

**APPENDIX A**

**HEAD OF INTERNAL AUDIT**

**INTERNAL AUDIT PLAN 2016 / 2017: 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 2016 / 2017 Internal Audit Plan, as at August 2016.
- 1.2 The information included in the progress report will feed into and inform our overall opinion in the annual Head of Internal Audit (HoIA) 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 / OUTPUTS

- 2.1 Since our last report to Civic Affairs Committee (June 2016); the following issues are brought to Members attention:
- The Annual Audit Opinion report identified three audits as being in draft at that time (Cambridge BID, Project Delivery Processes in Streets and Open Spaces and Tender Evaluation). All of these reports have now been finalised and issued. No changes have been made to the draft assurance ratings;
  - Where audit reviews have been completed, the time spent on each job are included (as requested at the previous meeting);
  - Ongoing dialogue across the Council continues to see improved monitoring and implementation of agreed actions; and
  - There have been no changes to audit personnel during the year to date.

2.2 It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit and with the works undertaken in their infancy there are no significant issues to be brought to the Committees' attention.

**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, subject to works being available in relation to Investment Projects. Furthermore, if this does not occur, resources may be allocated against the implementation of the Financial Management System. Internal Audit is already involved in a series of workshops for each authority to assist in its configuration and implementation and it would be prudent to ensure that this is fully resourced. Additional resources will be allocated to this project as appropriate.

**4. IMPLEMENTATION OF ACTIONS**

4.1 Progress has been made in the implementation of audit actions across the whole Council. A number of actions are being verified with managers and a further update will be provided at the Committee.

Steve Crabtree  
Head of Internal Audit  
August 2016

**AUDIT PLAN COVERAGE: 2016 / 2017 PROGRESS****(INFORMATION AS AT AUGUST 2016)**

<b>CORE SYSTEM ASSURANCE WORK</b>	
<b>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.</b>	
Housing Benefits	<p><b>COMPLETED</b></p> <p>Use of External Audit diagnostic templates to verify calculations in relation to the Housing Benefit grants.</p> <p>Diagnostic tools (Modules 2 and 5) have been completed / submitted to Ernst &amp; Young for verification / agreement.</p> <p><i>Audit Days (Estimate 12 / Actual 12)</i></p>
Budgetary Control	<p><b>PLANNING STAGE</b></p> <p><i>Audit Days (Estimate 12)</i></p>

The following Core System audits have not yet started / scheduled for later in the year:

- National Non-Domestic Rates
- Fixed Assets Accounting / Capital Programme

<b>ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK</b> 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 Audit Opinion	<b>COMPLETED</b> The Annual Audit Opinion was submitted to Civic Affairs Committee in June 2016, highlighting all Internal Audit activity for the previous 12 months together with any areas of concern. <i>Audit Days (Estimate 8 / Actual 5.5)</i>
Prevention of Fraud and Corruption	<b>COMPLETED</b> The annual report on fraud and whistle-blowing was submitted to Civic Affairs Committee in June 2016. Furthermore, the Annual Fraud Survey was completed on behalf of the authority and submitted in June 2016. <i>Audit Days (Estimate 8 / Actual 3.5)</i>
Annual Governance Statement	<b>COMPLETED</b> Internal Audit coordinated the working group set up to review and update the Annual Governance Statement. This was submitted to Civic Affairs in June 2016 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 2016 agenda). <i>Audit Days (Estimate 8 / Actual 3.5)</i>
National Fraud Initiative	<b>WORK IN PROGRESS</b> Finalisation of 2014 investigations and commencement of works for the 2016 data matching exercise with the Cabinet Office. Fair processing notices and datasets will be verified before submission in October 2016. Initial results will be expected in February 2017. <i>Audit Days: (Estimate 30)</i>

The following Assurance audits have not yet started:

- Internal Audit Effectiveness

**OBJECTIVE 1...DELIVERING SUSTAINABLE PROSPERITY FOR CAMBRIDGE AND FAIR SHARES FOR ALL**

Community Infrastructure Levy

**WORK IN PROGRESS**

Ongoing development overseeing development of works to replace s.106 agreements.

*Audit Days (Estimate 8)***OBJECTIVE 2: TACKLING THE CITY'S HOUSING CRISIS AND DELIVERING OUR PLANNING OBJECTIVES**

Planned Maintenance (s.20 Works)

**WORK IN PROGRESS**

This review also includes Grounds Maintenance Recharges (carried forward from 2015 / 2016)

*Audit Days (Estimate 10)*

The following audits covering Objective 2 have not yet started:

- Use of Council Assets
- Contract Management: Maintenance Programmes

<b>OBJECTIVE 3: MAKING CAMBRIDGE SAFER AND MORE INCLUSIVE</b>	
Environmental Health: Enforcement	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 12)</i>
Environmental Health: Licensing	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 12)</i>
Clay Farm Community Centre	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 10)</i>

The following audit covering Objective 3 has not yet started:

- Safer Communities

<b>OBJECTIVE 5: PROTECTING OUR CITY'S UNIQUE QUALITY OF LIFE</b>	
Ditchburn Place: Refurbishment Works	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 10)</i>

The following audit covering Objective 5 has not yet started:

- Cultural Trust

<b>OBJECTIVE 6: PROTECTING ESSENTIAL SERVICES AND TRANSFORMING COUNCIL DELIVERY</b>	
Shared Services: Phase 1	<p><b>PLANNING STAGE</b></p> <p><i>Audit Days (Estimate 12)</i></p>
Financial Management System	<p><b>WORK IN PROGRESS</b></p> <p>Initial preparatory works as part of the evaluation of key controls during the systems design stage. Internal Audit are members of the Project Group and will be reviewing various aspects of the work. It is also involved in a series of workshops which covers all 3 Councils. The initial days allocated will be reviewed.</p> <p><i>Audit Days (Estimate 12)</i></p>
Investment Projects	<p><b>PLANNING STAGE</b></p> <p>Initial meetings undertaken concluded / agreed to defer works until Quarter 4. If there are no potential projects submitted / in place at this time then the audit will be rolled into 2017 / 2018.</p> <p><i>Audit Days (Estimate 10)</i></p>

The following audits meeting Objective 6 have not yet started:

- Programme Office
- Service Continuity
- Procurement and Commissioning
- Sickness Absence
- Flexible Working Arrangements
- Premises Security
- Telephony
- Information Governance
- Support Services
- Write Offs: Council Tax
- Management of Elections



<b>CARRY FORWARD ACTIVITIES</b>	
Project Delivery Processes (Streets and Open Spaces)	<p><b>COMPLETED</b></p> <p>This was reported on within the Annual Audit Opinion report submitted to Civic Affairs Committee in June 2016 as being in DRAFT STAGE with <b>NO</b> assurance</p> <p>No amendments were made and the report was issued in July 2016.</p> <p><i>Audit Days (Estimate 10 / Actual 35)</i></p>
Cambridge BID	<p><b>COMPLETED</b></p> <p>This was reported on within the Annual Audit Opinion report submitted to Civic Affairs Committee in June 2016 as being in DRAFT STAGE with <b>SIGNIFICANT</b> assurance.</p> <p>No amendments were made and the report was issued in July 2016.</p> <p><i>Audit Days (Estimate 8 / Actual 7)</i></p>
Tender Evaluation	<p><b>COMPLETED</b></p> <p>This was reported on within the Annual Audit Opinion report submitted to Civic Affairs Committee in June 2016 as being in DRAFT STAGE with <b>LIMITED</b> assurance.</p> <p>No amendments were made and the report was issued in July 2016.</p> <p><i>Audit Days (Estimate 12 / Actual 21)</i></p>
CCTv	<p><b>WORK IN PROGRESS</b></p> <p><i>Audit Days (Estimate 8)</i></p>
Payroll	<p><b>DRAFT REPORT STAGE</b></p> <p><i>Audit Days (Estimate 12)</i></p>
Car Park Management System	<p><b>WORK IN PROGRESS</b></p> <p><i>Audit Days (Estimate 12)</i></p>
Building Cleaning (PIR)	<p><b>WORK IN PROGRESS</b></p> <p><i>Audit Days (Estimate 5)</i></p>

Redevelopment of Park Street Car Park	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 8)</i>
Former Tenant Arrears	<b>DRAFT REPORT STAGE</b> <i>Audit Days (Estimate 8)</i>
ChYpPs Activities	<b>DRAFT REPORT STAGE</b> <i>Audit Days (Estimate 6)</i>
Hostels / Sheltered Accommodation	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 10)</i>
Contaminated Land	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 8)</i>
Procurement Cards	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 8)</i>
Commercial Property (Risk Assessments)	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 10)</i>
Discretionary Housing Payments	<b>DRAFT REPORT STAGE</b> <i>Audit Days (Estimate 10)</i>
Contract Management Arrangements	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 12)</i>

<b>FOLLOW UP PROVISION (ESTIMATE 30 DAYS)</b>						
Local Land Charges <i>Audit Days (Estimate 3 / Actual 6)</i>	Assurance <b>SIGNIFICANT</b>	Completed <b>6</b>	In Progress <b>1</b>	Outstanding <b>0</b>	Cancelled <b>0</b>	Additional Actions <b>0</b>
Management of Council owned Trees	<b>DRAFT REPORT STAGE</b> <i>Audit Days (Estimate 3)</i>					
Achievement of Income and Savings Targets	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 3)</i>					
Homelessness	<b>WORK IN PROGRESS</b> <i>Audit Days (Estimate 5)</i>					

The following follow up audits have not yet started:

- Housing Advice Grants to Voluntary Organisations
- Asbestos Management
- BACS

**UNPLANNED ACTIVITIES: PROJECT MANAGEMENT / GENERAL ADVICE / REQUESTED WORKS (ESTIMATE 30 DAYS)**

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

Other areas undertaken in the period include:

- Data security workshops (for Revenues and Benefits);
- Procurement Data analysis;
- Greenhouse Gas figures (review)

**UNPLANNED ACTIVITY: FRAUD / IRREGULARITY / SPECIAL INVESTIGATIONS – E.G. ALLEGATIONS OF BREACHES OF OFFICER CODE OF CONDUCT / WHISTLEBLOWING (ESTIMATE 30 DAYS)**

Internal Audit is currently undertaking THREE separate special investigations within the Council. In addition, separate works have been commissioned into a number of shared service issues.

**RISK MANAGEMENT (ESTIMATE 30 DAYS)**

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