

APPENDIX A

HEAD OF INTERNAL AUDIT

INTERNAL AUDIT PLAN 2015/2016: PROGRESS REPORT

1... INTRODUCTION

1.1 The purpose of this report is to bring the Civic Affairs Committee up to date with progress made against the delivery of the 2015 / 2016 Internal Audit Plan, as at 11 August 2015. The report aims to:

- Provide a high level of assurance, or otherwise, on internal controls operating across the Council that have been subject to audit;
- Advise the Committee of significant issues where controls need to improve to effectively manage risks;
- Advise of any planned changes to reviews, slippage or deletions to that originally agreed in March 2015; and
- Track progress on the delivery of agreed actions which are monitored through the risk register.

1.2 The information included in the progress report will feed into and inform our overall opinion in the annual Head of Internal Audit report issued at the year-end. This opinion will in turn be used to inform the Annual Governance Statement included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.

1.3 Where appropriate each report we issue during the year is given an overall opinion based on four levels of assurance:

- **FULL;**
- **SIGNIFICANT;**
- **LIMITED** and
- **NO.**

1.4 To obtain the level of assurance, this is partly based on the number of type of recommendations we make in each report and is for any control weakness that jeopardises the complete operation of the service. The prioritisation of these being:

- **CRITICAL;**
- **HIGH;**
- **MEDIUM** and
- **LOW.**

1.5 It is managers' responsibility to ensure that effective controls operate within their service areas. However, we undertake follow up work to provide independent assurance that agreed actions arising from audit reviews are implemented in a timely manner.

2... AUDIT TEAM / RESOURCES

2.1 Since the Internal Audit Plan was agreed in March 2015; the following changes have been made within the service:

June 2015

- Following interviews in March we successfully appointed a new Senior Auditor and they commenced duties in June.
- Agreement at Civic Affairs Committee to the carry forward of a number of audits identified within the Head of Internal Audit Opinion.

Ongoing

- Improvements in risk register monitoring and implementation of agreed actions;
- Assisting in a number of key service contract / gateway reviews;

3... RE-PHASING OF AUDIT PLAN

3.1 Previous years have seen requests to re-phase the audit plan or delete audits and replace with new risk areas. At this present moment, there are no proposals to amend the agreed Audit Plan.

4... IMPLEMENTATION OF ACTIONS

4.1 Good progress has been made in the implementation of audit actions across the whole Council. Previous reports have identified actions being overdue for a number of years.

Steve Crabtree
Head of Internal Audit
August 2015

AUDIT PLAN COVERAGE: 2014 / 2015 PROGRESS**(INFORMATION AS AT 11 AUGUST 2015)****CORE SYSTEM ASSURANCE WORK**

Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s151 officer to make his statement included in the Annual Accounts on the reliability of the supporting financial systems.

| | |
|------------------|--|
| Housing Benefits | COMPLETED Use of External Audit diagnostic templates to verify calculations in relation to the housing benefit grants. Two diagnostic tools have been completed / submitted. |
| Main Accounting | SCHEDULED: QUARTER 3 / 4 |
| BACS Payments | PLANNING STAGE |

ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK

Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement

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| Annual Governance Statement | <p>COMPLETED</p> <p>Internal Audit led the working group set up to review and update the Annual Governance Statement. This was submitted to Civic Affairs in June 2015 for comment, challenge and endorsement. The draft Annual Governance Statement has then been provided to External Audit and subsequent inclusion in the final accounts (elsewhere on September 2015 agenda).</p> |
| Annual Audit Opinion | <p>COMPLETED</p> <p>The Annual Audit Opinion was submitted to Civic Affairs Committee in June 2015, highlighting all Internal Audit activity for the previous 12 months together with any areas of concern.</p> |
| Internal Audit Effectiveness | <p>COMPLETED</p> <p>The annual review of the Effectiveness of Internal Audit was submitted to Civic Affairs Committee in June 2015. Following discussions at Civic Affairs Committee, when the external review of the service is commissioned, an element of the review will be to consider how Members of the Committee can support the works of Internal Audit.</p> |
| Prevention of Fraud and Corruption Policy and Annual Fraud Survey | <p>COMPLETED</p> <p>The annual report on fraud and whistle-blowing was submitted to Civic Affairs Committee in June 2015.</p> <p>Furthermore, the Annual Fraud Survey was completed on behalf of the authority and submitted in June 2015.</p> |
| National Fraud Initiative | <p>ONGOING</p> <p>Work continues to investigate anomalies identified through the previous data matching exercise.</p> |

| CORPORATE / CROSS-CUTTING AUDITS | |
|---|--|
| Standards / Gifts and Hospitality / Ethics & Culture / Bribery Act | WORK IN PROGRESS The Public Sector Internal Audit Standards require Internal Audit to evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities. This includes a review against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014); an assessment of our current policies and the establishment of a fraud and corruption risk register. |
| CCTV | SCHEDULED: QUARTER 3 / 4 |
| Implementation of key Council Strategies | SCHEDULED: QUARTER 3 / 4 |

| CONTRACTS AND PROJECTS | |
|---|--|
| Transforming How We Deliver Services | SCHEDULED: QUARTER 3 / 4 |
| Building Cleaning Contract – Post Implementation Review | SCHEDULED: QUARTER 3 / 4 |
| Fleet Review (Refuse and Environment) | SCHEDULED: QUARTER 3 / 4 |
| Banking Contract | ON-GOING Participation in working group overseeing delivery of the new contract. Invitations to Tender have been issued. |
| Redevelopment of Park Street Car Park (Specialist Services) | PLANNING STAGE |
| Ditchburn Place Refurbishment (City Homes) | SCHEDULED: QUARTER 3 / 4 |
| Cultural Trust – Post Implementation Review | ON-GOING Participation in working group prior to transfer and subsequent review. |
| Tourism – Destination Management Organisation | PLANNING STAGE |
| Joint Waste Service / Relocation to Waterbeach (Refuse and Environment) | ON-GOING Liaison with Project Board over Waste Project shared service arrangements. |
| Community Infrastructure Levy (Planning) | ON-GOING |
| Clay Farm Community Centre (Strategic Housing) | ON-GOING |

| CHIEF EXECUTIVE | |
|-------------------------------|---|
| Transparency Agenda | SCHEDULED: QUARTER 3 / 4 |
| Carbon Management Information | DRAFT REPORT ISSUED Evaluating of data collated in order to establish the correct baseline position for carbon emissions. |
| Member Training | SCHEDULED: QUARTER 3 / 4 |

| CUSTOMER AND COMMUNITY SERVICES | |
|---|--|
| Former Tenant Arrears (City Homes) | SCHEDULED: QUARTER 3 / 4 |
| Stores Review (Estates and Facilities) | FIELDWORK STAGE Audit work will feed into the review of the Stores function which is currently being undertaken. |
| Town Hall Lettings Scheme (Strategic Housing) | SCHEDULED: QUARTER 3 / 4 |
| ChYpPS Activities (Communities, Arts and Recreation) | SCHEDULED: QUARTER 3 |
| Management of Premises – Hostels and Sheltered Accommodation (City Homes) | SCHEDULED: QUARTER 3 / 4 |
| Cambridge BID (Revenues and Benefits) | SCHEDULED: QUARTER 3 / 4 |
| Housing Benefits – Risk Based Verification (Revenues and Benefits) | SCHEDULED: QUARTER 3 / 4 |

| ENVIRONMENT | |
|--|--|
| Bereavement Services (Specialist Services) | SCHEDULED: QUARTER 3 / 4 |
| Car Parks Management System (Specialist Services) | PLANNING STAGE Initial meetings held to scope the review which will now cover all key car park related projects to provide a critical friend role. |
| Contaminated Land (Refuse and Environment) | SCHEDULED: QUARTER 3 / 4 |
| Streets and Open Spaces – Project Delivery | SCHEDULED: QUARTER 3 / 4 |
| Managing Income (Refuse and Environment) | SCHEDULED: QUARTER 3 / 4 |

| BUSINESS TRANSFORMATION | |
|--|---------------------------------|
| Compliance with RIPA Legislation (Legal) | SCHEDULED: QUARTER 3 / 4 |
| Recharges / Central Support Costs (Finance) | SCHEDULED: QUARTER 3 / 4 |
| Procurement Cards (Support Services) | SCHEDULED: QUARTER 3 / 4 |
| Commercial Property – Management of Asbestos, Legionella, Fire Risk Assessments (Property) | SCHEDULED: QUARTER 3 / 4 |

| CARRY FORWARD ACTIVITIES | | | | | | | |
|---|----------------------------------|----------------|------------|--------------|-----------|--------------|---|
| Discharge of s.151 Responsibilities | Assurance: Significant | Critical: 0 | High: 2 | Medium: 2 | Low: 0 | Total: 4 | COMPLETED Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and to appoint a Chief Financial Officer (CFO) to have responsibility for those arrangements. Following a restructure of the former Department of Resources in 2013/2014, the Council invested the role of S.151 Officer in a new post of Head of Finance (HoF) from July 2014 reporting to the Director of Business Transformation rather than directly to the Chief Executive. The Annual Governance Statement states the reasons for the Council's different organisational arrangements, together with how these deliver the same impact. |
| Governance Arrangements – Shared Services | DRAFT REPORT | | | | | | |
| Community Infrastructure Levy | ON GOING | | | | | | |
| Tender Evaluation | FIELDWORK STAGE | | | | | | |
| Discretionary Housing Payments | FIELDWORK STAGE | | | | | | |
| Mobile Working | Assurance: Significant | Critical: 0 | High: 3 | Medium: 7 | Low: 0 | Total: 10 | COMPLETED The Mobile Working project aimed to make the appointments process more efficient and improve communication with repairs operatives via mobile hand held devices, thereby improving customer satisfaction and increasing value for money within the service. The project so far covers normal working hours responsive repairs, and will continue to be rolled out for repairs to void properties and the Out of Hours service. |

| | | | | | | | |
|--------------------------------------|--|----------------|------------|--------------|-----------|--------------|--|
| | | | | | | | The report identifies actions to help maximise potential productivity within the existing framework. In order to make further significant improvements a more dynamic system would need to be adopted that increased visibility of operative capacity and availability, thereby leading to greater flexibility and increased productivity. |
| Budget Setting Process | FIELDWORK STAGE | | | | | | |
| Subsidence Claims | FIELDWORK STAGE | | | | | | |
| Health & Safety: Asbestos Management | Assurance: Limited / Significant | Critical: 0 | High: 8 | Medium: 4 | Low: 0 | Total: 12 | <p>COMPLETED</p> <p>This Audit has reviewed the controls in place to manage asbestos in Council homes and the Council's admin buildings (but not commercial properties) and in particular whether recommendations made by Dawson Asbestos Consulting (DAC) in their review of July 2013 have been fully implemented.</p> <p>Prior data entry backlogs to the MICAD system (the system for recording details of asbestos surveys and removals) has been cleared and there is clear evidence that asbestos surveys are being carried out to the required standard.</p> <p>At the time of audit, there were sound procedures in place for ensuring that information held on MICAD is made available to operatives via their handheld devices before any works are undertaken on Council properties, to ensure that they are aware of the 'status' of the property with regard to asbestos. In addition, all operatives receive annual training on asbestos management procedures, which is considered good practice.</p> <p>Internal Audit recently learnt that MICAD was 'parked' for reasons of cost, pending the implementation of a replacement asbestos database, which has just been procured. Interim</p> |

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|---|---------------------------------|
| Contract Management Arrangements | FIELDWORK STAGE |
| Closedown of Contracts | SCHEDULED: QUARTER 3 / 4 |
| Office Re-organisation – Post Implementation Review | SCHEDULED: QUARTER 3 / 4 |
| Compliance with FoI / EIR Legislation | FIELDWORK STAGE |
| Ground Maintenance Recharges | SCHEDULED: QUARTER 3 / 4 |
| Business Continuity Arrangements | SCHEDULED: QUARTER 3 / 4 |
| Data Security / Data Sharing Protocols | SCHEDULED: QUARTER 3 / 4 |
| Customer Complaints | DRAFT REPORT ISSUED |

| FOLLOW-UP AUDITS | |
|----------------------------------|---------------------------------|
| Home Improvement Agency | DRAFT REPORT ISSUED |
| Cash Handling at Depot | SCHEDULED: QUARTER 3 / 4 |
| PCI DSS Compliance | SCHEDULED: QUARTER 3 / 4 |
| Business Use of Private Vehicles | FIELDWORK STAGE |

UNPLANNED ACTIVITIES: PROJECT MANAGEMENT / GENERAL ADVICE

Various pieces of ad-hoc advice have been provided to management during the year across the organisation. Members of the Internal Audit team also participate in the following internal working groups:

- Information Security Group
- Capital Programme Board

UNPLANNED ACTIVITY: SPECIAL INVESTIGATIONS – E.G. ALLEGATIONS OF BREACHES OF OFFICER CODE OF CONDUCT / WHISTLEBLOWING

Internal Audit have undertaken **ONE** separate special investigations so far this year, within **CUSTOMER & COMMUNITY SERVICES**

RISK MANAGEMENT

On-going work includes the review and monitoring of the Council's risks and implementation of actions agreed to mitigate these.

IMPLEMENTATION OF ACTIONS

| AGREED AUDIT ACTIONS: OVERDUE AT 11 AUGUST 2015 | | | | | | | | | |
|--|------------------------------|--------------------------------|---|--|--------------------|-----------------------------|-------------|---------------|------------|
| | | ANALYSIS BY DEPARTMENT | | | | ANALYSIS BY CATEGORY | | | |
| YEAR | TOTAL ACTIONS OVERDUE | Business Transformation | Chief Executive & Corporate Strategy | Customer & Community Services | Environment | Critical | High | Medium | Low |
| Pre 2012 / 2013 | 5 | 1 | – | 2 | 2 | – | 3 | 1 | 1 |
| 2012 / 2013 | 6 | 4 | – | 2 | – | – | 1 | 4 | 1 |
| 2013 / 2014 | 15 | 5 | – | 8 | 2 | – | 10 | 5 | – |
| 2014 / 2015 | 13 | 2 | – | 2 | 9 | – | 4 | 7 | 2 |
| TOTAL | 39 | 12 | – | 14 | 13 | – | 18 | 17 | 4 |

The Head of Audit Opinion (June 2015) identified the audit action status as:

| | Not Due | Outstanding |
|-----------------|----------------|--------------------|
| Pre 2012 / 2013 | 2 | 3 |
| 2012 / 2013 | 2 | 4 |
| 2013 / 2014 | 4 | 14 |
| 2014 / 2015 | 18 | 9 |
| | 26 | 30 |