

Appendices



Item No.

**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	Internal audit progress report
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	25 September 2008
<b>Policy Document:</b>	NO
<b>Directorate:</b>	Governance and Improvement
<b>Accountable Cabinet Member:</b>	Malcolm Mildren

### 1. Purpose

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1.1 To provide the Audit Committee with a report summarising progress made against the approved internal audit plan.

### 2. Recommendations

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2.1 Receive the report

### 3. Issues and Choices

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#### 3.1 Report Background

##### 3.1.1 Introduction

The report is produced to inform the Committee on internal audit activity in the current year up to the date of the Committee meeting. The report will give an update on reports issued and recommendations made as well as highlighting any issues that are considered appropriate to bring to the attention of the Committee.

##### 3.1.2 Plan Outturn

We have undertaken work in accordance with the 2008/09 Internal Audit Plan which was presented to and approved by the Audit Committee at their meeting in February 2008.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. This shows that we have undertaken a number of reviews for which reports have been issued in draft and have planned in a significant number of reviews during the next quarter.

### 3.1.3 Reporting and activity progress

#### **Final reports**

The following reports have been issued in Final since the May 2008 Audit Committee Meeting. No changes have been made to what was reported in the 2007/08 Annual Report.

- 07/08 NBC 09 Debtors – No assurance
- 07/08 NBC 10 Payroll – Limited assurance (Included in Appendix Five)
- 07/08 NBC 13 Planning Applications – Moderate assurance
- 07/08 NBC 14 Electrical Services Overtime – No assurance
- 07/08 NBC 15 Fixed Assets – No assurance
- 07/08 NBC 19 Budgetary Control – Moderate level of assurance
- 07/08 NBC 21 Contracts and Legal Services – Limited assurance
- 07/08 NBC 22 Housing system implementation – Limited assurance

#### **Draft reports**

We have issued the following reports in draft format and are awaiting management responses:-

#### **2007/08 Reports**

- 07/08 NBC 04 Voluntary grants (Still awaiting responses)
- 07/08 NBC 07 General ledger (Responses received, further clarification requested)
- 07/08 NBC 12 Bank reconciliations (Responses received, further clarification requested)
- 07/08 NBC 16 Housing rents (Still awaiting responses)
- 07/08 NBC 18 Health & Safety (Responses received, further clarification requested)
- 07/08 NBC 23 Communications and citizen engagement (follow up) (Responses received, further clarification requested)

#### **2008/09 Reports:**

- **08/09 NBC 01 Cashiers** – During the review it was identified that none of our 2007/08 recommendations had been fully addressed and as such we were only able to give a **Limited** level of assurance. Although no high risk issues were noted there were 19 medium or low risks points raised.
- **08/09 NBC 02 Expenses (Including member's expenses)** – Overall we were able to provide a **Moderate** level of assurance over this area. There were a number of low and medium risk issues identified but nothing that was considered high or critical risk in nature.

- **08/09 NBC 03 Freedom of Information and Data Protection** – A review of the controls and processes in place for dealing with Freedom of Information Act requests and Data Protection Act considerations was undertaken. Overall we were only able to provide a **Limited** level of assurance due to weaknesses in relation to the manner in which Data Protection Act requirements were being met. The following points were noted:
  - There is no procedure in place for checking that software/systems comply with the Data Protection Act.
  - The Data Protection Officer is not always consulted when new systems are introduced, for example the recent introduction of the IBS Housing System.
  - It has also been noted that a 'Data Protection toolkit' was produced in 2002 which includes a questionnaire to be used to check that systems comply with the Data Protection Act, however this document has not been utilised.
  - Managers and employees have not been made aware that forms and/or software must be reviewed by the appropriate unit or section for compliance with the Data Protection Act prior to implementation.
  - In addition there is no corporate requirement to review the processing of personal data before it begins and there is no requirement currently that data subjects must be notified of the purpose for processing their personal data.
  
- **08/09 NBC 04 Environmental Health (Commercial Services)** – Our review was focused upon the Commercial services section of the Environmental Health team who are responsible registering and carrying out inspections and enforcement action on food as well as other premises. Overall we were able to give a **Moderate** level of assurance based upon the work performed.
  
- **08/09 NBC 05 Non domestic rates** – Northampton Borough Council is in partnership with the Borough Council of Wellingborough for the provision of its business rates service. This partnership is run under the name Consortium Business Rates (CBR). Overall based upon the audit work performed we were again able to give a **High** level of assurance over this area.

#### **Fieldwork completed**

- **08/09 NBC 06 Call out arrangements**

#### **Other work performed**

We have undertaken work on Risk Management which has focused upon the following areas:

- Provision of advice and support to the Council's Interim Risk Manager with regards the revision and updating of the Council's risk management framework;
- Meetings with the Council's Interim Risk Manager and the sharing of PwC risk management material; and
- Attendance at the Council's management board meeting to present a paper on the Council's risk appetite.

Future involvement will include ongoing support and advice and a presentation to Council Members updating them on the revised risk management framework.

In addition we were asked by management to undertake a review of the following Local Area Agreement (LAA) grants in order for management to report back to the County Council on adherence to grant conditions.

- Neighbourhood
- Building Safer communities
- WPEG
- RESPECT

#### 3.1.4 Other issues

##### **TeamCentral – recommendation tracking**

A report from TeamCentral is now being used as part of the Corporate Performance Reviews being undertaken between the Chief Executive and Corporate Managers. This shows all pending recommendations by area reviewed and assigns responsibility to the appropriate Corporate Manager. Monthly reminders are being sent from TeamCentral to all officers who have actions assigned to them in order for the system to be updated on a monthly basis and status reported upon. A copy of the report is attached as Appendix 3.

At present only final reports are included within TeamCentral. Following on from discussions with the Head of Finance it has been agreed that if no responses are received to draft reports within 2 months of issue we will include within TeamCentral so that findings can be discussed as part of the CPR process.

##### **Internal audit self-assessment**

We conducted our annual self-assessment exercise during June 2008 and have reported the results of this exercise at Appendix 4.

### **3.2 Issues**

3.2.1 As detailed in the report

### **3.3 Choices (Options)**

3.3.1 N/a

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 No implications other than enabling monitoring of internal audit reporting performance.

### **4.2 Resources and Risk**

4.2.1 Risks may be highlighted as a result of audit issues being reported.

### **4.3 Legal**

4.3.1 N/a

### **4.4 Equality**

4.4.1 N/a

### **4.5 Consultees (Internal and External)**

4.5.1 Director of Finance and Head of Finance

### **4.6 Other Implications**

4.6.1 N/a

## **5. Background Papers**

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### 5.1 Appendices to the report

- Appendix 1 - Progress against approved plan
- Appendix 2 – Summary of recommendations made
- Appendix 3 – TeamCentral report extract
- Appendix 4 – Internal audit self-assessment
- Appendix 5 – 2007/08 Payroll Report

5.2 Other individual internal audit reports are available if required.

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