



Ryedale District Council

Internal Audit Progress Report 2013-14

Period to 31 January 2014

Audits Completed to 31 January 2014	
High Assurance	5
Substantial Assurance	1
Moderate Assurance	1
Limited Assurance	1
No Assurance	0

Audit Manager:

John Barnett

Head of Internal Audit:

Max Thomas

Circulation List:

Member of the Overview and Scrutiny Committee
Corporate Director (S151 Officer)

Date: 20 February 2014

Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards. In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit is required to regularly report progress in delivery of the Internal Audit Plan to the Overview and Scrutiny Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members approved the Internal Audit Plan 2013/14 at their meeting on the 11 April 2013. The total number of planned audit days for 2013/14 is 225. The performance target for Veritau is to deliver 93% of the agreed Audit Plan by the end of the year. This report summarises progress made in delivering that plan.

Internal Audit Work Carried Out 2013/14

- 3 A summary of the internal audit reports issued is attached at **Appendix A**. This is the third progress report to be received by the committee during 2013/14.
- 3.1 Veritau officers are involved in a number of other areas relevant to corporate matters:
 - **Support to the Overview and Scrutiny Committee**; this is mainly ongoing through our support and advice to Members. We assist by facilitating the attendance at Committee of managers to respond directly to Members' questions and concerns over the audit reports and the actions that managers are taking to implement agreed actions.
 - **Risk Management**; Veritau advise on the Council's Risk Management processes.
 - **Systems Development**; Veritau attend development group meetings in order to ensure that where there are proposed changes and new ways of delivering services, that the control environment is not overlooked which could lead to the Council being exposed.
 - **Investigations**; Special investigations into specific sensitive issues.
- 3.2 As with previous audit reports an overall opinion has been given for each of the specific systems under review. The opinion given has been based on an assessment of the risks associated with any weaknesses in controls identified.
- 3.3 The opinions used by Veritau are provided for the benefit of Members below:

High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.

Limited Assurance

Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.

No Assurance

Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

3.4 The following categories of opinion are also applied to individual actions agreed with management:

Priority 1 (P1) – A fundamental system weakness, which represents unacceptable risk to the system objectives and requires urgent attention by management.

Priority 2 (P2) – A significant system weakness, whose impact or frequency presents risk to the system objectives, which needs to be addressed by management.

Priority 3 (P3) – The system objectives are not exposed to significant risk, but the issue merits attention by management.

3.5 It is important that agreed actions are formally followed-up to ensure that they have been implemented. This is carried out throughout the year with appropriate testing being completed, the results shown in the Summary of Key Issues – Management Actions Agreed column below.

3.6 In the period between April and January, inclusive, we have completed **8** out of **17** internal audit reviews to final report stage. A further **6** other audits are in progress. This represents **47%** of the plan delivered to final report stage.

Table of 2013/14 audit assignments completed

Audit	Status	Audit Committee
<i>Fundamental/Material Systems</i>		
General Ledger	Not started	
Payroll	Not started	
Debtors	In progress	
Creditors	In progress	
Treasury Management	Completed ~ High Assurance	December 2013
Benefits	In progress	
Council Tax/NNDR	In progress	
Income/Cash Receipting	Not started	
<i>Regularity Audits</i>		
Human Resources – Recruitment	In progress	
Elections	Completed ~ High Assurance	October 2013
Performance Management/Data Quality	Completed ~ Moderate Assurance	February 2014
Partnerships	Completed ~ High Assurance	December 2013
Health and Safety	Completed ~ Substantial Assurance	October 2013
Fleet Management	Completed ~ High Assurance	October 2013
Planning/Development Control	Completed ~ Limited Assurance	February 2014
Tax Management	Completed ~ High Assurance	February 2014
<i>Technical/Project Audits</i>		
ICT	In progress	
<i>Follow-Ups</i>		
	See below	

Summary of Key Issues from audits completed to 31 December 2013; previously not reported

	System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed and Followed-Up
	Performance Management/Data Quality	Moderate Assurance	The purpose of the audit was to provide assurance to management that the controls it has put in place to manage key risks relating to Performance Management are effective and that service delivery continues to be unaffected.	20 January 2014	<p>Strengths The system(s) and processes are managed by experienced officers.</p> <p>Key Weaknesses The Council's performance management system is based around the 'golden thread' whereby the community strategy (Imagine Ryedale) and the corporate plan objectives are cascaded down into service plans and individual employee work plans. The key document, the Performance Management Framework which outlines these principles was last revised in June 2007. In 2013 the new Council Plan for 2013-17 was approved by Members. The performance management framework should reflect the actions and priorities for the core objectives in the new Council plan.</p> <p>This is the first year that all service planning has been carried out on Covalent. Feedback on this process is important to ensure that a consistent approach is followed by officers. There is clear evidence that performance</p>	<p>The performance management pages of the intranet will be refreshed to include revisions of the performance management framework. <i>Due 30/4/14</i></p> <p>Feedback from performance review boards (PRB's) will be shared by the Head of Service with relevant Service Unit Manager's and officers. Notes will be added to the PRB reports on Covalent and this will provide feedback from the meetings but</p>

	System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed and Followed-Up
					<p>reporting is being carried out across the Council, however examples of effective performance management were not so clear.</p> <p>There is currently no joint performance and financial monitoring report presented to Members.</p>	<p>also provide evidence of performance management (decisions, actions etc). <i>Due 30/1/14</i></p> <p>It has already been agreed with Members that the quarterly reports on delivering the Council's priorities will be taken to the Overview and Scrutiny committee. <i>Next meeting 20/2/14</i></p>
	Planning/Development Control	Limited Assurance	The purpose of the audit was to provide assurance to management that the controls it has put in place to manage key risks relating to Development Control – Section 106 Agreements, are effective and to ensure that the processes in place are fit for purpose.	15 January 2014	<p>Strengths S106 agreements are monitored on an ongoing basis.</p> <p>Key Weaknesses The Development Management team does not currently use the section 106 module on their main Uniform System. The Finance team maintain a spreadsheet of section 106 agreements and information can also be obtained from Legal Services. However, the information is incomplete to enable effective monitoring. Relevant trigger points are also not systematically monitored.</p>	<p>Management will aim to implement the section 106 module. A timetable will then be prepared for the completion of all outstanding Section 106 agreements to be input into the system (all agreements with a financial obligation will be a priority). The Uniform system will then form the central register of all section 106 agreements which will be reconciled to financial records on a quarterly basis. <i>Due 30/11/14</i></p> <p>The reporting function on the section 106 module of</p>

	System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed and Followed-Up
						<p>Uniform (once implemented) will be reviewed to ensure that the correct reports are run at the appropriate times and distributed to the correct officers.</p> <p>Local arrangements will be made to ensure that the information is input onto the system on a regular basis to ensure that the reports produced are based on accurate up to date information. <i>Due 30/11/14</i></p> <p>All information will be recorded centrally through the section 106 module (when implemented). This will allow for proactive monitoring of all trigger and repayment dates (when entered into the system).</p> <p>In the short term we are aware of the agreements where monies need to be spent and the timescales involved. <i>Due 30/11/14</i></p>
	Tax Management	High Assurance	The purpose of the audit was to provide assurance to management that the controls it has put in place to manage key risks relating to the Construction Industry Scheme are effective and to ensure	17 January 2014	<p>Strengths</p> <p>The management of tax through CIS has been efficiently managed with only a few minor issues raised. Since the completion of the audit the Council has 'de-registered' from the Construction Industry</p>	

	System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed and Followed-Up
			processes in place are fit for purpose.		<p>Scheme – having CIS expenditure less than £1m per annum. Therefore no further action is required with regard to these matters.</p> <p>Key Weaknesses There were no key weaknesses identified.</p>	

Summary of Key Issues from audits completed and previously reported

	System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed and Followed-Up
	Treasury Management	High Assurance	A review of the systems and processes involved in the operation of the Council's Treasury Management function.	24 October 2013	<p>Strengths Treasury Management duties are undertaken effectively by an experienced officer within Finance under the guidance of the Finance Manager.</p> <p>Key Weaknesses There were no key weaknesses identified.</p>	
	Elections	High Assurance	The purpose of the audit was to provide assurance that recouping of election costs is maximised and thus any cost to Ryedale minimised. The 2012 canvass for the Register of Electors was also reviewed.	16 July 2013	<p>Strengths The controls and processes are effectively managed.</p> <p>Key Weaknesses There were no key weaknesses identified.</p>	

	System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed and Followed-Up
	Partnerships	High Assurance	A review of the governance arrangements in place for partnerships.	5 November 2013	<p>Strengths The management of partnership arrangements are carried out effectively by experienced officers.</p> <p>Key Weaknesses There were no key weaknesses identified.</p>	
	Health and Safety	Substantial Assurance	A review of the arrangements in place for the facilitation and co-ordinating of all aspects of Health and Safety.	2 July 2013	<p>Strengths Arrangements for complying with health and safety requirements are efficiently managed.</p> <p>Key Weaknesses The Corporate Health, Safety & Wellbeing Policy posted on the Health & Safety home page of the Council's intranet is identified as having been revised in November 2008. There is a version that was revised in May 2012, but it has yet to be published on the intranet.</p>	<p>When the Health & Safety Officer has new or revised policies or guidance she will send them to the Business Support Manager for posting on the intranet. <i>Immediate</i></p> <p><i>21/1/14 Completed - The current version of the Corporate Health, Safety & Wellbeing Policy (reviewed August 2013) has been posted on the Health & Safety home page of the Council's intranet.</i></p>

	System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed and Followed-Up
	Fleet Management	High Assurance	An audit to test the soundness of systems associated with Fleet Management.	8 August 2013	<p>Strengths The management of the Council's vehicle fleet is effectively carried out.</p> <p>Key Weaknesses There were no key weaknesses identified.</p>	