
Internal audit progress report for Audit Committee

March 2012



Table of Contents

Plan outturn	3
Reporting Activity and Progress	4
Appendix A – Plan Outturn Statement	5
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. We have completed, at the time this report was produced, **258 days out of a total planned 286 days (90%)**. This is in line with the agreed profile. We commit to completing our plan by the year end.

Reporting Activity and Progress

Team Central 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 since our previous update report:

Core Financial Systems

This review considered controls and processes in place with regards to debtors, creditors (Agresso system), cash and banking, payroll and general ledger.

We provided the following assessments for the systems:

System	Risk rating	Trend	Number of findings
General Ledger	Low risk	Improving	0 findings
Creditors	Low risk	Improving	1 medium risk finding
Debtors	Low risk	Improving	3 low risk findings
Cash and bank	Low risk	Comparable to prior year	1 medium risk funding
Payroll	Medium risk	Comparable to prior year	3 medium risk and 2 low risk findings

Overall the review highlighted that core financial systems are very well controlled. Payroll was the only system not rated as low risk. The Authority is undertaking a payroll project and the findings identified in the audit are addressed within this project.

Housing Rents

The housing rents review covered the following processes:

- Reconciliations
- Annual billing
- Housing stock and tenancy changes
- Arrears processing
- Management Information
- Access to the IBS System

We assessed housing rents as **low risk**. We did not identify any control weaknesses. We identified appropriate controls around all the housing rent processes, which indicates that the department has a strong control environment for housing rents. This was a significant improvement from the prior year.

Anti-fraud health-check

Our anti-fraud health-check was designed to benchmark the anti-fraud framework at the Authority against best practice. This was a high level review rather than a detailed controls audit. We noted a number of areas of good practice, including:

- governance arrangements for anti-fraud
- anti-fraud policies
- hiring and promotion controls

We identified some area of focus including,

- the need for fraud awareness training
- developing a corporate fraud register to record attempted frauds
- fraud risk assessments to identify high risk areas.

Management have developed an action plan which addresses all of the areas we identified.

Development Governance

This review focussed on development governance for the Grosvenor and St Johns projects. Specific areas assessed included:

- roles and responsibilities
- financial and strategic planning
- management information/communication

We assessed development governance as **low risk**. We did not identify any control weaknesses. We identified appropriate controls around all the processes, which indicates that there are strong controls in place around the governance processes for these projects.

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		X			5	5	Final report
Procurement		X			10	10	Final report
Treasury Management		X			5	5	Final report
Budgetary Control				X	8	7	Draft report
General Ledger			X		8	8	Final report
Debtors			X		6	6	Final report
Creditors (Agresso)			X		6	6	Final report
Creditors (IBS)			X		8	7	Draft report
Payroll			X		10	10	Final report
Fixed Assets				X	6	3	Fieldwork underway
Cash and Banking			X		10	10	Final report
Expenses			X		7	7	Final report
Housing Benefits				X	8	7	Draft report
Housing rents				X	10	10	Final report
Debt Recovery				X	7	6	Draft report
Partnership Arrangements				X	8	6	Fieldwork completed
Sub Total					122	113	
Departmental							
Human Resources – Induction Training				X	8	6	Fieldwork completed
Human Resources - Recruitment	X				8	8	Final report
Customer Services and ICT - IT reviews				X	15	12	Fieldwork underway
Landlord Services – Decent Homes – contract management/monitoring arrangements				X	10	9	Draft Report
Strategic Housing - Voids	X				10	10	Final report
Planning applications				X	10	8	Fieldwork completed
Regeneration and Development – Development governance		X			10	10	Final 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			X		10	9	Draft report
Corporate Performance and Change - <i>Performance Management Framework-Oversight of data quality and performance management and arrangements for performance related pay</i>				X	15	11	Fieldwork underway
Note – days for specific EDMS project review merged into this audit as EDMS project not commenced as expected.							
Sub Total					96	83	
Value Enhancement							
Anti-fraud and corruption training (Members and Officers)			X		10	10	Completed
Governance survey				X	10	8	Fieldwork underway
Audit Committee Effectiveness Training	X				2	2	Completed
Environmental Services Contract Review			X		10	9	Draft report
HRA –Business Plan assumptions review		X			5	5	Final Report
Sub Total					37	34	
Project Management/Other							
Follow Up - Procurement				X	3	2	Fieldwork underway
Teamcentral	X	X	X	X	10	9	Reports added to Teamcentral
Audit Management	X	X	X	X	18	17	-
Sub Total					31	28	-
Grand Total					286	258	90% 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)
Community Assets		-5	To be considered as part of 2012/13 audit plan Community asset programme delayed hence audit input required later
Planning - change of scope		-8	To be included in 2012/13 audit plan 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)
Added to the plan			
Debt recovery 2010/11	1		This has a net effect of reducing the planned days by 8. 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 Draft report sent out
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	128	6– (2 overdue)

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

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	0	0	0	7
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
11_12 NBC 08 – Core Financial Systems (12)	Bill Lewis	12	0	12	0

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

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.

©2012 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

