

APPENDIX A

Internal Audit Activity during 2014/15

The table below provides a summary of audit activity during 2014/15.

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Carry Over Work:		
Completion of reviews in progress as at 31st March 2014		
2013-14 Accounts Payable Phase 2	Final report issued	Adequate
2013-14 Council Tax Phase 2	Final report issued	Adequate
2013-14 NDR Phase 2	Final report issued	Adequate
2013-14 Asset Management/Capital Accounting	Final report issued	Adequate
2013-14 Main Accounting System Phase 2	Final report issued	Adequate
2013-14 Payroll Phase 2	Final report issued	Adequate
2013-14 SWIFT Financials	Final report issued	Adequate
ICT Contract Management	Fieldwork completed	
Recruitment Controls (including vetting)	Final report issued	Adequate
Data Quality- Customer Satisfaction for Roads and Pavements	Final report issued	Adequate
Data Quality- Invitations to Health Screening	Final report issued	Limited
Teachers' Pensions	Final report issued.	Limited
Officers Hospitality and Gifts - Follow Up	Final report issued	Unsatisfactory progress
Members Hospitality and Gifts - Follow Up	Final report issued	Satisfactory progress
ICT Governance Phase 2	Final report issued	Limited
Corporate Financial Management	Final report issued	Adequate
Domiciliary Care Framework Agreement	Fieldwork completed	
SCHH Financial Management	Final report issued.	Adequate
Section 278 Agreements	Final report issued	Limited
Pro Active Anti Fraud- Expense Claims	Fieldwork in progress	
Pro Active Anti Fraud - Timesheets	Postponed to 15/16	n/a
Lawnside Lower School	Final report issued	Adequate
Arlesey Nursery	Final report issued	Adequate
2014-15 Plan		
Fundamental Systems		
Accounts Payable/Purchase Ledger (including feeder systems)	Final report issued	Adequate
Accounts Receivable/Sales Ledger	Final report issued	Adequate
Asset Management (incl. Asset Register)/Capital Accounting	Fieldwork completed	
Council Tax (including Council Tax Support Scheme)	Final report issued	Adequate
Housing Benefits	Final report issued	Adequate
Main Accounting Systems (MAS)	Final report issued	Adequate
National Non Domestic Rates NNDR	Final report issued	Adequate
Payroll	Final report issued	Adequate
SWIFT Financials	Draft report issued	Adequate*
Treasury Management	Final report issued	Adequate

* indicates provisional opinion

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Housing Rents including tenant arrears	Final report issued	Adequate
Cash And Banking (Non Invoiced Income)	Final report issued	Adequate
Improvement and Corporate Services		
Data Quality – Visits to Libraries	Final report issued	Adequate
Information Governance - application of framework	Report being drafted	
Corporate Governance Reviews	Fieldwork in progress	
Public Health data - assurance on Information Management	Work completed	n/a
Application Reviews (framework i)	Fieldwork in progress	
Customer First Information Security	Fieldwork in progress	
SAP Master Data Maintenance post ESS/MSS	Testing incorporated within ESS expense claims review	n/a
IT Disaster Recovery	Fieldwork in progress	
SAP Access and Security	Final report issued	Limited
Corporate Asset Management Strategy	Review postponed	n/a
Compliance- Assets	Fieldwork in progress	
Asset Management System	Fieldwork completed	
Corporate Services/Finance		
Impact of Welfare Reform	Removed - see Jan Committee report.	n/a
Adherence to Procurement Procedures	Budget used to support Framework I review	n/a
Sickness Absence Pool	Final Report Issued	Adequate
Children's Services		
Caldecote Lower School Follow Up	Final Report Issued	Satisfactory Progress
Heathwood Lower School	Final Report Issued	Adequate
Laburnum Lower School	Final Report Issued	Adequate
Streetfield Middle School	Final Report Issued	Adequate
Ashton Middle School	Final Report Issued	Limited
Flitwick Lower School Follow Up	Final Report Issued	Satisfactory Progress
Greenleas Lower School	Final Report Issued	Limited
Thomas Whitehead Lower School Follow Up	Final Report Issued	Satisfactory Progress
School Transport	Scoping in progress	
Troubled Families Grant	Grant claim work completed	n/a
Social Care, Health and Housing		
Housing Repairs	Timing of review subject to completion of SAP/QL interface	
Direct Payments	Fieldwork completed	
Housing Tenancy Management	Draft report issued	Adequate*
Residential Care Homes - Supporting Transfer	Finalised	n/a
Residential Care Homes - Review opening balances on clients' funds	Fieldwork completed	
Residential Care Homes - Payroll Due Diligence	Fieldwork completed	n/a
Care Homes - Accreditation Scheme for	Fieldwork in progress	

* indicates provisional opinion

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Dementia		
Contracts and Partnerships		
Contract Management	Fieldwork completed	
Public Health		
Public Health compliance with best practice	Fieldwork completed	
Special Investigations		
National Fraud Initiative (NFI)	On-going throughout year	n/a
Special Investigations	Four investigations finalised during year	n/a
Pro Active Anti Fraud:		
Internet and Email systems	Review postponed	
Voluntary funds	Fieldwork completed	
Cash income	Final report issued	Adequate
Consultancy etc.		
Major projects - Consultancy	Work undertaken includes supporting the Highways retender and the change in provider for agency staff	n/a
Risk Management Activities	On-going throughout year	n/a
Supporting Annual Governance Statement	13/14 AGS finalised 14/15 to be presented to June Audit Committee	n/a
Audit of Individual Grants	On-going throughout year	n/a
General Advice	On-going throughout year	n/a
Head of Audit Chargeable Against Plan	On-going throughout year	n/a
Benchmarking Exercise	Completed	n/a
Contingency	This has been used to supplement the general advice and consultancy budget	n/a

* indicates provisional opinion

Key Issues arising from finalised reviews (for reviews not previously reported to Committee)

1. 2014/15 Accounts Payable

This review covered policies and procedures, and the Accounts Payable processes, including ordering, goods receipting, authorisation of invoices, reconciliations and controls over master data. The review also considered material supporting systems, covering agency recruitment, Amey, Waste Services and a review of the pilot scheme for project bank accounts. Although the overall audit opinion was adequate, the change of provider for agency staff effective from November 2014 has resulted in interim control procedures being introduced with a reduction in the control environment for a significant area of activity. Management action is being taken to address this issue by September 2015. Work on Phase 2 is in progress.

2. 2014/15 Accounts Receivable

This review covered policies and procedures, and the Accounts Receivable processes, including invoicing, amendments, accounting arrangements, debt monitoring and write offs. The overall audit opinion was adequate. Phase 2 work has been finalised and no significant issues were identified.

3. 2014/15 Main Accounting System

This review covered policies and procedures, accounting for financial transactions, journal entry controls, transfers from feeder systems, controls to ensure accuracy, and reporting mechanisms. The overall opinion was adequate. Phase 2 work has been finalised and no significant issues were identified.

4. 2014/15 Cash and Banking

This review covered policies and procedures and the processes for ensuring transactions are recorded and supported by appropriate documentation. It also reviewed the access controls and the contract for the provision of the Capita income system. The overall audit opinion was adequate. No Phase 2 work was required.

5. 2014/15 Payroll

The review covered policies and procedures, controls over standing data, the accuracy of payments and deductions, controls over payments to and received from statutory agencies, the accurate posting of data, and compliance with legislative requirements. The overall audit opinion was adequate. Work on Phase 2 is in progress; however, there are no significant findings to date.

6. 2014/15 Housing Rents

This review covered policies and procedures and the processes to support the calculation, receipt and recording of amounts due, including tenant arrears. The audit opinion was adequate. Phase 2 work has been finalised and no significant issues were identified.

7. 2014/15 Treasury Management

This review covered policies and procedures, compliance with existing statutory and best practice guidance, performance monitoring, authorisations, accounting treatment, cash flow, investment and borrowing controls and separation of duties. The overall audit opinion was adequate. No Phase 2 testing was required.

8. 2014/15 NDR

This review covered the NDR processes including the identification and recording of commercial properties, amendments to accounts, discount and exemption processes, overdue account monitoring and recovery action, write offs, the recording of transactions within the authority's accounts, billing processes and business continuity procedures. The overall audit opinion was adequate. Phase 2 work has been finalised and no significant issues were identified.

9. 2014/15 Council Tax (including Council Tax Support Scheme)

The scope of this review was similar to the above, but covering Council Tax and therefore domestic properties. The review included a review of the Council Tax Support Scheme controls. The overall audit opinion was adequate assurance. Phase 2 work has been finalised and no significant issues were identified.

10. 2014/15 Housing Benefits

This review covered processes from the receipt of correspondence, assessment of claims, supporting evidence, payment processes, fraud detection, system security arrangements and compliance with DWP requirements. It also gave assurance on the resolution of issues that were raised by external auditors in relation to the Council's Housing Benefit Subsidy Claim. The overall audit opinion was adequate. Phase 2 work has been finalised and no significant issues were identified.

11. 2014/15 SWIFT Financials

SWIFT financials provides key accounting functionality to directorates providing social care services. This review covered input processing and output controls, data back up arrangements, and the audit trail. The overall opinion was adequate (draft report). No Phase 2 testing is planned.

12. Asset Management

The review covered policies and procedures, capital expenditure, depreciation, disposals, impairments and security of assets. Although the report has not yet been finalised, no significant issues of concern have been identified.

13. Recruitment Controls (including vetting)

This review considered the systems in place to confirm references, qualifications, right to work in the UK, DBS (Disclosure and Barring Service) clearances and medical clearances. The review covered policies and procedures and checking and verification controls. The review excluded agency staff and school staff. The overall audit opinion was adequate.

- 14. Data Quality – Customer Satisfaction for Roads and Pavements**
The scope of this review covered the collection and reporting of data in relation to customer satisfaction for roads and pavements. The overall opinion was adequate.
- 15. Data Quality – Invitations to Health Screening**
The scope of this review covered the collection and reporting of data in relation to invitations to health screening. The overall opinion was adequate.
- 16. Teachers’ Pensions**
This review considered the controls in place to ensure the accurate completion of the annual Teachers pensions Return to the Teachers Pensions Agency (TPA). The review included policies and procedures, the processes for ensuring accurate and complete data is held by the Authority, and the processes to ensure that the return is accurate and complete. The audit identified a number of areas for improvement and the overall audit opinion was limited.
- 17. ICT Governance Phase 2**
This review covered the IT governance framework, including IT strategy, management of IT resources, IT standards and policies, IT support services, user requirements, responsibilities and reporting lines. A number of areas for improvement were identified, and the overall audit opinion was limited. Since the audit was undertaken work has progressed on developing an up to date IT Strategy.
- 18. Corporate Financial Management (Schools)**
The purpose of the audit was to provide assurance to management that key controls associated with Corporate Financial Management (Schools Financial Returns) are operating effectively and in doing so examined the arrangements in place for the control and proper use of public funds allocated to schools, and the accuracy, timeliness and completeness of financial reporting by schools, to allow the authority to monitor and intervene where necessary. The overall audit opinion was adequate.
- 19. Social Care, Health and Housing Financial Management**
This review focussed on the Adult Social Care budget management arrangements via the SWIFT/SAP interface. (The SWIFT system accounts for the provision of adult social care packages and payments). The overall opinion was adequate.
- 20. Section 278 Agreements**
This audit reviewed the key controls associated with the collection of income from developers for work in respect of S278 agreements (Highways). It considered both historic and current processes. The overall opinion given was limited assurance. It should be noted that, since the audit was undertaken, significant progress has been made in recovering historic debt.
- 21. Data Quality – Visits to Libraries**

The scope of this review covered the collection and reporting of data in relation to visits to libraries. The overall opinion was adequate.

22. SAP Access and Security

The purpose of the audit was to provide assurance that key controls associated with SAP Access & Security are operating effectively. There are a number of fundamental systems including Main Accounting, Payroll, Accounts Payable, Accounts Receivable, Asset Management, Council Tax, NDR and Housing Rents which rely upon the robustness of the underlying SAP infrastructure. The overall audit opinion given was limited.

23. Sickness Absence Pool

The purpose of the audit was to provide assurance to management that key controls associated with the Long Term Absence and Maternity Pool are operating effectively and in doing so examined the systems and process for managing and administering the Pool including the setting and collecting of charges and the payment of claims. The overall audit opinion was adequate.

24. Pro Active Anti Fraud – Cash Income

This review considered the cash handling arrangements within Day centre, Day Care Centres, Supported living Units and the Employment and Life Unit at Silsoe. The recently transferred Older People's Care Homes were excluded. The arrangements for managing trading income and supporting expenditure for tea/coffee shops, stewardship of residents/clients' monies, service provision and the administration of imprests and amenity funds were considered. The overall audit opinion was adequate.

25. Public Health Data – Assurance on Information Management

A review of information management for the Teenage Pregnancy Support Pathway service was undertaken and a briefing note was issued. No significant issues were identified.

26. Troubled Families

Initial audit work included reviewing and certifying grant claims at the start of the programme. At this stage all claims were manually processed. A revised process which included automated data analysis was subsequently implemented enabling an increase in the number and expediency of claims. Internal Audit undertook a walkthrough test of the revised process. No significant issues were identified.

27. Residential Care Homes – Payroll Due Diligence

Ongoing assurance work has been undertaken on the records and data transferred relating to Older People's Care Homes. Internal audit have been working with Human Resources to resolve any outstanding issues. No significant issues were identified.

28. School Audits

The audit reviews for schools focus on the main systems, including purchasing, financial management, payroll, financial returns, governance, asset management and data management, bank accounts and the administration of the school fund. Consideration is also given to any concerns raised by the Schools Finance Team, or the Head Teacher.

Following each audit, an action plan is prepared and agreed with the school. Where any significant weaknesses are identified, a follow up audit visit is undertaken to provide assurance that the agreed actions have been implemented.