	Key Financial System	8.0	0.0	Scheduled for Qtr 4						
Debtors	Key Financial System	8.0	0.0	Scheduled for Qtr 4						
Decent Homes Improvement Programme	Risk Based	10.0	0.0	Scheduled for Qtr 2						
Ethics	Assurance	0.0	0.0	Removed from plan						To be included within the Governance audit
Fraud	Assurance	8.0	0.1	Engagement Planning						
Governance & Ethics	Assurance	8.0	0.1	Engagement Planning						Audit now includes Ethics and number of days increased
Grant Income	Key Financial System	5.0	0.0	Scheduled for Qtr 4						
Housing – Other Capital Works	Risk Based	8.0	0.1	Scheduled for Qtr 2						Moved from Quarter 1 at the request of the Head of Housing
ICT Security/Back Up	Key Financial System	2.0	0.0	Scheduled for Qtr 4						
Information Sharing	Risk Based	6.0	0.0	Scheduled for Qtr 3						
Main Accounting	Key Financial System	8.0	0.0	Scheduled for Qtr 4						
Payroll	Key Financial System	8.0	0.0	Scheduled for Qtr 4						
Performance Management	Assurance	6.0	0.0	Scheduled for Qtr 2						
Planned Housing Maintenance	Risk Based	8.0	1.4	Audit in Progress						
Planning Policy/Local Plan	Risk Based	6.0	0.0	Scheduled for Qtr 2						
Rent Accounting	Key Financial System	8.0	0.0	Scheduled for Qtr 4						
Risk Management	Assurance	8.0	0.0	Scheduled for Qtr 3						
Sunbed Policy	Risk Based	4.0	0.3	Audit in Progress						Additional audit requested by the Head of Community Services.
Treasury Management	Key Financial System	6.0	0.0	Scheduled for Qtr 4						

EXECUTIVE SUMMARY OF AUDIT REPORTS ISSUED BETWEEN MARCH 2014 AND MAY 2014

Report	Portfolio Holder	Head of Service & Team Manager	Assurance Level	Areas for Improvement	Recommendations			
					H	M	L	A
Housing Maintenance	Housing	Head of Housing Repairs and Investments Team Manager	Grade 4	<p>The 10% audit sample should be selected by the Responsive Repairs Manager or the Housing Repairs and Investment Team Manager when the In-house Repairs Team Leader is unavailable.</p> <p>The In House Repairs Team Leader should check all orders raised by the Logistics Support Officer in addition to existing sampling of the materials audits undertaken.</p> <p>All procurement card holders and suppliers should be reminded of the importance of quoting and recording the correct works order number for materials purchased.</p> <p>The DLO Operatives should be reminded to quote the works order for materials ordered to replenish van stock.</p> <p>The specification for the new mobile working system should include the capability to transfer details of materials ordered and used to the Capita Housing Maintenance system and should be introduced as soon as possible.</p> <p>Variation orders above £99 should be entered onto the Capita system by the authorising officer and a revised works order should be issued prior to completion of the additional work.</p> <p>The backlog of historical post</p>	19	-	-	-

			<p>inspections should be cleared as soon as possible and procedures should be put into place to ensure post inspections are undertaken in a timely manner.</p> <p>Housing Management should ensure that all rechargeable works are recorded and processed promptly.</p> <p>The Customer Services Centre and Housing Maintenance should review their internal procedures and flowcharts to ensure that all rechargeable jobs are properly identified and promptly processed especially non-voids.</p> <p>Mileage claims should be checked by a different person to the authoriser.</p> <p>Invoices, overtime and mileage claims should only be authorised by persons with an approved limit greater than the value of the document being approved for payment.</p> <p>The Responsive Repairs Manager should review the void property key signing in and out process to ensure that there is a complete audit trail of the entire process and to refine the documentation to remove unnecessary duplication in the process.</p> <p>All incidences of break-ins, unauthorised entry, theft, vandalism and/or sabotage to empty council properties should be reported to HR, Internal Audit, Housing Repairs and Investment Team Manager and the police (if appropriate) promptly after it has been identified.</p> <p>All incidences of break-ins, unauthorised entry, theft, vandalism and/or sabotage to empty council properties should be promptly investigated by the Planned</p>				
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87				<p>Investment Manager and/or the Responsive Repairs Manager and the outcome reported to HR, Internal Audit and the Housing Repairs and Investment Team Manager.</p> <p>The Housing Repairs and Investment Team Manager should review the officers who are able to raise work orders and order materials and request a corporate authorisation limit for those who do not have one in place.</p> <p>The Customer Team Manager should review the list of officers able to raise works order and their limits and request a corporate authorisation limit for those who do not have one in place.</p> <p>The Housing Repairs and Investment Team Manager should review the list of procurement card holders and their limits and request a corporate authorisation limit for those who do not have one in place.</p> <p>A procedure should be implemented to ensure that officers are not set up with the ability to raise works orders or with a procurement card until a corporate authorisation limit is in place.</p>				
Housing Rents	Housing	Head of Housing Housing Management Team Manager HRA Business Support Team Manager	Grade 2	<p>There should be thorough checking of collated lists of accounts submitted for write-off to avoid duplicate requests.</p> <p>The HRA Business Support Team Manager should undertake at least six monthly reviews of staff who have 'super user' access rights to confirm the continuing need for high level of access and provide written confirmation that the review has taken place.</p> <p>The user profile for Housing Maintenance users should not include</p>	3	-	-	-

				access to the Housing Rents module.				
88 Main Accounting	Corporate	Head of Finance Financial Team Manager	Grade 2	<p>Relevant procedural documentation should be reviewed and up-dated as necessary to ensure that all appropriate areas of operation are included.</p> <p>Reconciliations should be completed in a timely manner.</p> <p>The redundant users on the TOTAL LIVE system should be deactivated immediately. In addition, we would recommend that the Council introduces a formal process (e.g. a checklist) to ensure that details of all staff leaving the Council are communicated to relevant managers to ensure that system access is removed in a timely manner.</p> <p>The position regarding overall TOTAL LIVE systems administration should be clarified, and relevant training provided as necessary.</p> <p>The Finance Team should reintroduce the month end task checklists to help ensure that all relevant systems are kept up-to-date. The checklists should be reviewed by the Financial Team Manager to ensure that progress is maintained and to identify any issues arising.</p>	-	3	2	1
Creditors	Corporate	Head of Finance Financial Team Manager	Grade 2	<p>A reminder should be sent to all officers with responsibility for placing orders regarding the necessity to ensure the proper process is followed at all times. The Council could also consider drawing up procedures to cover 'emergency' orders to ensure these are only made when necessary and are correctly authorised etc.</p> <p>Further investigation should be undertaken to establish if / how the TASK system could be used to provide</p>	-	1	1	2

				<p>the required exception reports regarding payments to new suppliers, potentially duplicated payments, unrepresented cheques.</p> <p>Reconciliations should be completed in a timely manner.</p>				
Debtors	Corporate	Head of Finance Financial Team Manager	Grade 2	<p>The Recovery module of the TASK sundry debtors system should be introduced as soon as possible to enable more effective recovery procedures to NWLDC.</p> <p>Progress to enable Departments to assist with more stringent recovery action should be accelerated to enable such actions to be used in practice as soon as possible.</p> <p>The on-going review of aged debts should be continued for the foreseeable future or until all potential recovery avenues have been exhausted.</p> <p>The monitoring of debt collection performance should be undertaken on a regular basis to ensure that collection processes remain effective and to ensure that uncollected amounts are not allowed to accumulate.</p> <p>Reconciliations should be completed in a timely manner.</p>	2	1	1	-
Payroll	Corporate	Head of Finance Financial Team Manager Human Resources Team Manager	Grade 3	<p>More care needs to be taken by Human Resources staff directly inputting into the Human Resources module.</p> <p>More care needs to be taken by Exchequer Services staff collating payroll spreadsheet input and by Selima staff when inputting data.</p> <p>Selima should provide evidence of their internal processes that ensure all data</p>	5	-	-	-

06				<p>supplied by NWLDC is entered into the payroll system and accurately reflects the input received from NWLDC and any legislative requirements relating to the input.</p> <p>The exception reports should be redesigned to ensure they are fit for purpose.</p> <p>The Senior Exchequer Services Officer and a Senior Human Resources Advisor should formally accept the Selima exception reports prior to authorisation of the submission of the BACS file making the payroll payments.</p> <p>The draft service level agreement prepared by Selima should be redrafted with more performance targets identified. Until this happens it would be sensible to have formal recording of issues maintained by NWLDC and Selima with monthly exchange of such detail.</p>				
ICT Security and Back Up Controls	Corporate	Head of Finance ICT Team Manager	Grade 2	<p>ICT Service Desk staff should only create a network user account on receipt of a properly authorised network access request and ensure that access rights are disabled for any user where notification is received that the user no longer requires network access.</p> <p>ICT Service Desk staff should disable the seventy eight accounts for users that no longer work for or with NWLDC staff and all Managers should be reminded of the need to inform ICT of all network users under their management who no longer require access to the data network.</p> <p>ICT in conjunction with Departmental managers should review the network access for staff under their control on an</p>	4	-	-	-

				<p>annual basis and the ICT Service Desk staff should ensure that managers authorise the required data areas for any user that has a change of role necessitating a variation in their access rights.</p> <p>The ICT Team Manager should expedite the introduction of the proposed revised backup arrangements and perform a disaster recovery test at the earliest opportunity.</p>				
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Recommendations Tracker – Outstanding High & Medium Recommendations

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
2012/13 Reports								
13	Payroll	5	The outstanding processes for the activation of the suspense account functionality for payroll costing codes should be completed as soon as possible.	High	Financial Team Manager	April 2013 Revised date: October 2013 March 2014 June 2014	In Progress (overdue)	Financial Team Manager comments: We are currently testing this in a test version of the system.
92		12	A policy should be produced detailing how salary sacrifice payments (car parking, annual leave etc.) will be dealt with during any absence where statutory payments are made.	High	Human Resources Team Manager	April 2013 Revised date: September 2013 December 2013 March 2014 June 2014	No Progress (overdue)	Human Resources Team Manager comments: It is recognised that an approach needs to be determined to manage salary sacrifice arrangements in these circumstances, but it should be noted that these occurrences are extremely rare and, in practice often need to be managed on the merits of the particular situation. Consequently, this policy has not been afforded a high work priority in the context of the other work being undertaken by the HR Team.
2013/14 Reports								
1	Development Control	1	The Development Control procedure notes should be updated to reflect current working practices.	Medium	Planning & Development Team Manager	June 2013 Revised Date: September 2013 March 2014	No Progress (overdue)	Planning and Development Team Manager comments : Work on updating the Development Management Procedure notes is underway but has not been completed due to continued sickness absence and the need to prioritise remaining resources on planning application work.
6	Risk Management	1	The NWLDC Risk Management Strategy created in 2009 should be reviewed for changes in structure, personnel and the	High	Head of Finance as Chair of RMG	January 2014 Revised	In Progress (overdue)	Head of Finance comments: Scheduled for discussion and Approval at PDG and Cabinet in July 2014

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
			procedures contained therein.			Date: July 2014		
		2	Regular reports should be taken to the Cabinet and Audit Committees to provide assurance that risks are being managed appropriately.	High	Head of Finance as Chair of RMG	January 2014 Revised Date: July 2014	No Progress (overdue)	Head of Finance comments: This is incorporated in the revised Strategy and will start from Q1 2014/15
		3	The Corporate Risk Register Action Plan should be generated as set out in the Risk Management Strategy.	High	Head of Finance as Chair of RMG	January 2014 Revised Date: April 2014	No Progress (overdue)	Head of Finance comments: This is commencing through Q1 2014/15 reports.
10	Housing Maintenance	5	The specification for the new mobile working system should include the capability to transfer details of materials ordered and used to the Capita Housing Maintenance system and should be introduced as soon as possible.	High	Project Officer (HRA BP)	August 2014	In Progress	
93		8	Housing Management should ensure that all rechargeable works are recorded and processed promptly by passing the relevant information to the HRA Business Support Team in order for them to raise a Sundry Debtors invoice.	High	Housing Management Team Manager	July 2014	In Progress	
		9	The Customer Services Centre and Housing Maintenance should review their internal procedures and flowcharts to ensure that all rechargeable jobs are properly identified and promptly processed especially non-voids	High	Repairs and Investment Team Manager Customer Services Team Manager	July 2014	In Progress	
		15	The Housing Repairs and Investment Team Manager should monitor the revised system for control of access to void properties to ensure that	High	Repairs and Investment Team Manager	June 2014	In Progress	

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
			the security of the properties is not compromised.					
12	Main Accounting	4	As previously recommended as part of the 2012/13 audit of this area, the redundant users on the TOTAL system should be deactivated immediately. In addition, we would recommend that the Council introduces a formal process (e.g. a checklist) to ensure that details of all staff leaving the Council are communicated to relevant managers to ensure that system access is stopped in a timely manner.	High	Financial Team Manager / Senior Exchequer Services Officer / Accountant / ICT Team Manager	Immediate	No Progress (overdue)	Financial Team Manager comments: Awaiting comprehensive list of deactivated users from IT.
94		5	The position regarding overall systems administration should be clarified, and relevant training provided as necessary.	Medium	Head of Finance	June 2014	In Progress	
15	Debtors	3	The on-going review of aged debts should be continued for the foreseeable future or until all potential recovery avenues have been exhausted.	High	Senior Exchequer Services Officer	April 2014 & Ongoing Revised July 2014	In Progress	Financial Team Manager comments: Ongoing Process
		4	The monitoring of debt collection performance should be undertaken on a regular basis to ensure that collection processes remain effective and to ensure that uncollected amounts are not allowed to accumulate.	Medium	Senior Exchequer Services Officer	April 2014 & Quarterly	In Progress	Financial Team Manager comments: Agreed that report will be produced quarterly- first due July 14.
16	Payroll	1	More care needs to be taken by Human Resources staff directly inputting into the Human Resources module.	High	Human Resources Team Manager	Immediate	In Progress	
		2	More care needs to be taken by Exchequer Services staff collating payroll overtime forms and spreadsheet input and by Selima staff when inputting overtime data.	High	Senior Exchequer Services Officer & Head of Finance	Immediate August 2014	In Progress	

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
		3	Selima should provide evidence of their internal processes that ensure all data supplied by NWLDC is entered into the payroll system and accurately reflects the input received from NWLDC and any legislative requirements relating to the input; once these processes have finished Selima will notify NWLDC prior to authorisation of the submission of the BACS file making the payroll payments.	High	Head of Finance	August 2014	In Progress	
95		4	The exception reports should be redesigned to ensure they are fit for purpose and the Senior Exchequer Services Officer and a Senior Human Resources Advisor should formally accept the revised Selima exception reports prior to authorisation of the submission of the BACS file making the payroll payments.	High	Senior Exchequer Services Officer & Human Resources Team Manager	September 2014	In Progress	
		5	The draft service level agreement prepared by Selima should be redrafted with more performance targets identified. Until this happens it would be sensible to have formal recording of issues maintained by NWLDC and Selima with monthly exchange of such detail	High	Head of Finance	August 2014	In Progress	
17	ICT Security & Back Up Controls	1	ICT staff should only create a network user account on receipt of a properly authorised network access request and ensure that access rights are disabled for any user where notification is received that the user no longer requires network access.	High	ICT Team Manager	TBA		
		2	ICT should disable the seventy eight accounts for users that no	High	ICT Team Manager	TBA		

Report		Recommendation		Rating	Officer Responsible	Target Date	Status	Management Comments
			longer work for or with NWLDC staff and all Managers should be reminded of the need to inform ICT of all network users under their management who no longer require access to the data network.					
		3	ICT in conjunction with Departmental managers should review the network access for staff under their control on an annual basis and the ICT Service Desk staff should ensure that managers authorise the required data areas for any user that has a change of role necessitating a variation in their access rights.	High	ICT Team Manager	TBA		
96		4	The ICT Team Manager should expedite the introduction of the proposed revised backup arrangements and perform a disaster recovery test at the earliest opportunity.	High	ICT Team Manager	TBA		

Internal Audit Performance: May 2014

Performance Measures:

Performance Measure	2014-15 Qtr 1 Target	Position as at 30.05.14	Comments
Delivery of Audit Plan – Key Financial Systems	0%	0%	Audit of the Key Financial Systems to commence from September 2014.
Delivery of Audit Plan – Non Key Financial Systems	42%	0%	Resources have been used to complete the 2013/14 audit plan.
Percentage of time spent on audit work	75%	75%	
Percentage of Client Satisfaction with the Internal Audit Service	100%	n/a	No customer service surveys issued for 2014/15.
Compliance with the Internal Audit Standards	n/a	n/a	Annual target.
Compliance testing of completed recommendations	90%	100%	

Service Plan Actions:

Key Deliverables (Action)	Quarter 1 Milestone	Position as at 30.05.14
Review and update Health and Safety risk assessments to ensure risks to staff and customers are controlled.	Commence review of Health and Safety risk assessments for all service areas.	Health and Safety Risk assessment in progress.
Undertake audits as per agreed Audit Plan.	Complete audits of 5 systems to enable completion of audit plan.	Two audits have been completed from the 2013/14 audit plan and a further two audits are in progress.
Provide the Audit Committee with quarterly reports on the work and performance of internal audit.	Progress report to June Audit Committee	In Progress.
Achievement of the PSAIS	Completion of action plan targets	PSIAS Action Plan and status report documented in Appendix E.
Produce the 2013/14 Annual Audit Opinion Report by 30 th June 2014	Prepare Annual Report for presentation to June Audit Committee	In Progress
Produce and have approved the 2015/16 Internal Audit Plan by 31 st March 2015.	No action for Quarter 1	-

Public Sector Internal Audit Standards (PSIAS) – Action Plan

Action		Target Date	Status
1	Set-up quarterly meetings with the Chair of the Audit Committee.	28 th February 2014	Implemented
2	Develop comprehensive performance targets for Internal Audit.	28 th February 2014	Implemented
3	Review the format of the Engagement Plan (Terms of Reference) to ensure conformance with the PSIAS.	28 th February 2014	Implemented
4	Review the format of the Engagement Programme (Audit Programme) to ensure conformance with the PSIAS.	28 th February 2014	Implemented
5	Update the Internal Audit Report format to ensure conformance with the PSIAS.	28 th February 2014	Implemented
6	Update the issuing of reports and the monitoring and follow up of management actions process.	28 th February 2014	Implemented
7	Produce a risk based annual audit plan.	31 st March 2014	Implemented
8	Update the Progress Report to Managers and Audit Committee Members to ensure conformance with the PSIAS.	31 st March 2014	Implemented
9	Update the Declaration of Interest Form for Internal Audit Staff.	31 st March 2014	Implemented
10	The Senior Auditor to provide the Internal Auditors with training in relation to the Bribery Act 2010	31 st March 2014	Implemented
11	Review the Annual Internal Audit Opinion Report to ensure conformance with the PSIAS.	31 st May 2014	Implemented
12	The Head of Finance to obtain feedback on the performance of the Chief Audit Executive from the Chief Executive, the Chair of the Audit Committee and Blaby District Council as part of the appraisal process.	31 st May 2014	In Progress The Chief Executive provided feedback in April 2014. The remaining feedback is being sought through meetings in June 2014.
13	Undertake a self-assessment against the PSIAS.	30 th June 2014	Implemented
14	Agree the process for the acceptance and authorisation of consulting engagements.	30 th June 2014	In Progress
15	Develop a Quality Assurance and Improvement Programme.	30 th September 2014	
16	Review and update the job descriptions and personal specifications for Internal Audit Staff.	30 th September 2014	
17	Assess the collective skills, knowledge and competencies of the Internal Audit Team.	31 st December 2014	
18	Develop a programme of continuing professional development	31 st December 2014	
19	Update the Internal Audit manual.	31 st December 2014	
20	Review the computer assisted audit techniques available and access whether they could be used to perform audit testing.	31 st December 2014	
21	Undertake an assurance mapping exercise.	31 st January 2015	
22	Produce an Internal Audit Strategy in conformance with the PSIAS.	28 th February 2015	
23	Produce a risk based annual audit plan in conformance with the PSIAS.	28 th February 2015	
24	Undertake a fraud evaluation of the authority.	31 st March 2015	

**AUDIT AND GOVERNANCE COMMITTEE
WORK PLAN 2014 - 15**

Issue	Details	Meeting at which will be reported
Statement of Accounts	To consider the Statement of Accounts	24 September 2014
Internal Audit Progress Report	To receive an update report on the Internal Audit plan	24 September 2014
Standards Quarterly Report	To receive a quarterly report on the ethical indicators and investigations - quarter 1	24 September 2014
Annual Governance Statement	To consider the Annual Governance Statement	24 September 2014

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