

APPENDIX 1

Internal Audit Quarterly Activity Update

Title	Position
Icon cash and income collection systems	Report issued
Market	Report issued
Debtors	Report issued
Council tax	Report issued
Complaints	Report issued
Council Stock Maintenance	Work in progress
Furnished tenancies	Report issued
Risk Management	Work in progress
Payroll	Work complete
NNDR	Work in progress
CCTV	Limited work undertaken to date
NFI	Work complete
Annual Governance Statement	Work complete
Money Laundering	Work complete
Anti-Fraud Work	Work complete
Contract	Work in progress
Performance Indicators	Report issued
Time recording System	Report issued
Benefits	Work in progress
Creditors	Work complete
Asset Management	Work in progress
SIRO arrangements	Work in progress
Treasury Management	Work in progress
Private Sector Housing	Work in progress
ICT	Work complete
Health and Safety	Work in progress
Matrix	Work in progress
Accounting Controls	Work in progress
H.R.	Work complete
Property Services (non-housing)	Work in progress
Rents	Work in progress
QL system	Work in progress
Arrears management	Work to be rescheduled
Refuse and recyclables	Work to be rescheduled
Planning Policy	Work to be rescheduled
Economic Development	Work to be rescheduled

Summary	
Report issued	8
Work complete	8
Work in progress	15
Limited work undertaken to date	1
Work to be rescheduled	4
Total	36

Commentary

Due to publication requirements this report is compiled in early March and the Audit Manager will update members verbally on further progress as at the date of the meeting.

The service is now operating at the reduced establishment level approved as part of the Major Service Review process.

32 of the 36 items on the original plan have either been completed or are currently being progressed. This is approximately 89% and compares with 92% in 2012/13 and 92% in 2011/12.

Internal audit work on the investigations referred to in previous updates continued into the quarter. All the investigations have now concluded.

The reduction in establishment in the section will necessitate reprioritisation and re-profiling of internal audit's strategic work programme. Given the requirement to complete the delayed revenues and benefits work in the remainder of the year and the effect of the investigations four low priority operational audits originally included on the annual plan will now be rescheduled for a future date.

Action Points Outstanding

A key internal audit finding in 2012/13 was that the Council Tax and NNDR systems were not being reconciled to the General Ledger. It was agreed that a reconciliation procedure should be put in place and the Borough Treasurer has continued to pursue this action point. A solution has now been proposed and is under development.

Benefits processing

Internal Audit work in 2012/13 identified an increase in the volume of errors in benefits processing and this issue was reported to Members in September 2013. The 2013/14 internal audit of benefits had not been completed at the time of writing for reasons referred to below but the indications are that error rates at the time the samples were extracted were still exceeding previous levels.

Benefits accuracy rates are referred to in Grant Thornton's Grant Certification report elsewhere on this agenda and One Connect's Director of Revenues and Benefits will be attending the meeting during consideration of that item to report on the up to date position and proposals to improve performance in this area.

Delays to work on Revenues and Benefits

As previously reported there have been significant delays in the provision of responses to audit enquiries in relation to revenues and benefits.

Revenues and benefits administer key financial systems and a significant proportion of internal audit's work is carried out in these areas. Delays in responses to audit queries in this area inevitably have a significant effect on internal audit activity.

Following discussions with One Connect Ltd's Director of Revenues and Benefits to seek a resolution to this issue the outstanding responses have now been received. It is

now anticipated that all testing relating to services provided under this contract will have been completed by the end of the financial year.

Other matters arising

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

Conclusions

The Audit Manager has been given assurances that responses to future internal audit queries in the area of revenues and benefits will be turned round in a timely manner. This will be key to maintaining performance given the reduced establishment in internal audit. Progress against the 2013/14 plan has been acceptable with coverage of key risk areas nearing completion at the time of writing.