

APPENDIX A

Internal Audit Activity during 2016/17

The table below provides a summary of audit activity during 2016/17

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Carry Over Work:		
Completion of reviews in progress as at 31st March 2016		
2015/16 Asset Management (incl Asset Register)	Final report issued	Adequate
2015/16 Accounts Payable Phase 2 (Comensura)	Final report issued	n/a
Residential Care Homes	Final report issued	Limited.
Car Parks - Cash Collection	Final report issued	Adequate
Children's Centres	Final report issued	Adequate
Contracts Management - Data Centre Visits	Fieldwork substantially completed	
Customer First	Briefing note issued	n/a
Direct Payments for Care	Final report issued	Adequate
Domiciliary Care Framework Agreement	Final report issued	Adequate
European Social Funding	Final report issued.	Adequate
Financial Assessment and Charging for Residential Care	Final report issued	Adequate
Grants	Final report issued	Limited
Information Governance - Transparency	Final report issued.	Adequate
Information Governance - IG Toolkit	Briefing Note issued	n/a
IT Governance Follow Up	Final report issued	Satisfactory progress
IT Network Management and Security	Scoping in progress	
Mosaic	Fieldwork in progress	
2015/16 Payroll Phase 2	Final report issued	Adequate

* indicates provisional opinion

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Proactive anti fraud - Timesheets	Briefing Note issued	n/a
Proactive anti fraud - Cash Income	Cancelled	
Proactive anti fraud - Expense claims	Briefing Note issued	n/a
Proactive anti fraud - Imprests	Final report issued	Adequate
Proactive anti fraud - Purchasing Cards	Final report issued	Limited
Public Health - Follow up on Data Quality for Health Checks	Final report issued	Good Progress
Public Health - Teenage Pregnancies Information Governance.	Briefing note issued.	n/a
Residential Care Homes	Final report issued	Limited
Section 106 Agreements	Postponed at service area request	
Supporting Delivery of New Housing	Cancelled	
SWIFT Financials 15/16	Final report issued	Limited
Third Party Hosting	Field work complete	
Supporting Families - Jan 2016 claim	Final report issued.	n/a
Supporting Families - Data Quality	Final report issued	Limited
2016-17 Plan		
Fundamental Systems		
Accounts Payable/Purchase Ledger (including feeder systems)	Fieldwork In progress	Adequate
Accounts Receivable/Sales Ledger	Final report issued	Adequate
Asset Management (incl. Asset Register)/Capital Accounting	Fieldwork in progress	
Council Tax (including Council Tax Support Scheme)	Final report issued	Full
Housing Benefits	Final report issued	Adequate
Main Accounting Systems (MAS)	Final report issued	Adequate

* indicates provisional opinion

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
National Non Domestic Rates NNDR	Final report issued	Full
Payroll	Final report issued	Adequate
SWIFT Financials	Draft report issued	Limited*
Treasury Management	Final report issued	Full
Housing Rents including tenant arrears	Final report issued	Full
Cash And Banking (Non Invoiced Income)	Final report issued	Adequate
Chief Executive		
Data Quality - Permanent Admission of Older People (65+) to Residential or Care Homes	Fieldwork in progress	
Ethics - Gifts and Hospitality - Members and Officers	Fieldwork complete	
Information Governance	Fieldwork in progress	
Safer Recruitment	Final report issued	Adequate
Comensura	Fieldwork complete	
Corporate Governance Reviews	Scoping in progress	
IT Reviews:		
IT inventories	Fieldwork complete	
IT contracts managed outside IT	Field work in progress	
IT Disaster Recovery	Fieldwork in progress	
SAP Access and Security	Fieldwork in progress	
IT Customer Service - Problem Resolution	Fieldwork in progress	
Resources		
VAT reviews	Final report issued	Adequate
Teachers' Pensions	Final report issued	Limited

* indicates provisional opinion

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Budgetary Control	Field work In progress	
Children's Services		
Schools General - School Improvement	Rolling programme. Six reports finalised to date. See below	
Greenleas Lower School Follow Up	Final report issued.	Good progress.
Moggerhanger Lower School	Final report issued.	Limited
Southill Lower School	Final report issued.	Adequate
Stondon Lower School	Final report issued.	Adequate
Westfield Nursery School	Final report issued.	Adequate
Maulden Lower School	Draft report issued	Limited*
Sandy Upper School	Final report issued	Unsatisfactory progress
Themed Reviews	Not started	
Social Care, Health and Housing		
Housing Repairs Follow Up	Final report issued	Satisfactory progress
Day Centres	Final report issued	Adequate
Community Services		
Assets Disposal Programme	Fieldwork in Progress	
Section 38 income	Cancelled	
Section 278 Follow Up audit	Final report issued	Satisfactory progress
Highways - assurance on client assurance arrangements	Scoping in progress	
Compliance - Assets	Final report issued	Limited

* indicates provisional opinion

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
Leisure Services Outcomes - Post implementation review of Flitwick Leisure Centre	Fieldwork in progress	
Regeneration and Business Support		
European Social Fund	Scoping in progress	
Community Infrastructure Levy (CIL)	Defered to 18/19	n/a
Contracts and Partnerships		
Contracts Management	Not started	
Value for Money reviews	Not started	
Partnership Governance	Scoping in progress	
Public Health		
Public Health compliance with best practice	Not started	
Special Investigations		
National Fraud Initiative (NFI)	Ongoing throughout year	n/a
Special Investigations and supporting the Corporate Fraud Team	Ongoing throughout year	n/a
Pro Active Anti Fraud:		
Cash disbursements	Scoping in progress	
Allocation of Grants	Not started	
Consultancy etc.		
Risk Management Activities	Ongoing throughout year	n/a
Major projects - Consultancy	Ongoing throughout year	n/a
Supporting Annual Governance Statement	2015/16 statement completed	n/a
Audit of Individual Grants	Ongoing throughout year	Social Care Capital grant audited
General Advice	Ongoing throughout year	n/a
Head of Audit Chargeable Against Plan	Ongoing throughout year	n/a
Assurance Mapping Review	Ongoing throughout year	n/a
Benchmarking Exercise	Completed	n/a
Contingency		n/a

* indicates provisional opinion

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

1. Children's Centres

This was the first audit review of this service area and therefore concentrated on the contract management arrangements in place to ensure key outcomes were being delivered for the agreed contract values. This also includes an overview of the commissioning arrangements used when these contracts were agreed in April 2015. The overall audit opinion was adequate assurance.

2. Financial Assessment and Charging for Residential Care

This review covered the timeliness and accuracy of Financial Assessments and client billing, the compliance of the Deferred Payments for Care (DPC) policy with the Care Act 2014, and the administration of DPC agreements. The overall audit opinion was adequate assurance.

3. Grants

This review covered maximising grant funding, policies and procedures, and the accuracy, timeliness and monitoring of grant claims. The overall audit opinion was limited assurance due to the overall number of findings across all the areas covered, but particularly in relation to the lack of a comprehensive grants register and the lack of a co-ordinated approach to ensure maximum grant income opportunities can be exploited.

4. IT Governance Follow Up

This was a follow up review covering financial Management, management of IT related risks, Governance Framework, IT Strategy, management of IT resources, IT Standards and Policies, IT support services, user requirements and consultation with other departments, responsibilities and reporting lines. The overall audit opinion was satisfactory progress.

5. Proactive anti fraud - Purchasing Cards

This review covered the use of Purchasing Cards and examined the procedures actually followed by card holders across the authority and in Finance. The overall audit opinion was limited assurance due to several areas of non-compliance with existing Policy and Guidelines and the need for these to be updated also.

6. 2016/17 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 overall audit opinion was adequate assurance.

7. 2016/17 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 assurance.

- 8. 2016/17 Council Tax (including Council Tax Support Scheme)**
This review covered the Council Tax processes including the identification and recording of 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 full assurance.
- 9. 2016/17 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. It is clear that the total error values in the qualification letter have significantly reduced over the last 2 years. The HB service continue their efforts to improve (and then sustain) the accuracy of their claim processing and will attempt to increase the level of random checking on all HB claims above the current 4% and then target the most error prone assessors being identified. The overall audit opinion was adequate assurance.
- 10. 2016/17 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 audit opinion was adequate assurance.
- 11. 2016/17 NDR**
The scope of this review was similar to Council Tax above, but covering NDR and therefore commercial properties. The overall audit opinion was full assurance.
- 12. 2016/17 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 assurance.
- 13. 2016/17 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, user security and the audit trail. Due to the overall weaknesses across the areas covered the overall opinion was limited. It is expected that the issues will be resolved as part of the Swift replacement / upgrade project. (Draft report).
- 14. 2016/17 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 full assurance.

- 15. 2016/17 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 full assurance.
- 16. 2016/17 Cash and Banking**

This review was combined with Main Accounting System above.
- 17. Safer Recruitment**

This review covered documented policies and procedures, authorisation to recruit, documentation supporting the shortlisting and interview processes and pre-employment processes including additional procedures to safeguard children and vulnerable adults. The audit opinion was adequate assurance.
- 18. VAT reviews**

This review covered relevant procedures, the identification and recording of input tax including treatment of credit notes, pro-forma invoices, staff expenses and overseas invoices and the preparation and submission of VAT Returns. A follow up review was also undertaken on the recommendations made in the 2015/16 VAT – Output Tax Audit. The audit opinion was adequate assurance.
- 19. Teachers' Pensions**

This review covered the operation of Teachers' Pensions procedures and to follow up on previous audit recommendations made in 2013/14. The 2013/14 audit report made 7 recommendations, of which 2 were prioritised as high and progress for implementing these were subsequently tracked by the Audit Committee. Concerns over the secure transmission of data from the service provider to the Authority and the lack of accuracy verification work on the data received meant that the overall audit opinion was limited assurance.
- 20. Housing Repairs Follow Up**

This review covered policies and procedures, record keeping, contract management (including initiation, recording, segregation of duties, computation, valuation, payments, waivers and variations) and the legitimacy and appropriateness of housing repair transactions. This review was a follow up exercise in respect of recommendations made in 2013/14. The overall audit opinion was satisfactory progress.
- 21. Day Centres**

This review covered policies and procedures, collection and security of income, imprest accounts, procurement, budgetary control and stock management. The overall audit opinion was adequate assurance.
- 22. Section 278 Follow Up audit**

This review considered whether the collection of income from developers for works in respect of Section 278 Agreements were operating effectively and was a follow up exercise in respect of recommendations made in 2013/14. The overall audit opinion was satisfactory progress.

23. Compliance – Assets

This review covered compliance with the statutory, regulatory and legal requirements for the Council's buildings. Councils have a duty to ensure that buildings under their control comply with these and appropriate statutory, regulatory and corporate standards. Overall compliance arrangements were considered inadequate as there was no mechanism in place to monitor the compliance level of all corporate properties. Whilst the Facilities Management Team monitor 61 properties, there are a further 80 properties being managed at directorate level where compliance arrangements are less clear. The overall audit opinion was limited assurance.

24. 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.