

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.	<p>property is allocated to a council employee including the requirement for additional authorisation by the Housing Management Team Manager; and</p> <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

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	Revenues Technical and Training Officer Benefits Support Team Leader	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	