

AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE
23 JUNE 2015

INTERNAL AUDIT – MONITORING REPORT

<u>Report of the:</u>	Director of Finance and Resources
<u>Contact:</u>	Doug Earle or Gillian McTaggart
<i>Urgent Decision?(yes/no)</i>	No
<i>If yes, reason urgent decision required:</i>	N/A
<u>Annexes/Appendices (attached):</u>	<u>Annexe</u> - Internal Audit Progress Report
<u>Other available papers (not attached):</u>	Strategy for Internal Audit for 2014/15 Agenda and Minutes of the meeting of the Audit, Crime & Disorder and Scrutiny Committee 9 April 2015.

REPORT SUMMARY

This report summarises progress against the audit plan for 2014/15.

RECOMMENDATIONS

- (1) That the Committee receives the Internal Audit Progress Report for 2014/15.**

1 Implications for the Council's Key Priorities, Service Plans and Community Strategy

- 1.1 None for the purposes of this report.

2 Background

- 2.1 The Committee's terms of reference includes the requirement to monitor implementation of recommendations from the external and internal auditors.
- 2.2 On 9th April 2015 the Committee received the internal audit progress report for 2014/15. There were no matters arising where the Committee required further reports.
- 2.3 The Committee endorsed the Strategy for Internal Audit for 2014/15 on 19 June 2014.

3 Audit Findings

- 3.1 The Internal Audit Progress Report covering the period to date for 2014/15 is attached as the Annexe to this report.

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- 3.2 The report monitors the delivery of the audit programme and contains the key features that this Committee has requested. Baker Tilly use the traffic light system of Red, Amber and Green. Amber has been split into two classifications (Amber-Green and Amber-Red) in order that the auditors can give a clear indication of whether an assurance is positive or negative. During the year, progress reports will reflect the opinions given and build a picture of findings towards the end of year opinion. The recommendations within each report are categorised as High, Medium or Low.
- 3.3 The report (see Annexe) monitors the effective delivery of the audit programme and contains the key features that this Committee has requested previously:-
 - 3.3.1 It provides a summary of progress against the internal audit plan.
 - 3.3.2 Internal Audit Plan Performance.
 - 3.3.3 Any alterations to the Audit Plan are highlighted, as are any planning issues.
 - 3.3.4 Key Findings from Internal Audit Work, identifying the headline findings and the agreed recommendations.
- 3.4 Three reports have been finalised since the last monitoring report, these are Freedom of Information (Amber/Green), Payroll (Amber/Red) and Emergency Planning/Compliance with Civil Contingencies Act (Green).
- 3.5 The Committee should note that Payroll was rated as an Amber/Red as there were some control weaknesses regarding the payments through BACS, the recording of overpayments, and ensuring reconciliations are done on a timely basis. One recommendation to reduce the net pay exception to £25 was not accepted although the Payroll Manager accepted that a secondary verification when inputting monthly changes would be undertaken.
- 3.6 This review also included a questionnaire to establish the views of the other organisations who use our Payroll Services, this highlighted that communication with the other authorities could be improved. It was suggested that a further survey is undertaken in 6 months to identify the issues and address their concerns.

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Summary of Progress against the Internal Audit Plan

Final reports issued:

Assignment <i>Reports considered today are shown in italics</i>	Opinion	Actions Agreed (by priority)		
		High	Medium	Low
Income Collection Systems (1.14/15)	Amber / Green	-	4	4
Planning Income – s106 Agreements (2.14/15)	Amber / Green	-	3	4
Creditors (3.14/15)	Green	-	-	2
Data Quality (4.14/15)	Amber / Red	-	5	1
Procurement Arrangements - Agency staff (5.14/15)	Red	5	1	-
Electoral Registration (6.14/15)	Green	-	-	1
Housing Benefit and Council Tax Support (7.14/15)	Green	-	-	1
Playhouse - Security of Income (8.14/15)	Amber / Green	-	2	1
Revenues (9.14/15)	Green	-	-	-
Cash and Bank (10.14/15)	Green	-	1	2
Procurement (11.14/15)	Red	5	4	1
Governance and Risk Management (12.14/15)	Green	-	-	3
<i>Freedom of Information (13.14/15)</i>	<i>Amber / Green</i>	-	1	1
<i>Payroll (14.14/15)</i>	<i>Amber / Red</i>	1	5	1
<i>Emergency Planning/Compliance with Civil Contingencies Act (15.14/15)</i>	<i>Green</i>	-	1	3
Review of Anti-Fraud and Anti-Bribery Arrangements (16.14/15)	Draft Issued 7 May 2015			
Follow Up of Previous Internal Audit Recommendations (17.14/15)	Draft Issued 20 May 2015			

There are currently three reports in draft; Review of Anti Fraud and Anti Bribery Arrangements and the Follow Up of previous recommendations and the Post Implementation Review of CRM .. The Property Maintenance Review is still work in progress.

4 Financial and Manpower implications

4.1 There are no specific financial or manpower implications for the purpose of this report.

4.2 **Chief Financial Officers comments:** none for the purpose of this report

5 Legal implications (including matters relating to equality)

5.1 None.

5.2 **Monitoring Officers comments:** none for the purpose of this report

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6 Sustainability Policy and Community Safety Implications

6.1 There are no particular community safety implications for the purpose of this report.

7 Partnerships

7.1 The Council will work with Internal Auditors to improve risk management arrangements.

7.2 The contract for internal audit services is held jointly with Mole Valley, Reigate and Banstead, Tandridge and Waverley Councils and the Surrey Police Authority.

8 Risk Assessment

8.1 The internal audit service forms a statutory part of the Council's internal control arrangements.

9 Conclusion and Recommendations

9.1 There are no reports with a Red Assurance in this monitoring report, although one has an Amber/Red Assurance. These control issues have been noted within the Head of Internal Audit's Year End Opinion reported separately to this Committee. Taking into account the assurance ratings overall, Internal Control was rated as Amber for the year ended 2014/15.