

INTERNAL AUDIT MONITORING REPORT

<u>Report of the:</u>	Head of Corporate Governance
<u>Contact:</u>	Gillian McTaggart
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	<u>Annexe 1</u> - Internal Audit Progress Report <u>Annexe 2</u> - Monitoring of the implementation of internal audit recommendations from facilities management and workforce planning advisory reviews
<u>Other available papers</u> (not attached):	Reports and minutes of meetings of the Audit, Crime & Disorder and Scrutiny Committee held on 14 April 2016, 15 November 2016 and 9 February 2017

REPORT SUMMARY

This report summarises progress against the audit plan for 2016/17

<u>RECOMMENDATION (S)</u>	<i>Notes</i>
(1) That the Committee receives the Internal Audit progress report for 2016/17.	

1 Implications for the Council's Key Priorities, Service Plans and Sustainable 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 the implementation of recommendations from both external and internal auditors.

2.2 On 9 February 2017, the Committee received the previous internal audit progress report for 2016/17. There were no matters arising where the Committee required further reports.

- 2.3 The Committee endorsed the audit plan on 14 April 2016 and another report is being brought to this Committee proposing the audit plan for 2017/18

3 Proposals

- 3.1 The internal audit progress report covering the period to date for 2016/17 is attached as Annexe 1 to this report.
- 3.2 The report monitors the delivery of the audit programme and contains the key features that the Committee has requested. During the year, progress reports will reflect the internal auditor's opinion. The report includes:
- 3.2.1 A summary of progress.
- 3.2.2 Internal audit plan performance.
- 3.2.3 Any alterations to the plan
- 3.2.4 Key findings of each review.
- 3.3 A summary of progress against the Internal Audit Plan for 2016/17 is shown below, three reports have been finalised; Barrier Controlled Parking Project - Post Implementation Review; Financial Management and Main Accounting and PCI compliance.. A further three reports are in draft Payroll; Allocations, Lettings & Voids and Commercial Rental Income.

Assignment	Reported	Opinion	H	M	L
Facilities Management (c/f from 15/16)	15 Nov 16	Advisory		8	
Data Quality	15 Nov 16	Reasonable Assurance		1	2
Cash Handling	15 Nov 16	Reasonable Assurance		1	2
Workforce Planning	15 Nov 16	Advisory		3	
Rent Account & Reconciliation	15 Nov 16	Partial Assurance		3	3
Building & Planning Control	9 Feb 17	Reasonable Assurance		1	4
Corporate Governance	9 Feb 17	Substantial Assurance			0

AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE
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Financial Management & Main Accounting	11 April 17	Reasonable Assurance		1	1
Allocations, Lettings & Voids	In draft				
Business Performance Review – Democratic Services	15 Nov 16	Reasonable Assurance		1	2
Risk Management	9 Feb 17	Reasonable Assurance		2	1
Barrier Controlled Parking Project - Post Implementation Review	11 April 17	Advisory		1	2
Payroll	In draft				
Data Quality	WIP				
Commercial Rental Income	In draft				
Private Sector Leasing	Delayed until 17/18				
Creditors	9 Feb 17	Substantial			1
Revenues	Delayed start				
Benefits	Delayed start				
Business Performance Review – Homelessness	Tbc				
Agency Staff – Procurement	WIP				
Procurement	Starting in March				
PCI Compliance	11 April 17	Partial Assurance	2	1	1
Follow up Review	On going				

- 3.4 The Committee should note that the Council is required to comply with the PCI DSS which is the security standard for organisations that use credit cards. We have made some progress in implementing actions from the previous audit although there are some further recommendations to be implemented to achieve compliance

4 Update on progress - Facilities Management and Workforce Planning Advisory Reports

- 4.1 The Committee requested an update on the implementation of the recommendations from the advisory reviews on Facilities Management and Workforce Planning at its meeting on 15 November 2016. Annexe 2 provides an update on progress for these two reviews.
- 4.2 Facilities Management – action has been taken to improve controls and improve the contract management arrangements. The contract will be due for renewal in Sept 2018 and a working group will be established during 2017 to review options.
- 4.3 Workforce Planning – the Heads of Service are currently reviewing the profile of the workforce in their area and this will be used by the Leadership Team to formulate an overall approach to workforce planning as part of the Organisational Development Strategy.

5 Financial and Manpower Implications

- 5.1 There are no financial or manpower implications within this report.
- 5.2 **Chief Finance Officer's comments** The progress report identifies no direct financial implications for the Council.

6 Legal Implications (including implications for matters relating to equality)

- 6.1 An extension to the contract has been agreed with all members of the consortium for a further two years which will expire in March 2019.
- 6.2 **Monitoring Officer's comments:** *There are no legal implications arising directly from this report. Internal Audit reports form a key part of the Council's governance arrangements.*

7 Sustainability Policy and Community Safety Implications

- 7.1 None for the purposes of this report

8 Partnerships

- 8.1 The Council is working in partnership with Mole Valley, Reigate and Banstead, Tandridge and Waverley Councils as a consortium

9 Risk Assessment

- 9.1 The internal audit service forms a statutory part of the Council's internal control.

10 Conclusion and Recommendations

- 10.1 There are no reports in this monitoring report with no assurance that would impact on the Head of Internal Audit's year ends opinion, although the PCI compliance has only partial assurance which could result in being charged non-compliance fees by the bank.

WARD(S) AFFECTED: (All Wards);