

APPENDIX A

HEAD OF INTERNAL AUDIT

INTERNAL AUDIT PLAN 2017 / 2018: 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 2017 / 2018 Internal Audit Plan, as at August 2017. 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.
- 1.2 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**.
- 1.3 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**.
- 1.4 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 2017); the following issues are brought to Members attention:
- Recruitment for the permanent Head of Internal Audit for Cambridge City Council and South Cambridgeshire District Council continued. Following an unsuccessful recruitment exercise in April 2017, the Council has used Hays Recruitment to look for appropriate candidates for the post. 29 applications were received and following scrutiny and evaluation this was reduced to 4 for interview. These were scheduled for the end of August 2017;
 - A temporary agency auditor has been appointed in August 2017 for a minimum period of 3 months to continue to assist with the delivery of the agreed plan;
 - There have been an inordinate number of non-audit activities / investigations within the first 5 months of the year. Six have been received up to end of August which has taken priority in terms of resources. In addition, work continues on the National Fraud Initiative;
 - Where audit reviews have been completed, the time spent on each job are included; and
 - Ongoing dialogue across the Council continues to see improved monitoring and implementation of agreed actions.

- 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. Subject to there being no additional non-audit activities during the remainder of the year, at this present moment, there are no proposals to amend the agreed Audit Plan.

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 2017

AUDIT PLAN COVERAGE: 2017 / 2018 PROGRESS**(INFORMATION AS AT AUGUST 2017)****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.

Insurance	Commenced Quarter 2. In progress
Treasury Management	<i>Scheduled Quarter 3</i>
VAT	Commenced Quarter 2. In progress
Accounts Receivable	<i>Scheduled Quarter 4</i>
Housing Benefits	2 audits are to be completed on behalf of Ernst and Young, based around Modules. Module 2 has been completed and Module 5 is in progress
Council Tax	<i>Scheduled for Quarter 4</i>

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

Organised Crime Procurement Review	<i>Scheduled for Quarter 3</i>
Annual Audit Opinion	COMPLETED. Civic Affairs Committee – June 2017
Prevention of Fraud and Corruption	COMPLETED. Civic Affairs Committee – June 2017
Annual Governance Statement	COMPLETED. Civic Affairs Committee – June 2017

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

Community Infrastructure Levy	In progress. Ongoing monitoring of development of CIL, awaiting local plan adoption and its impact.
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OBJECTIVE 2: TACKLING THE CITY'S HOUSING CRISIS AND DELIVERING OUR PLANNING OBJECTIVES

Disabled Facilities Grant	<i>Scheduled for Quarter 3</i>
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Service Charges (Tenants)	<i>Scheduled for Quarter 4</i>
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Ditchburn Place	<i>Scheduled for Quarter 4</i>
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Housing Delivery	<i>Scheduled for Quarter 3</i>
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OBJECTIVE 3: MAKING CAMBRIDGE SAFER AND MORE INCLUSIVE

Use of Social Media	<i>Scheduled for Quarter 3</i>
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Safeguarding	Commenced Quarter 2. In progress.
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Street Traders / Market Licences	<i>Scheduled for Quarter 3</i>
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Food Safety Standards	<i>Scheduled for Quarter 4</i>
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Clay Farm	In progress. Ongoing monitoring of development and review
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OBJECTIVE 4: INVESTING IN IMPROVING TRANSPORT

Car Park Permits	<i>Scheduled for Quarter 4</i>
Car Park Projects	Commenced Quarter 2. Overview of project for replacement of equipment.
Garage Commercialisation	Commenced Quarter 2. Linked in to issues raised as part of non-audit activities request.

OBJECTIVE 5: PROTECTING OUR CITY'S UNIQUE QUALITY OF LIFE

Flood Assessments	<i>Scheduled for Quarter 4</i>
Leisure	<i>Scheduled for Quarter 3</i>
Sports Projects	Commenced Quarter 2. In progress.

OBJECTIVE 6: PROTECTING ESSENTIAL SERVICES AND TRANSFORMING COUNCIL DELIVERY

Electoral Register	<i>Scheduled for Quarter 3</i>
Key Performance Indicators / Balanced Scorecard	<i>Scheduled for Quarter 3</i>
Office Accommodation Strategy	<i>Scheduled for Quarter 4</i>
TUPE	<i>Scheduled for Quarter 4</i>
Contract Management: Temporary Agency Workers	<i>Scheduled for Quarter 3</i>
Commercial Property	<i>Scheduled for Quarter 4</i>
Portfolio Investments	<i>Scheduled for Quarter 4</i>
Financial Management System	Ongoing provision of scrutiny and challenge to the project. Number of updates have been provided to the Project Board
ICT	<i>Scheduled for Quarter 4</i>
Transformation Projects	<i>Scheduled for Quarter 3</i>
Shared Services	Commenced Quarter 1. In progress
Cash Handling	<i>Scheduled for Quarter 3</i>
Job Recording Procedures	<i>Scheduled for Quarter 4</i>
Building Control Fees	<i>Scheduled for Quarter 4</i>

OBJECTIVE 7: TACKLING CLIMATE CHANGE AND MAKING CAMBRIDGE CLEANER AND GREENER

Gas Maintenance	<i>Scheduled for Quarter 3</i>
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FOLLOW UP PROVISION (ESTIMATE 30 DAYS)	
Achievement of Income & Savings	<i>Scheduled for Quarter 3</i>
Homelessness	Commenced Quarter 1. In progress.
Housing Advice Grants to Voluntary Organisations	Commenced Quarter 1. In progress
Asbestos Management	Commenced Quarter 1. In progress
BACS	<i>Scheduled for Quarter 3</i>
Streets & Open Spaces Project Delivery	<i>Scheduled for Quarter 3</i>

UNPLANNED ACTIVITIES: PROJECT MANAGEMENT / GENERAL ADVICE / REQUESTED WORKS (ESTIMATE 30 DAYS)
There have been no requests as at August 2017. Time has been reallocated to cover investigations (see below).
UNPLANNED ACTIVITY: FRAUD / IRREGULARITY / SPECIAL INVESTIGATIONS – E.G. ALLEGATIONS OF BREACHES OF OFFICER CODE OF CONDUCT / WHISTLEBLOWING (ESTIMATE 30 DAYS)
SIX cases have been referred to Internal Audit between April and July 2017; across all Directorates, which has taken priority in relation to the audit plan. In addition, additional time has been spent on undertaking the National Fraud Initiative exercise (which was identified as being reassigned within the Council within the business case but has remained within Internal Audit).
RISK MANAGEMENT (ESTIMATE 30 DAYS)
Regular updates are provided to Heads of Service / Line Managers on managing their risks