

HEAD OF INTERNAL AUDIT ANNUAL AUDIT OPINION 2015/16

ANNUAL REPORT

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1. **INTRODUCTION**

- 1.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Civic Affairs Committee and the Director of Business Transformation, Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives.
- 1.2 This report is the culmination of the work during the course of the year and seeks to provide an opinion on the adequacy of the control environment and report the incidence of any significant control failings or weaknesses. The report also gives an overview of audit performance during the year. The overall report will then feed into the Annual Governance Statement included in the Statement of Accounts.

2. **BACKGROUND**

- 2.1 The 2015/2016 audit plan was prepared in accordance with the requirements of the Public Sector Internal Audit Standards and the requirements of the Accounts and Audit Regulations 2015.
- 2.2 The Council is going through a period of significant change. The drives for change are both organisational (e.g. public sector reform and developing new ways of working) and financial (e.g. national austerity programme and the Council's savings commitments). During a period of change it is important that any increased business risks are identified and managed in an effective manner. Our 2015/2016 audit plan reflected these changes by concentrating on those areas of highest risk.

3. **ASSURANCE**

- 3.1 The audit plan is prepared and delivered to enable me to provide an independent opinion on the adequacy and effectiveness of the systems of internal control in place (comprising risk management, corporate governance and financial control). My opinion will inform the Annual Governance Statement which the Council is legally required to produce.
- 3.2 As my opinion is based upon professional judgement, backed up by sample testing, I can only provide at best a reasonable rather than an absolute assurance that the systems of internal control are adequate and effective in managing risk and meeting the Council's objectives. If serious issues are identified in the course of our work that have, or could have, prevented objectives to be met, then my opinion may be qualified.

3.3 Our work is carried out to assist in improving control. **However management is responsible for developing and maintaining an internal control framework.** This framework is designed to ensure that:

- The Council's resources are utilised efficiently and effectively;
- Risks to meeting service objectives are identified and properly managed; and
- Corporate policies, rules and procedures are adequate, effective and are being complied with.

3.4 Assurance is received from a number of sources. These include the work of Internal Audit; assurance from the work of the External Auditor; the Annual Governance Statement and the Risk Management process. This enables a broader coverage of risks and ensures that the totality of the audit, inspection and control functions deployed across the organisation are properly considered in arriving at the overall opinion.

3.5 **Based on the above I am able to provide a reasonable assurance.** As in any large organisation, our work did identify some issues that require action. All significant issues have been reported to the appropriate Director during the year. A summary of these is included as **ANNEX A.**

4. **ADDED VALUE SERVICES**

4.1 Although my primary responsibility is to give an annual assurance opinion I am also aware that for the Internal Audit service to be of value to the organisation it needs to do much more than that. There needs to be a firm focus on assisting the organisation to meet its aims and objectives and on working in an innovative and collaborative way with managers to help identify new ways of working that will bring about service improvements and deliver efficiencies. Examples of how we have done this during the year include:

- Advice and support to a number of procurement exercises, including moderation of the tender evaluation process for the new Financial Management System and Banking contracts.
- Input to key working groups, including the new Capital Programme Board and the Information Security Group.

5. **QUALITY, PERFORMANCE AND CUSTOMER FEEDBACK**

5.1 I am required to report through Civic Affairs Committee details into the quality and customer feedback issues. These are summarised below. The Head of Finance also draws upon this information to report on the adequacy and effectiveness of the systems of internal audit.

- 5.2 An annual self-assessment against the Public Sector Internal Audit Standards established that the service is compliant with these as well as meeting both professional and internal quality standards. As in previous years only minor areas of non-compliance were identified and actions have been taken to address these.
- 5.3 The internal audit plan for 2015/16 contained 674 days. I am satisfied that there were adequate staffing resources available to deliver the agreed audit plan. The section is made up of a complement of 4.49 FTE following a review of the structure in 2014. This is represented by:

TABLE 1: ANALYSIS OF AUDIT TEAM STRUCTURE				
Internal Audit Post	1-Apr-2015	Movement in Year	31-Mar-2016	Commentary
Head of Internal Audit	0.40	-	0.40	
Principal Auditor	0.76	-	0.76	
Senior Auditor	1.57	+1.00	2.57	Recruitment to vacancy (in post from June 2015)
Audit Assistant	0.76	-	0.76	
	3.49		4.49	

- 5.4 The audit work that was completed for the year to 31 March 2016 is listed in **ANNEX B**, which summarises all the audits undertaken and their results in terms of the audit assurance levels provided and the number of actions agreed. A summary of assurance levels is detailed below. This shows that **80%** of the areas audited achieved an assurance level of significant or higher, compared to **68%** last year. Please note that these figures include 4 reports which are still at draft stage, but which have been discussed with management and will be finalised shortly.

TABLE 2: AUDIT ASSURANCE										
Assurance	Issued					%				
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Full	4	2	0	1	0	14.0	6.0	0.0	5.0	0
Significant	14	20	20	12	16	48.0	59.0	83.0	63.0	80
Limited	10	11	4	6	3	34.5	32.0	17.0	32.0	15
No	1	1	0	0	1	3.5	3.0	0.0	0.0	5
TOTAL	29	34	24	19	20	100.0	100.0	100.0	100.0	100.0

5.5 Our reporting protocols have remained constant throughout the year with the following assurance ratings used:

- Full
- Significant
- Limited
- No

5.6 Similarly, the agreed actions are categorised in the following types, based on their severity:

- Critical
- High
- Medium
- Low

5.7 In addition to the audits summarised in the above table, further audit work was carried out including consultancy work and other specific activities such as special investigations. These works do not usually warrant an assurance rating, but there may be actions arising from the work undertaken to address the issues identified. At the year-end a number of audits were in various stages of completion and audit opinions relating to these will be reported during 2016 / 2017.

5.8 During the year, it should be noted that:

- The continuation of shared management arrangements with Peterborough City Council (and South Cambridgeshire from July 2013). Discussions are currently in train as to how the service moves forward in conjunction with the creation of 3C shared services; and
- Sickness levels remain below corporate levels.

5.9 Following changes to the IT infrastructure, as reported to Civic Affairs Committee in March 2015, we have been unable to issue electronic post audit questionnaires. A separate survey was commissioned and issued to Directors, Heads of Service and other service managers who had been subject to internal audit. 25 full responses were received from all departments. 4 responses were incomplete (data has been incorporated into the results where available).

Table 3: Customer Survey Returns	
Business Transformation	8
Chief Executive / Corporate Strategy	2
Customer and Community Services	11
Environment	4
Unknown (Incomplete)	4

- 5.10 In general terms the service has received favourable reviews across all departments. Focus of the analysis has been to look at areas which are seen as “Poor” and what could be done to change and improve in these areas. In addition, a number of questions were included in the survey which required separate responses. These are itemised below. All results have been discussed at each Departmental Management Team. There were no dissenting voices as to the service delivered – only praise – so while there were some negative scores (and comments), no one raised any issues.

SERVICES PROVIDED BY AUDIT	IMPORTANCE			PERFORMANCE		
	Critical / Important	Optional	Not Required	Very Good / Good	Poor	Not Known
Advice on policies and procedures	89%	7%	4%	82%	4%	14%
Advice on contracts	76%	17%	7%	68%	4%	28%
Compliance with policies	79%	17%	4%	78%	4%	18%
Internal control reviews	93%	7%	-	86%	-	14%
IT system reviews	83%	10%	7%	64%	4%	32%
Project assurance	75%	18%	7%	68%	7%	25%
Risks	89%	7%	4%	75%	4%	21%
Investigations	86%	14%	-	60%	4%	36%

- 5.11 Awareness of the audit coverage was high. Some responses identified services which were considered optional or they were not aware of. Performance scores were lower in a number of areas, but this was tempered by a number of responders stating that they had not been audited for a while so were unable to comment as well as stating that certain areas e.g. IT reviews, were not in their area.

- 5.12 There were mixed messages received in relation to our audit reports. Our audit reports have reduced in size over the years to focus on those issues requiring highest attention. At the wash up meetings, other matters arising are discussed but these should not be reflected in the final reports – it should be pitched at the key risks only. From completion of audit to issuing of draft and final reports can be lengthy. This can be for a number of reasons, for example, work being undertaken on other audits, agreeing actions with stakeholders, or ongoing discussions / re-writes before acceptance. Nevertheless, this does need to be improved so as not to detract from the final outputs.
- 5.14 The biggest positive from the survey is that Internal Audit was seen as professional, unbiased and objective – the exact traits required within a modern audit team with no dissention across the Council. The overall score being 92%.
- 5.15 Finally, the overall opinion was that the service met our customers' needs and the quality of service was good or very good with a rating of 92%. (4% responded as did not know and 4% said was poor). Further to previous analysis, there is an overwhelming satisfaction with the service delivered across the Council. Two comments were received in relation to how the service could be further developed to meet individual requirements, these being 1) A greater ability to receive recommendations from staff regarding possible audits; and (2) be more realistic with our planning of the audits. Each point has been picked up and incorporated into an Action Plan.

6. **CORPORATE FRAUD**

- 6.1 Fraud and Irregularity investigations were previously reported to the Standards Committee annually. This would have covered Internal Audit work as well as that of the Revenue and Benefits Services Fraud Prevention Team. This is now part of the remit for Civic Affairs Committee and a report earlier on this agenda covers fraud and whistleblowing.
- 6.2 Internal Audit has been involved in 3 whistleblowing investigations during the year.

7. **COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

- 7.1 With effect from 1 April 2013, new Public Sector Internal Audit Standards were introduced as mandatory guidance that constitutes the principles of the fundamental requirements for the professional practice of internal auditing within the public sector. These standards replaced CIPFA's Code of Practice for Internal Audit in Local Government.
- 7.2 The self-assessment identified the level of compliance with only minor changes necessary. The changes have all been actioned.

Steve Crabtree
Head of Internal Audit
May 2016

ANNEX A

SIGNIFICANT ISSUES ARISING FROM THE DELIVERY OF THE INTERNAL AUDIT PLAN DURING 2015 / 2016**A Annual Governance Statement**

In June 2007, CIPFA, in conjunction with the Society of Local Authority Chief Executives (SOLACE), published Delivering Good Governance in Local Government: Framework. The Department for Communities and Local Government has determined that this guidance represents proper practice. Consequently, Civic Affairs Committee should seek assurance that this guidance has been followed to compile the Annual Governance Statement (AGS). To help the Committee gain that assurance and to give some independent assurance that the AGS is free from material misstatement Internal Audit undertakes reviews of the key corporate governance systems. Using our audit work and being involved in the development of the Annual Governance Statement we can confirm that there is evidence to indicate that policies, procedures and systems are in place for corporate governance to be effective within the Council. The Council has demonstrated a firm foundation for this and Internal Audit remains of the opinion that the policies, procedures and systems are generally in place for good corporate governance.

New governance guidelines have been introduced for 2016/2017 and this will impact on the preparation of future AGS's.

B Risk Management

Internal Audit plays a lead role in the risk management framework. All agreed Internal Audit actions are recorded on the risk register and monitored for implementation. Quarterly reports are referred to each Director on outstanding actions and an overview of significant risks and outstanding actions is reported to the Strategic Leadership Team twice a year.

Concerted efforts have been undertaken over the last few years to reduce the level of overdue actions, in particular to resolve issues from previous years, and this has reduced the numbers significantly, and in February 2016 I reported that no actions remained outstanding. Since then, in an effort to keep on top of this strong position, a monthly position statement on outstanding actions is made to the Chief Executive. The current position is that there are just 3 overdue actions as at the end of May 2016. These will be followed up with management by Internal Audit.

C Key Financial Systems

A risk based review of the authority's key financial systems is undertaken to provide evidence to support the internal audit opinion on the adequacy of the organisation's control environment. Audit coverage during the year has provided sufficient evidence to conclude that those key financial control systems evaluated are adequate, but a number of actions have been identified to rectify any system weaknesses identified.

Our reviews are conducted over a three year cycle so as to spread the coverage on the core systems as well as allowing suitable time to cover other departmental reviews.

For 2015/2016 we reviewed BACS Payments procedures across the Council and conducted the annual system parameter and software diagnostics testing for Housing Benefit payments on behalf of External Audit. A final review of the Council's Budget-Setting process has just been completed and an audit of the Payroll service is currently ongoing. It was not considered appropriate to look at the main accounting system during the year, as planned, due to the imminent procurement of a replacement financial management system.

BACS Payments Audit – BACS is the nationally recognised method for transferring money between British bank accounts and is the Council's primary method of making payments to suppliers, employees and benefit claimants. The Council uses software which is designed to make reliable and secure electronic payments to multiple recipients in one payment file. The volume and value of payments made by the Benefits, Payables and Income and Payroll Teams is approximately £112m for the year. Given the high materiality it is essential that the BACS system is robustly controlled in order to safeguard funds and prevent erroneous or fraudulent payments. The BACS system is operating well and there have been no erroneous or fraudulent payments identified as part of this audit or by management checks that are undertaken as part of day-to-day processes. However, it was identified that the current arrangements do not enforce adequate separation of duties and, therefore, do not include sufficient controls to prevent one individual officer completing all three stages of making a BACS payment. Compensatory controls have been put in place post payment, however these would not highlight an issue until after a payment has been made. This exposes the Council to the risk of unauthorised and / or fraudulent payments being made. Whilst the likelihood of such a risk occurring is considered low, the impact would be severe as any fraudulent payment could be as high as £2m and could go unnoticed for a number of days. As a result we provided a '**Limited**' assurance rating.

Budget-Setting Process - In December 2012 the Council discovered errors in its financial modelling in respect of the 2012/13 financial year budget. Ernst & Young LLP (E&Y) were requested to review the Council's forecasting model to identify the reasons behind the error, and a number of recommendations were made in order to prevent future errors arising.

An initial review of new processes introduced in response to the E&Y recommendations was conducted by Internal Audit in September 2013, when it was concluded that processes appeared robust and included all stages to deliver appropriate financial control. However, it was not possible to verify these in a live environment as, at the time of audit, the Council had not yet run through a full financial cycle.

Internal audit have now completed a full review into the implementation of those recommendations for the 2016/17 budget process and the effectiveness of internal controls put in place. It has been concluded that '**Significant**' assurance can be given to the controls implemented to address the weaknesses identified by the forecasting errors made in 2012. Two actions have been agreed with management to ensure that the service continues to manage the risks associated with the budget setting process going forward, particularly with the implementation of the new Financial Management System.

D. Corporate / Cross Cutting Reviews

Cipfa has produced a Code of Practice on Managing the Risk of Fraud and Corruption, which is accompanied by guidance notes. This voluntary code forms a statement of high level principles which sets out counter fraud good practice across the public sector. The supporting guidance within this publication replaces the existing recommended practice. The guidance notes which underpin the Code explain the importance of the principles and help users apply them in practice.

Internal Audit have assessed the Council's compliance with the Code and guidelines as part of our planned work and produced a separate Anti-Fraud and Corruption Strategy and Action Plan to address a number of shortcomings / gaps across the Council. These are detailed within the annual report on the Prevention of Fraud and Corruption, presented earlier on this agenda.

E. Customer and Community Services

An audit review of the processes for managing and controlling materials issued from **Stores** was conducted to feed into a wider review of Stores being conducted by management. The management review was considering the future method of operation for the service and was recommending a full market testing exercise, the results of which were to be compared with a value for money review of the in-house service. A full market testing exercise has now been completed, but a decision is still to be made on the way forward.

Our audit review highlighted a number of significant control weaknesses within the Stores function and concluded that whichever service delivery option is decided upon, it must address the control weaknesses identified by the audit, to ensure proper control over stock and to ensure that the Council is achieving best value.

F. Environment

An audit has recently been conducted of the **Project Delivery Arrangements within Streets and Open Spaces**. This audit was included as part of the audit plan for 2015/16 at the request of management, who were keen for us to assess their project delivery processes, following a strategic service review during 2014/15. As a result of this service review, Streets and Open Spaces was re-structured from three down to two units with the merger of the former Project Delivery and Environment and Assets units into a single new Development Unit. Management in Streets & Open Spaces directed Internal Audit to examine a sample of 5 projects, which were known to be under-performing, as they were keen for us to identify the control weaknesses highlighted by these projects with a view to making improvements to their procedures. The results of the audit are therefore based on the review of these 5 projects.

The review identified a number of issues in relation to project delivery processes, including a lack of formally documented procedures, inconsistencies in cost centre management arrangements, issues around capital variance reporting arrangements and a lack of robust project monitoring arrangements. A '**No**' assurance rating has therefore been given to this audit.

It should be noted that at this stage, the audit report has not yet been finalised, although has been discussed with management who have demonstrated a willingness to address all the findings in a timely manner, mainly through the provision of a series of workshops, with the support of Internal Audit.

G. **Carried Forward Audits**

An audit of **Tender Evaluation** processes was conducted by examining a sample of recent procurement exercises across the Council, assessing whether they complied with legislative and organisational requirements, standards and objectives.

Our findings from this review highlighted a number of shortcomings in the evaluation processes adopted; in particular; compliance with the stated evaluation methodologies, maintenance of audit trails/retention of documentation, and performance of independent validation checks prior to award of contract. A '**Limited**' assurance rating was therefore given.

This report is also still at *draft* stage and includes actions to update current guidance on tender evaluation processes, as contained in the Council's Quick Procurement Guides; and to communicate the use of the new Regulation 84 Report, as required by new Public Contracts Regulations 2015.

An audit of **Asbestos Management Arrangements** reviewed the controls in place to manage asbestos in Council homes and the Council's admin buildings. At the time of audit, there were sound procedures in place for ensuring that information held on MICAD (the system for recording details of asbestos surveys and removals) is made available to operatives before any works are undertaken on Council properties, to ensure that they are aware of the 'status' of the property with regard to asbestos. A '**Significant**' assurance could therefore be given on these arrangements.

Use of the MICAD system was then 'parked' at the end of November 2014 for reasons of cost, pending the implementation of a replacement asbestos database, which has now been procured. Interim arrangements were put in place for recording details of any new asbestos surveys undertaken and for making operatives aware of asbestos in Council properties; however these necessitate checking in more than one location for the asbestos status of a property, which could increase the risk of errors arising. Controls for the management of asbestos in the Council's admin buildings are in place, including a monitoring inspection regime, however at the time of audit, the scheduled inspections for May and September 2014 had not been completed, due to increased workloads.

Due to the increased risk of the interim arrangements described above and the fact that at the time of audit, the scheduled inspections of the Council's admin buildings were overdue, a '**Limited**' assurance rating was given.

Actions agreed mainly concerned the implementation of the new Asbestos Management system and ensuring that inspections of admin buildings are undertaken as scheduled. It is understood that the latter action has now been completed. A follow up audit is due to be undertaken during 2016/17 to ensure all actions have been implemented.

ANNEX B

AUDIT PLAN COVERAGE

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	DEFERRED The audit covering main accounting has been deferred pending the procurement and installation of the new financial management system. Internal Audit is providing ongoing support to this major project workstream.						
BACS Payments	Assurance: LIMITED	Critical: 0	High: 2	Medium: 3	Low: 0	Total: 5	This audit has reviewed control arrangements for making BACS payments within Revenues & Benefits, the Payables & Income Team and Payroll services. Improvements were identified to ensure proper segregation of duties was evidenced. More detail on this audit is provided in Section C of Annex A.

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	
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>COMPLETED</p> <p>Work continues to investigate anomalies identified through the previous data matching exercise.</p> <p>Final submissions were made and the output details are included in the annual report on fraud on this committee agenda.</p>

CORPORATE / CROSS-CUTTING AUDITS	
Standards / Gifts and Hospitality / Ethics & Culture / Bribery Act	<p>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.</p> <p>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 procedures together with the establishment of a fraud and corruption risk register.</p> <p>There is a separate report on the committee agenda which sets out an action plan to deliver service / cultural improvements across the council.</p>
CCTV	Carried Forward to 2016/17
Implementation of key Council Strategies	Carried Forward to 2016/17

CONTRACTS AND PROJECTS	
Transforming How We Deliver Services	Watching Brief/ discussions held with previous manager responsible for overseeing these projects.
Building Cleaning Contract – Post Implementation Review	WORK IN PROGRESS
Fleet Review (Refuse and Environment)	Watching Brief/ discussions held with previous manager responsible for overseeing this project.
Banking Contract	COMPLETED Participation in working group overseeing implementation of the new contract. Contract went live on 1 April 2016
Redevelopment of Park Street Car Park (Specialist Services)	ONGOING PROJECT - Ongoing advice and support provided to Car Parks Management on a range of current key projects including the re-development of Park Street Car Park.
Ditchburn Place Refurbishment (City Homes)	ONGOING PROJECT - Input provided to recent Gateway review undertaken by Transformation Programme Manager.
Cultural Trust – Post Implementation Review	COMPLETED Input provided to Post Implementation Review.
Tourism – Destination Management Organisation	COMPLETED Advice on risk management provided to Service Manager before transfer to DMO.
Joint Waste Service / Relocation to Waterbeach (Refuse and Environment)	Watching Brief/ discussions held with previous manager responsible for overseeing this project.
Community Infrastructure Levy (Planning)	ONGOING PROJECT - On-going into 2016/17

CHIEF EXECUTIVE							
Transparency Agenda	CANCELLED - Discussions with management revealed that an audit at this time would not add any value to the service concerned so agreed to cancel this audit.						
Carbon Management Information	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 3	Low: 0	Total: 3	Evaluation of the data submission to support our carbon emissions statement.
Member Training	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 2	Low: 0	Total: 2	An assessment of the delivery and recording of Member training.

CUSTOMER AND COMMUNITY SERVICES							
Former Tenant Arrears (City Homes)	WORK IN PROGRESS						
Stores Review (Estates and Facilities)	COMPLETED Memorandum produced. No opinion was provided for this piece of work as the issues identified were used to inform the service development / provision going forward. More detail on this audit is provided in Section E of Annex A.						
Town Hall Lettings Scheme (Strategic Housing)	Carried Forward to 2016/17						
ChYpPS Activities (Communities, Arts and Recreation)	WORK IN PROGRESS						
Management of Premises – Hostels and Sheltered Accommodation (City Homes)	WORK IN PROGRESS						
Cambridge BID (Revenues and Benefits) DRAFT	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 1	Low: 0	Total: 1	Assessment of the Council's arrangements for administering, billing, collecting and enforcing the BID (Business Improvement District) levy. Please note this report is still at DRAFT stage.
Housing Benefits – Risk Based Verification (Revenues and Benefits)	Audit due to commence in Q2 - 2016/17.						

ENVIRONMENT							
Bereavement Services (Specialist Services)	POSTPONED – Service undergoing significant staffing changes so agreed to postpone audit until later in year.						
Car Parks Management System (Specialist Services)	ONGOING PROJECTS – Ongoing advice and support being provided on key projects being delivered within the Car Parks Service.						
Contaminated Land (Refuse and Environment)	WORK IN PROGRESS						
Streets and Open Spaces – Project Delivery DRAFT	Assurance: No	Critical: 1	High: 14	Medium: 0	Low: 0	Total: 15	Please see detailed comments in Section F of Annex A. Please note: This report has not yet been finalised, and is still at DRAFT stage, although has been discussed with management who are keen to address the findings in a timely manner.
Managing Income (Refuse and Environment)	POSTPONED – New Head of Service has only recently taken up post and Commercial Waste service has only recently transferred to shared service, so agreed to postpone start of audit to later in year.						

BUSINESS TRANSFORMATION							
Compliance with RIPA Legislation (Legal Services)	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 0	Low: 0	Total: 0	Procedures were found to be clear, in-line with legislation and sufficiently detailed to provide effective support to officers in relation to RIPA activities. Key officers demonstrated a sound understanding of the requirements of the legislation. As there have been no RIPA cases in 2015/16 the audit was unable to test how effectively the procedures had been applied in practice and therefore a ' Significant ' assurance rating has been given.
Recharges / Central Support Costs (Finance)	ONGOING - This area is currently subject to review by Finance with a view to bringing recharge systems in line across all three partners in the 3C shared services.						
Procurement Cards (Support Services)	WORK IN PROGRESS						
Commercial Property – Management of Asbestos, Legionella, Fire Risk Assessments (Property Services)	WORK IN PROGRESS						

CARRY FORWARD ACTIVITIES							
Discharge of s.151 Responsibilities	Assurance: SIGNIFICANT	Critical: 0	High: 2	Medium: 2	Low: 0	Total: 4	Following a restructure of the former Department of Resources in 2014, the review focussed on verifying that appropriate arrangements were in place to ensure s.151 duties were being delivered effectively.
Governance Arrangements – Shared Services	Assurance: SIGNIFICANT	Critical: 0	High: 2	Medium: 1	Low: 0	Total: 3	A review of the governance arrangements in place for a sample of existing shared service and shared management arrangements. All the services reviewed were pre 3C services.
Tender Evaluation DRAFT	Assurance: LIMITED	Critical: 0	High: 5	Medium: 1	Low: 0	Total: 6	Tender Evaluation procedures were reviewed for a sample of procurements across the organisation. Please see detailed comments in Section G of Annex A. Please Note: This report is still at DRAFT stage but has been agreed in principle.
Discretionary Housing Payments	WORK IN PROGRESS						
Mobile Working	Assurance: SIGNIFICANT	Critical: 0	High: 3	Medium: 7	Low: 0	Total: 10	Assessment of the implementation of computer software and performance monitoring arrangements for the Mobile Working project within Estates and Facilities. Actions have been agreed in the areas of management information and appointment making arrangements within the Customer Service Centre.
Budget Setting Process	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 2	Low: 0	Total: 2	Full review of the Budget Setting Process following recommendations made by Ernst & Young in relation to the Council's budget forecasting model. See Section C of Annex A for details.

Subsidence Claims	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 4	Low: 0	Total: 4	This audit reviewed the procedures in place for managing subsidence insurance claims arising from Council owned trees. Actions were made around updating procedures and re-negotiating the agency agreement with the County Council for managing highways trees.
Health & Safety: Asbestos Management	Assurance: LIMITED / SIGNIFICANT	Critical: 0	High: 8	Medium: 4	Low: 0	Total: 12	This Audit reviewed the controls in place to manage asbestos in Council homes and the Council's admin buildings (but not commercial properties). A split assurance rating was given as procedures for managing asbestos surveys changed mid-way through the audit. Actions have been agreed around the implementation of a new asbestos management system. Please see detailed comments in Section G of Annex A.
Safeguarding: Use of Volunteers	Assurance: SIGNIFICANT	Critical: 0	High: 1	Medium: 4	Low: 0	Total: 5	This audit looked at the effectiveness of arrangements in place for vetting and managing volunteers who undertake roles which have safeguarding implications. Actions were made around updating the Council's Volunteering Policy and providing a briefing session for recruiting managers.
HMO Licences / Use of Temporary Accommodation	Carried Forward to 2016/17						
Safeguarding: Children and Vulnerable Adults (Information Sharing Protocols)	Carried Forward to 2016/17						
IDOX – Post Implementation Review	CANCELLED – Alternative software now in place within Revenues & Benefits, which is working effectively.						
Housing Allocations	Carried Forward to 2016/17.						

Organisational Change Management	To be covered as part of audit of Shared Services in 2016/17.						
Contract Management Arrangements	WORK IN PROGRESS						
Closedown of Contracts	Carried Forward to 2016/17						
Office Re-organisation – Post Implementation Review	CANCELLED – Phase 1 office moves now successfully completed. Phase 2 ongoing. Considered low risk.						
Compliance with FoI / EIR Legislation	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 2	Low: 0	Total: 2	A review of arrangements for managing Freedom of Information and Environmental Information Regulation requests to the Council.
Ground Maintenance Recharges	To be covered as part of audit of Planned Maintenance (Leaseholders) in 2016/17						
Business Continuity Arrangements	To be covered as part of audit of Service Continuity in 2016/17						
Data Security / Data Sharing Protocols	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 5	Low: 0	Total: 5	A review of the reporting policy and arrangements for managing data security breaches and data sharing arrangements with other public sector bodies. Actions were agreed in relation to training and guidance for staff and recording of data security breaches.
Customer Complaints	Assurance: SIGNIFICANT	Critical: 0	High: 0	Medium: 4	Low: 0	Total: 4	A review of the processes in place for the management and reporting of customer complaints, with particular reference to complaints that cut across more than one department. Actions agreed around recording of complaints and complaints management.

FOLLOW-UP AUDITS						
Home Improvement Agency	Assurance SIGNIFICANT	Completed 4	In Progress 5	Outstanding 0	Cancelled 1	Additional Actions 0
Cash Handling at Depot	Carried Forward to 2016/17					
PCI DSS Compliance	Carried Forward to 2016/17					
Business Use of Private Vehicles	Assurance SIGNIFICANT	Completed 3	In Progress 0	Outstanding 0	Cancelled 0	Additional Actions 1
Trade Waste – Management Information	Assurance SIGNIFICANT	Completed 7	In Progress 0	Outstanding 0	Cancelled 1	Additional Actions 0
Achievement of Income and Savings Targets	WORK IN PROGRESS – All actions marked as complete on Risk Register. Audit to gather evidence of implementation of actions.					
Asbestos Management	Carried Forward to 2016/17 – Majority of agreed actions due for completion during 2016/17.					
Local Land Charges	FIELDWORK COMPLETE					
Management of Council Owned Trees	WORK IN PROGRESS					
Management of Events on Open Spaces	FIELDWORK COMPLETE					
Housing Advice Grants to Voluntary Organisations	Carried Forward to 2016/17					
Homelessness	WORK IN PROGRESS – All actions marked as complete on Risk Register. Audit to gather evidence of implementation of actions.					

UNPLANNED ACTIVITIES: PROJECT MANAGEMENT / GENERAL ADVICE

Various ad-hoc advice and support has been provided to management during the year across the organisation. These include:

- Providing input and advice to a number of key projects/procurement exercises during the year including moderation of tender evaluation processes for the Tree Framework, the Temporary Agency Worker Contract, the new Financial Management System, the new Banking Contract and the Gas Maintenance contract.
- A review of Council Tax write offs to assess the effectiveness of recovery procedures and the appropriateness of the application to write off outstanding balances. A further review of this will be conducted during 2016/17 to ensure agreed actions have been implemented effectively.
- The development of the new 'Regulation 84' report template for completion for all EU procurements as required under new Public Contracts Regulations 2015.
- An exercise to analyse potential duplicate payments.

Members of the Internal Audit team also participate in the following internal working groups:

- Information Security Group
- Capital Programme Board
- Procurement Project

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

Internal Audit have undertaken THREE separate investigations this year under the Council's Whistleblowing Policy.

RISK MANAGEMENT

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