

# Taunton Deane Borough Council

## Corporate Governance Committee – 22 September 2014

### Internal Audit Plan 2014-15 Progress

#### Report of the Audit Manager – Alastair Woodland

(This matter is the responsibility of Executive Councillor John Williams, the Leader of the Council).

#### 1. Executive Summary

The Internal Audit function plays a central role in corporate governance by providing assurance to the Corporate Governance Committee, looking over financial controls and checking on the probity of the organisation.

The 2014-15 Annual Audit Plan is on track to provide independent and objective assurance on TDBC's Internal Control Environment. This work will support the Annual Governance Statement.

#### 2. Background

This report summarises the work of the Council's Internal Audit Service and provides:

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in June (Appendix B).
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these (Appendix A).

Members will note that there are some high priority recommendations (4 or 5) identified since the June update.

#### 3. Detailed Update

Please refer to the attached SWAP Progress Report

**4. Finance Comments**

There are no specific finance issues relating to this report.

**5. Legal Comments**

There are no specific legal issues relating to this report.

**6. Links to Corporate Aims**

Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, South West Audit Partnership.

**7. Environmental Implications**

There are no direct implications from this report.

**8. Community Safety Implications** (if appropriate, such as measures to combat anti-social behaviour)

There are no direct implications from this report.

**9. Equalities Impact**

There are no direct implications from this report.

**10. Risk Management**

Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. TDBC has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement. The most significant findings since the last committee report are documented in Appendix B.

**11. Partnership Implications**

There are no direct implications from this report.

**12. Recommendations**

Members are asked to note progress made in delivery of the 2014/15 internal audit plan and significant findings since the June 2014 update.

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## **Taunton Deane Borough Council**

### **Report of Internal Audit Activity, September Update, 2014/15**

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Appendix B - High Priority Findings and Recommendations (since last Committee)

Appendix C - Audit Plan Outturn 2013-14  
Appendix D - Audit Definitions



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Our audit activity is split between:

- Operational Audit
- Key Control Audit
- Governance, Fraud & Corruption Audit
- IT Audit
- Special Reviews

See Appendix A for individual audits

## Role of Internal Audit

The Internal Audit service for Taunton Deane Borough Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Corporate Governance Committee and last reviewed at its meeting on 10<sup>th</sup> March 2014.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes;

- Operational Audit Reviews
- Key Financial Control Reviews
- Cross Cutting Fraud and Governance Reviews
- IT Audit Reviews
- Other Special or Unplanned Reviews

## Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team and External Auditors. This year's Audit Plan was reported to this Committee at its meeting in March 2014.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk. Key Control Audits are undertaken in quarter three of each year and these are planned in conjunction with the Council's External Auditor to assist in their assessment of the Council's financial control environment. This reduces the overall cost of audit to the Council.



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Update 2014-15

## Completed Audit Assignment in the Period

### Audit Plan Progress

The schedule provided at [Appendix A](#) contains a list of all audits as agreed in the Annual Audit Plan 2014/15. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed. Each completed assignment includes its respective “control assurance” opinions together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as shown in [Appendix D](#)

As can be seen from [Appendix A](#) the following audits have been progressed to date:

#### Operational:

- Drafting, 2 reviews
- Initiation, 1 review

#### Governance, Fraud and Corruption:

- Drafting 2 reviews
- In Progress, 1 review
- Initiation, 1 review

#### Follow-up Reviews:

- Complete, 2 reviews

#### ICT Reviews

- In progress, 1 review
- Initiation, 2 reviews

## 2013-14 Outturn

### Audit Plan Progress

There are three outstanding reviews from 2013-14 provided at **Appendix C**. These are IT Financial Controls and Disaster Recovery Arrangements, which are at review stage, and Partnership Arrangements which is at draft report. It is anticipated that these should be finalised by the end of September 2014.

#### Operational:

- Complete, 13 reviews
- Draft, 1 review

#### Governance, Fraud and Corruption:

- Complete, 4 reviews

#### Key Controls

- Complete, 5 reviews

#### Follow-up Reviews:

- Complete, 7 reviews

#### ICT Reviews

- Complete, 3 reviews
- Review/Drafting, 2 reviews

#### Non-Opinion

- Complete, 2 Reviews

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee

## Report on Significant Findings

As agreed with this Committee where a review has a status of 'Final' and has been assessed as 'Partial' or 'No Assurance', I will provide further detail to inform Members of the key issues identified. I attach as [Appendix B](#), a summary of the agreed actions relating to those reviews completed for 2013/14 that have not been previously reported where the Auditor assessed the priority to be a level 4 (Medium/High) or 5 (High).

Since my last update there are two reviews concluded and assessed as 'Partial' and 'No Rating' and include the Auditor's Opinion as follows:

### System Development Life Cycle (SDLC) – No Rating

I am not able to offer any opinion. We were unable to ascertain if the areas reviewed and risks considered in this audit are well managed and adequately controlled and were unable to fully identify those areas where systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Southwest One provided an overview of the system development process but did not release documentation, in particular the "AS Delivery Lifecycle", until after we had completed our evaluation and did not provide project sign-off documentation for the TDBC projects we reviewed. Accordingly we were unable to identify and evaluate all the control procedures that mitigate the risks considered in this audit. We found the project documentation that was provided to be acceptable with the exception that we noted Internal Projects are not subject to the normal prioritisation process for allocation of resources.

The issues that we felt are common to SWAP's review of the Somerset County Council SDLC audit performed earlier this year was unable to evaluate the controls due to the fact that the documented SDLC was not released to SWAP. We did however report on the following concerns:



These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee

## Report on Significant Findings

- The client can select vendor solutions without a technical assessment of the solution by Southwest One
- Developers have access to the production environment and routinely move programs into production
- Unmasked production data, which may include data classified as Personal or Personal & Sensitive, is used for testing by Southwest One and developers.
- The SDLC and related client communications do not appear to embed or trigger consideration of controls including security, back-up and disaster recovery, during the selection, development and implementation of application solutions.
- Secure coding standards have not been adopted.
- The criteria used in selecting projects for a Project Implementation Review are not specific.

### Creditors Key Control - Partial Assurance

The opinion given is based on the audit findings found during the review which suggest the procure-to-pay process is not being followed.

It should be noted that improvements have been implemented in the creditor's process. Changes in the creditor's process to address the weaknesses recognised in the previous audit have progressed and are documented in the updated action plan below (Appendix B). However, with the weaknesses that still remain in place partial assurance has been offered.

The number of duplicate payments have reduced significantly. The number of potential duplicates also entering the system has reduced and as at October 2013, 41 invoices were marked as potential duplicates out of 3,836 for the value of £67,168.92. Progress has also been made on the previous audit recommendation to categorise for common reasons for potential duplicates.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee

## Report on Significant Findings

The Good Receipt/Invoice Report (GRIR) position has improved dramatically. GRIR reports are produced monthly to show the number of documents and amounts outstanding by month and the age of the outstanding amounts. These are distributed to each theme manager and inform the finance officers of items that need clearing. During April 2013 to October 2013 it was established 609 documents amounting to £418,659.84 were outstanding of which; 277 documents amounting to £136,203 were over thirty days old. It should be recognised this is a huge improvement compared to last year where the outstanding figures have reduced by more than half.

In past audits, the creditors system has had problems with retrospective purchase orders being raised. For the current review this issue still remains. The Strategic Procurement Service have introduced measures to reduce this. A quarterly report is now produced to capture the numbers of retrospective purchase orders being made. This will inform management of volumes and help to target and address this issue. It is still too early to judge the impact from this new measure.

Some weaknesses were found in the supplier creation process, whether this is a case of not undertaking the necessary checks or not recording that the checks have been undertaken it is not possible to say.

In the previous audit it was reported that all users were to follow the procurement process. Steps have been taken to address the issue; Strategic Procurement Services have updated the training for the “Quick reference guide” for the procurement process. In addition in the new year the council is to roll out a training initiative on the procurement process called “Passport to Procure”. This will be the way forward to train future users.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

## Future Planned Work/Plan Changes

The audit plan for 2014/15 is detailed in [Appendix A](#). Members will note that there were necessary changes to the plan throughout the year; any changes made have been subject to agreement with the appropriate service manager and the Section 151 Officer.

Changes have been made to the ICT Audit work plan with Threat Protection and Corporate Information Security Controls (CIS) audits scheduled for quarter 1 and quarter 2 respectively were dropped to allow time for the Hardware and Software Asset Management audits and for work on the COSY Replacement Project. The COSY Replacement Project runs until September, which is the target time for completion of this work. Also, the Fraud Themed audit under the Governance, Fraud & Corruption audit plan has been deferred from quarter 1 to quarter 3 due to a change in responsibilities for Housing Sales.

## Conclusions

There has been some time put in to clearing the 2013/14 plan and I am pleased to report that all field work is complete with one review at draft and two at review/draft stage.

Steady progress against the 2014/15 plan has been made. It is recognised that significant changes have occurred over the last few months at TDBC with regard to officer responsibilities. This has caused some minor disruption to programming of audits and whilst we have diverted resource elsewhere it is anticipated this should be recovered throughout quarters 3 and 4. We have also experienced two initial meeting cancellations with SWO on the software and hardware asset management audits which has pushed this work back by a couple of months.

Despite the progress I can report that we have not identified any significant corporate risks since our last update. I will continue to update Members on progress against the plan and am confident that many of the reviews currently in progress or draft will be completed by the time of my next update.

# Audit Plan 2014-15

## Audit Plan Progress 2014-15

## APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Fraud Theme	Q1	Deferred to Q3 Client request							
ICT Audits	Threat Protection ( <b>Dropped to allow time for the COSY Replacement Project and Software &amp; Hardware Asset Management audits</b> )	Q1	Dropped							
Follow-up	Procurement Cards ( <b>work undertaken April, but superseded by Management update to May Corporate Governance Committee</b> )	Q1	Complete	Non-Opinion	6	0	1	3	2	0
Operational Audit	Parks & Open Spaces	Q1	Drafting							
Operational Audit	Safeguarding	Q1	Drafting							
ICT Audits	COSY Replacement Project ( <b>New</b> )	Q2	In progress	Non-Opinion						
ICT Audits	Software Asset Management ( <b>New</b> )	Q2	Initiation							
ICT Audits	Hardware Asset Management ( <b>New</b> )	Q2	Initiation							



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# Audit Plan 2014-15

## Audit Plan Progress 2014-15

## APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Absence Management - Theme	Q2	In progress							
Governance, Fraud & Corruption	Private Water Supply	Q2	Drafting							
Governance, Fraud & Corruption	Data Transparency	Q2	Drafting							
Governance, Fraud & Corruption	Protective Marking - Theme	Q2	Initiation							
ICT Audits	Corporate Information Security Controls (CIS) <b>(Dropped to allow time for the COSY Replacement Project and Software and Hardware Asset Management audits)</b>	Q2	Dropped							
Operational Audit	Housing Sales (Right To Buy)	Q2	Initiation							
Follow-up	PAS	Q2	Complete	Non-Opinion	4	0	0	3	1	0
Key Control	Main Accounting	Q2	Initiation							



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# Audit Plan 2014-15

## Audit Plan Progress 2014-15

## APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Fraud Theme	Q3	Deferred From Q1							
Key Control	Creditors	Q3								
Key Control	Council Tax & NNDR	Q3								
Key Control	Debtors	Q3								
Key Control	Housing Benefits	Q3								
Key Control	Payroll (Starters, Leavers, Changes)	Q3								
Key Control	Treasury Management	Q3								
ICT Audits	Financial Key Controls	Q3								
Operational Audit	Housing New Build	Q3								
Governance, Fraud & Corruption	Choice Based Letting	Q4								



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# Audit Plan 2014-15

## Audit Plan Progress 2014-15

## APPENDIX A

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Safer Somerset Partnership/ Community Safety	Q4								
Governance, Fraud & Corruption	Asset Management Theme	Q4								
Operational Audit	Community Infrastructure Levy (CIL)	Q4								
Operational Audit	Housing Voids	Q4								
Operational Audit	Commercial Properties/Rents	Q4								
Follow-up	Data Centre	Q4								
Governance, Fraud & Corruption	WSC & TDBC Shared Services	All								
Governance, Fraud & Corruption	Legal Services - Shared Services	All								



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# High Priority Findings and Recommendations

## High Priority Findings and Recommendations

APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<b>System Development Life Cycle (ICT)</b>					
The client can select vendor solutions without a technical assessment of the solution by Southwest One.	This creates a risk that the solutions selected may not be effective without investment in, or change to the existing infrastructure, or may be costly and difficult to implement or maintain.	I recommend that the Strategic ICT Lead work with Southwest One to ensure that vendor products are jointly evaluated by the client and Southwest One. This requirement should be added to the SDLC if not already present.	SWOne Response: SWOne is willing to assist the client in evaluating vendor products on request.	31 December 2013	Southwest One & the Strategic ICT Lead



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# High Priority Findings and Recommendations

## High Priority Findings and Recommendations

## APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Developers have access to the production environment and routinely move programs into production.	Without segregation of duties there is the potential for unauthorized changes to be implemented in production without detection.	I recommend that the Southwest One Head of Application Services develop and implement a formal procedure, within the Change Management process, whereby an individual with no programming responsibilities moves programs into production. The procedure should record all updates to programs in production. Access of developers and vendors to the production environment should be eliminated and the review of program code formalised.	SWOne Response: The majority of SCC applications are managed by 3rd parties, and SWOne has to manage its activities within the access provided by those 3rd parties. SWOne takes every precaution to ensure there is a separation of duties in place for its employees where possible.  <u>Auditor Comment</u> The response does not reflect our discussions with SWOne Senior Management on 12 June when it was agreed that access by developers to the production environments would be addressed.	Not agreed	Southwest One Head of Application Services SCC Strategic ICT Lead
Production data, which may include data classified as Personal or Personal & Sensitive, is used in the development environment without being masked or anonymised.	We understand that SAP data is masked during testing however there is potential for unauthorised loss or disclosure of classified data from other systems.	I recommend that the Strategic ICT Lead and Business System Owners work jointly with information governance officers to assess the risks of the use of unmasked client data by Southwest One and vendors for testing purposes. As required by Data Protection Laws, data should be masked or other mitigating procedures should be introduced.	Agreed	31 December 2013	SCC Strategic ICT Lead Business System Owners Information Governance

# High Priority Findings and Recommendations

## High Priority Findings and Recommendations

APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<b>Creditors</b>					
2 of the 10 in the sample had no independent check to confirm the vendor details are correct with the supplier.	Increases the risk of error/fraud not being detected.	I recommend that the Business Systems and Support Manager ensures that the correct vendor checks are performed and evidenced prior to setting the vendor up, or where requests are made to change bank details.	I recommend that the Business Systems and Support Manager ensures that the correct vendor checks are performed and evidenced prior to setting the vendor up, or where requests are made to change bank details.	4th April 2014	S Kelly
1 out of 10 samples did not have the daily audit checks performed on change in bank details.	There is a risk that the authority could be exposed to fraudulent activities by paying the incorrect vendor.	I recommend that the Business Systems and Support Manager ensures that the daily audit checks are performed to ensure that any errors are detected.	The daily audit check process has recently been documented in a desktop procedure and the Master Data Team understands the importance of checking these changes every day.	18th March 2014	S Kelly
3 order placed as 45000 series orders were not specifically related to DLO works orders nor were they low value.	These 3 orders have bypassed the usual ordering process and are therefore unauthorised	I recommend that the Strategic Finance Officer reviews orders placed under the 45000 series to provide an analysis if this route of allowing orders to be created without authorisation is being abused. Further guidance should be issued to staff on when 45000 series orders can be placed.	The Strategic Finance Officer will ensure that a plan is in place to review the use of 45000 orders.	30th September 2014	M Hammond



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# High Priority Findings and Recommendations

## High Priority Findings and Recommendations

APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<b>Outstanding from Creditors 2012-13 review</b>					
Ten out of twenty purchase orders had been raised retrospectively. This is consistent with Southwest One's analysis of retrospective purchase orders up to the end of August 2012 which showed almost 35% of purchase orders were retrospective.	If purchase orders are not raised in advance there will be reduced assurance that best value has been achieved and that the supplier is aware of the Council's payment terms and conditions.	I recommend the Shared Accounting Manager continues to monitor the frequency and users who raise retrospective purchase orders with the aim of bringing about a change of culture in the procure-to-pay process.	In progress- Creditors finding for 2013-14 highlighted retrospective ordering still remain an issue at the authority. However it should be noted progress has been made to address the issue. The Shared Accounting Manager informed that Procurement have taken over this recommendation. They produce regular reports on retrospective POs to the clients. The Procurement Operations Manager informed me the reports are produced quarterly to SCC Strategic Manager (Finance Controls and Standards) to inform them of stats for retrospective ordering. The Procurement Operations Manager informed me the next report is due in December.		
Retrospective purchase orders are not in accordance with financial regulations.		I recommend the Strategic Finance Officer takes appropriate steps to encourage a change in culture within the organisation around the procure-to-pay method.	In progress -The Strategic Finance Officer informed me this is still ongoing. Creditor 2013-14 audit identified retrospective ordering still occurs.		

# High Priority Findings and Recommendations

## High Priority Findings and Recommendations


## APPENDIX B

Weakness Found	Risk Identified	Recommended Action	Management's Agreed Action	Agreed Date of Action	Responsible Officer
To date the cleansing of the master data file is not complete.	If duplicate vendors remain on the system there is an increased risk of duplicate payments going undetected and vendor details becoming out of date where one record is updated over time.	I recommend the Chief Procurement Officer ensures the cleansing of the master data file is completed as expediently as possible.	<p>In progress – The Southwest one Finance &amp; Property – Business Systems &amp; Support (BSS) Manager informed me that the cleaning of master data file is continuous. These are the following task:</p> <ul style="list-style-type: none"> <li>• A robust approval process exists around setting up a new strategic vendor, which requires the sign off of either the SWOne Strategic Procurement Service (SPS) or the SCC Procurement team.</li> <li>• The master data team perform checks prior to setting up a new vendor to ensure that the vendor does not already exist on the system - with slightly different details.</li> <li>• Vendor requests sent to the master data team from AP team members requisition or general users are investigated and actioned promptly, within the 5 day turnaround of the KPI.</li> <li>• As requested, multiple vendor records are investigated and cleansed if it is concluded that there is no need for those records to be maintained.</li> <li>• Where vendor records are no longer required, they are now clearly marked 'blocked' to avoid any confusion from users.</li> </ul>		

# Internal Audit Plan 2013-14 - Outturn

## Audit Plan Progress 2013-14 - Outturn

## APPENDIX C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 =  5 = Major				
						Recommendation				
						1	2	3	4	5
ICT Audits	Data Centre Facilities Management	1	Final	Partial	12	0	0	10	2	0
Non-Opinion	Contract Benefits - Van Hire	1	Final	Non-Opinion	6	0	0	4	2	0
ICT Audits	System Development Life Cycle	1	Final	No Rating	7	0	1	3	3	0
Operational Audit	Car Park Contract Management	1	Final	Reasonable	2	0	0	2	0	0
Operational Audit	Taunton Deane Partnership's 'Priority Areas Strategy' (PAS) programme	1	Final	Partial	9	0	0	4	5	0
Operational Audit	1. Contract Audit - Spend Analysis	1	Final	Reasonable	2	0	0	2	0	0
Operational Audit	Affordable Housing	1	Final	Substantial	0	0	0	0	0	0
Follow-Up	Project Taunton – Follow Up	1	Final	Follow-Up	0	0	0	0	0	0
Follow-Up	Business Continuity Arrangements – Follow-Up	1	Final	Follow-Up	4	0	0	3	1	0
No Opinion	Taxi Licenses (New)	1	Final	Non-Opinion	0	0	0	0	0	0
Operational Audit	2. Contract Audit – Pre & Current	1&2	Final	Reasonable	3	0	1	2	0	0
Governance, Fraud & Corruption	Fighting Fraud Locally	2	Final	Reasonable	6	0	1	3	2	0
ICT Audits	Non-SAP business critical applications - civica	2	Final	Reasonable	8	0	2	5	1	0
Operational Audit	Procurement Cards	2	Final	Partial	6	0	0	4	2	0




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# Internal Audit Plan 2013-14 - Outturn

## Audit Plan Progress 2013-14 - Outturn

## APPENDIX C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 =  5 = Major				
						Recommendation				
						1	2	3	4	5
Operational Audit	Revs and Bens brought in house	2	Final	Non-Opinion	0	0	0	0	0	0
Operational Audit	Community Infrastructure Levy (CIL)	2	Final	Non-Opinion	0	0	0	0	0	0
Follow-Up	Equality Impacts on Decisions - Follow-up	2	Final	Follow-up	1	0	0	0	1	0
Follow-Up	Data Security Breaches Follow-up	2	Final	Follow-up	5	0	3	1	1	0
Operational Audit	Audit Universe (New)	3	Final	Non-Opinion	0	0	0	0	0	0
Governance, Fraud & Corruption	Council Tax Reduction Scheme	3	Final	Non-Opinion	2	0	1	1	0	0
Follow-Up	ICT Strategy - Follow Up	3	Final	Follow-up	8	0	1	3	2	2
Key Control	Creditors	3	Final	Partial	5	0	0	2	3	0
Key Control	Council Tax & NNDR	3	Dropped							
Key Control	Debtors	3	Final	Reasonable	2	0	0	2	0	0
Key Control	Housing Benefits	3	Dropped							
Key Control	Main Accounting	3	Dropped							
Key Control	Payroll	3	Final	Reasonable	3	0	1	2	0	0
Key Control	Capital Accounting	3	Final	Substantial	2	0	2	0	0	0
Key Control	Housing Rents	3	Final	Reasonable	5	0	0	5	0	0



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# Internal Audit Plan 2013-14 - Outturn

## Audit Plan Progress 2013-14 - Outturn

## APPENDIX C

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 =  5 = Major				
						Recommendation				
						1	2	3	4	5
Key Control	Treasury Management	3	Dropped							
Governance, Fraud & Corruption	Debt Management Theme	3	Final	Non-Opinion	0	0	0	0	0	0
ICT Audits	IT Financial Controls, Inc Access (Key Financial System Audit)	3	Review							
Follow-Up	IS Regulatory Compliance - Follow-up	4	Final	Follow-Up	0	0	0	0	0	0
Operational Audit	Troubled Families/Family Focus (New)	4	Final	Reasonable	7	0	1	5	1	0
Governance, Fraud & Corruption	Home working Arrangements	4	Final	Reasonable	7	0	2	5	0	0
ICT Audits	Disaster Recovery Arrangements	4	Review							
Operational Audit	Imprest Analysis/Cash Handling	4	Final	Reasonable	1	0	0	1	0	0
Operational Audit	DLO Fleet Vehicles, incl fuel check (New)	4	Final	Reasonable	7	0	3	3	1	0
Operational Audit	Health & Safety	4	Final	Non-Opinion	6	0	2	3	1	0
Operational Audit	Partnership Arrangements	4	Draft	Reasonable	8	0	1	7	0	0
Follow-Up	Gas Servicing Follow up	4	Final	Follow-Up	3	0	0	0	2	1
	Somerset Waste Partnership Plan Contribution	4								



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

# Audit Framework Definitions

<b>Substantial</b>	▲★★★★ I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>	▲★★★★ I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	▲★★★ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>None</b>	▲★★★ I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

## Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

## Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

