

Internal Audit Second Quarter Activity Update Report

Progress against the Plan

Title	Position
Icon cash and income collection systems	Work in progress
Market	Report issued
Council Stock Maintenance	Work in progress
Debtors	Work in progress
Council tax	Work in progress
Complaints	Work in progress
Furnished tenancies	Work in progress
Risk Management	Work in progress
Payroll	Work in progress
NNDR	Work in progress
CCTV	Limited work undertaken to date
NFI	Work in progress
Annual Governance Statement	Ongoing activity
Money Laundering	Ongoing activity
Anti Fraud Work	Ongoing activity
Contract	Ongoing activity

Summary	
Report issued	1
Work in progress	10
Ongoing activity	4
Limited work undertaken to date	1
Work not yet commenced	20
Total	36

Commentary

An update report of progress against the plan is brought to each meeting of Audit and Governance Committee. The service is currently operating with a full complement of staff and 16 out of 36 items (44%) from the plan have either been completed or are being progressed.

In order to meet committee publication deadlines this report is always prepared before the end of the quarter and in presenting it the Audit Manager will update Members verbally on any further work undertaken by the date of the committee meeting.

Internal audit have been involved in three investigations during the quarter which are ongoing at the time of writing. Progress against the 2013/14 plan to date has been sustained at an acceptable level and a further update will be brought to the next

meeting of this committee when it is anticipated that activity relating to the investigations will have been completed.

Significant matters arising from internal audit activity

The move to delivery of revenues, benefits and ICT services by One Connect Ltd through the Council's arrangement with Lancashire County Council introduced changes to the procedure for audit access to records, systems and staff in this area which led to delays in the completion of certain audits in 2012/13. This issue has been discussed with OCL and steps have been taken to address these issues. Speed of access for 2013/14 audits to date has improved noticeably although the situation will be kept under review as the year progresses.

There are no other matters arising from internal audit work in the year to date requiring comment at this time.

2012/13 Benefits, Council Tax and NNDR audits

Work on testing was completed for these three audits but, despite the auditor's best efforts, at the time the Internal Audit Annual Report was presented to the last meeting of this Committee in June a range of matters requiring clarification with officers from OCL were still outstanding and it was not possible to bring the audits to a conclusion. This precluded my Annual Report from providing full assurance that the systems were functioning effectively and instead it noted that work to complete these audits would be given priority and the results would be reported back to this meeting. The audits have now been completed.

A key finding arising from these audits is that the new Northgate Council Tax, NNDR and Benefits systems are not currently being reconciled to the General Ledger. Reconciliation of the Northgate systems to the General Ledger is a key control and a process needs to be put in place to ensure that this takes place on a regular basis.

It was concluded that the Northgate Benefits, NNDR and Civica Council Tax systems were calculating accounts and claims in accordance with legislation. Consequently this provides assurance that the amounts tax payers and benefit recipients are paying / receiving have been correctly calculated.

In the case of benefits, while the system itself was operating satisfactorily, a higher than expected volume of errors was noted in the 60 cases tested. These errors were reported to OCL to enable benefit to be corrected and recommendations for improvement have now been made.

The introduction of new systems will have increased pressure on benefits staff as will legislative changes to the benefits framework. Audit work in 2013/14 will review whether the error rate for benefits processing has returned to expected levels as new systems and procedures bed in.

