

Internal audit progress report for Audit Committee

January 2012



Table of Contents

Plan outturn	3
Reporting Activity and Progress	4
Appendix A – Plan Outturn Statement	6
Appendix B – Teamcentral Report Summary	9

Plan outturn

2011/12 Audit Plan

We have undertaken work in accordance with the 2011/12 Internal Audit Plan which was presented to the Audit Committee at its meeting in March 2011.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At present we have completed, at the time this report was produced, **173 days out of a total planned 286 days (60%)**. This is in line with the agreed profile. We commit to completing our plan by the year end.

Reporting Activity and Progress

TeamCentral Report

We have included a report in Appendix 2 detailing progress against recommendations raised within our 2011/12 audit work.

2011/12 Plan Outturn

We have undertaken work in accordance with the 2011/12 Internal Audit Plan which was presented to the Audit Committee at its meeting in March 2011.

We have issued final reports for the following reviews:

Grosvenor Car Park Cash Collection

In November 2011 following a management request, we undertook a review of the manual cash collection process at Grosvenor car park. The car park ticket machines in the Grosvenor car park had stopped working and as a result cash was being collected manually from vehicle drivers. Management were seeking assurance that the manual controls were appropriate as replacement of the machines was expected to take a number of weeks.

The key findings were:

- the manual cash collection at Grosvenor car park is conducted by security guards employed by G4S;
- the cash collection process has documented procedure notes developed by G4S. We observed the process and confirmed that it was working in accordance with the procedures;
- the use of the G4S security guards has a weekly cost of approximately £1,700; and
- the car park now closes at 16:30 rather than 18:00, the closing time prior to implementation of the manual process. Therefore the Authority is losing some income from the early closure although no data is available to quantify this loss.

We identified control issues around:

- lack of cash counting during handovers between staff;
- lack of reconciliations between income and cash banked; and
- insufficient controls around recording unsold tickets.

We identified recommendations to improve control for these and car park management have confirmed that these recommendations have been implemented.

HRA Business Planning

The Authority has developed a model to consider the impact of reform on the HRA. We reviewed this model in conjunction with specialists in this field and considered the impact on future financing decisions. Our work was performed on the Councils base model (v15 – October 2011)

Based on the work performed, it is evident that the model is robust and does not contain any significant errors or omissions. Our review of the assumptions identified that the base model did not factor any large capital projects into the forecast however subsequent reiterations are considering work in this area. A number of the assumptions used in the model, differ from those used by Government in their planning process e.g. rent increases and voids. Whilst assumptions can be tailored, the Authority should look to provide representation on the rationale for these within the HRA Business Plan.

Current fieldwork

We have recently completed our fieldwork for the core financial systems review and anticipate issuing a draft report shortly.

We are currently conducting reviews of housing rents, IBS creditors, budgetary control and housing benefits.

Appendix A – Plan Outturn Statement

Auditable Unit	2011/12				Planned audit days	Actual Audit Days	Progress
	Q1	Q2	Q3	Q4			
Cross-cutting							
Risk Management and Business Continuity		✓			5	5	Final report
Procurement		✓			10	10	Final report
Treasury Management		✓			5	5	Final report
Budgetary Control				✓	8	1	Scoping commenced
General Ledger			✓		8	7	Draft report
Debtors			✓		6	5	Draft report
Creditors (Agresso)			✓		6	5	Draft report
Creditors (IBS)			✓		8	6	Fieldwork completed
Payroll			✓		10	9	Draft report
Fixed Assets				✓	6	-	Quarter 4
Cash and Banking			✓		10	9	Draft report
Expenses		✓			7	7	Final report
Housing Benefits				✓	8	1	Scoping commenced
Housing rents			✓		10	8	Fieldwork completed
Debt Recovery				✓	7	1	Scoping commenced
Partnership Arrangements				✓	8	1	Scoping commenced
Sub Total					122	80	
Departmental							
Human Resources – Induction Training				✓	8	1	Scoping commenced
Human Resources - Recruitment	✓				8	8	Final report
Customer Services and ICT - IT reviews				✓	15	1	Scoping commenced
Landlord Services – Decent Homes – contract management/monitoring arrangements			✓		10	8	Draft Report
Strategic Housing - Voids	✓				10	10	Final report
Planning applications				✓	10	1	Scoping commenced
Regeneration and Development – Development governance		✓			10	8	Draft report

Auditable Unit	2011/12				Planned audit days	Actual Audit Days	Progress
	Q1	Q2	Q3	Q4			
Culture and Leisure – Leisure Trust contract management/monitoring arrangements			✓		10	8	Draft report
Corporate Performance and Change - <i>Performance Management Framework</i> -Oversight of data quality and performance management and arrangements for performance related pay				✓	10	1	Planning meeting held
Corporate Performance and Change - <i>Project governance</i> – Specific review of Electronic Data Management System (EDMS) project				✓	5	1	Scoping commenced
Sub Total					96	47	
Value Enhancement							
Anti-fraud and corruption training (Members and Officers)			✓		10	10	Completed
Governance survey				✓	10	-	Quarter 4
Audit Committee Effectiveness Training	✓				2	2	Completed
Environmental Services Contract Review			✓		10	8	Draft report
HRA –Business Plan assumptions review		✓			5	5	Final Report
Sub Total					37	25	
Project Management/Other							
Follow Up - Procurement				✓	3	-	Quarter 4
Teamcentral	✓	✓	✓	✓	10	7	Reports added to Teamcentral
Audit Management	✓	✓	✓	✓	18	14	-
Sub Total					31	21	-
Grand Total					286	173	60% Completed

Adjustments to the Plan

Review	Additional Days	Reduced days	Comments
Removed from the plan			
Asset Management		-8	Removed from plan - timing for the review is not appropriate at the moment (due to significant changes which have occurred in the Department) To be considered as part of 2012/13 audit plan
Community Assets		-5	Community asset programme delayed hence audit input required later To be included in 2012/13 audit plan
Planning - change of scope		-8	Locally set planning fees has been removed as there has yet to be a government decision on this WNDC Development governance removed as CLG are performing a review of this. Instead of the two reviews set out in the plan, a review of the control design and operation of the new planning process (set up for applications previously dealt with by WNDC) will be performed in February (plan updated for this) This has a net effect of reducing the planned days by 8.
Added to the plan			
Debt recovery 2010/11	1		Number of extra meetings and report versions required to finalise this report
Grosvenor Car Parking	3		Specific review of cash collection requested by the Director of Finance and Head of Finance Final Report issued
Performance Indicators	15		Additional audit work requested by Housing department to help validate performance indicators Fieldwork underway
Total	19	-21	
Grand Total		-2	

Appendix B – Teamcentral Report Summary

Summary of 2010/11 recommendations

Year	Number of recommendations made	Implemented / Closed	Outstanding
2010/11	134	126	8 – (5 overdue)

- Only finalised reports are being tracked through Teamcentral
- There are 5 overdue recommendations. We are liaising with management to obtain updates on these and progress will be monitored. The 5 overdue recommendations are for:
 - Project Governance – (1 recommendation)
 - Debt Recovery – (2 recommendations)
 - Carbon Reduction Commitment – (2 recommendations)

The progress against these will be reported to the next Audit Committee and any overdue recommendations will be highlighted.

Summary of recommendations 2011/12 (final reports only)

Review title and number of recommendations in the final report	Responsible Head of Service	Total Outstanding	Outstanding and Overdue	Outstanding but not yet due	Total Implemented
11_12 NBC 01 - Procurement (20)	Bill Lewis	9	0	9	11
11_12 NBC 02 - Voids (7)	Christine Ansell	5	2	3	2
11_12 NBC 03 – Recruitment (4)	Catherine Wilson	0	0	0	4
11_12 NBC 04 – Treasury Management (2)	Bill Lewis	0	0	0	2
11_12 NBC 05 – Expenses (3)	Bill Lewis	0	0	0	3
11_12 NBC 06 - Risk Management and BC Planning (2)	Bill Lewis *	2	1	1	0

***The overdue recommendation for risk management and business continuity planning relates to environmental services which falls under Julie Seddon’s remit.**

There are 3 overdue recommendations. We are liaising with management to obtain updates on these and progress will be monitored. **One of the overdue recommendations relates to inaccuracy of management information for Voids reporting. This was rated as a high risk issue and management agreed to implement this by 30th November 2011.**

Progress against these will be reported to the next Audit Committee and any overdue recommendations will be highlighted.

In the event that, pursuant to a request which Northampton Borough Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PricewaterhouseCoopers (PwC) promptly and consult with PwC prior to disclosing such report. Northampton Borough Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Northampton Borough Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Northampton Borough Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

©2011 PricewaterhouseCoopers LLP. All rights reserved. PricewaterhouseCoopers refers to the United Kingdom firm of PricewaterhouseCoopers LLP (a limited liability partnership) and other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity