

# *Internal Audit Progress Report*

Update to the Audit Committee on  
Internal Audit activity

Northampton  
Borough Council

March 2013

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## **Introduction**

We are committed to keeping the Audit Committee up to date with internal audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention matters that are relevant to your responsibilities as members of the Authority's Audit Committee.

## **2012/13 audit plan**

We have undertaken work in accordance with the 2012/13 Internal Audit Plan which was approved by the Audit Committee at its meeting in April 2012.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. We have continued to review our Audit Plan on an ongoing basis to ensure that it meets Northampton District Council's risks. On that basis, we have made the following revisions to our audit plan as outlined below:

- Our original plan included 5 days for a review of e-forms to be performed within the year. From discussions with the Communications Team it is understood these have not been implemented therefore will not be audited in the year. The audit days have been combined with the equalities review to extend the scope of this work.
- Our original plan included 8 days for a review of data quality to be performed within the year. From discussions with the Corporate Performance and Change Team it has been identified that a review in this area is not necessary.
- Our original plan included 8 days for a review of the community asset transfer scheme to be performed within the year. From discussions with the Director of Resources it has been identified that a review in this area is not necessary.
- Twelve days of internal audit support to an HR project were included in the original plan. This project is no longer going ahead; instead the days have been reallocated to LGSS project assurance work.
- The Business Continuity (2 days) will not be included in 2012/13 review due to NBC staff capacity constraints.

During the year new areas of risk have been identified and audit days have been reallocated:

- Local Government Shared Services (LGSS) - NBC is moving to a LGSS partnership arrangement set up by Cambridgeshire and Northamptonshire County Council. The transition will see a number of back office functions being delivered under the new shared service arrangement including: Revenue and Benefits, Finance, Legal Services, HR, Programme Management and ICT. The transition is due to take place 1 May 2013. Twelve days from the audit plan have been allocated to:
  - \_ Assess the appropriateness of the governance arrangements in place for reaching the current point in the project.
  - \_ Assess the overall approach to planning for the transition.
  - \_ Assess the individual transition plans for completeness, highlighting areas of risk and providing recommendations.
- Car parking – a specialist review of the processes to develop and monitor budgets.

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## ***Reporting activity and progress***

Since our last update, final reports have been issued in the following areas:

- Budgetary Control  
We have classified our findings in this area as **Low Risk**. Controls and processes in place with respect to budgetary control are effective and consistently applied. We noted one finding this year relating to virements, this is an area in which issues were also identified last year. Some further work is needed to address consistency of authorisation and completion of paper work relating to virements.
- Debt Recovery  
Overall, we have classified this review as **Low Risk**. We noted a number of findings relating to collection agency monitoring, write-offs, performance reporting and revision of procedure notes, which management should seek to address in order to strengthen controls and processes in place over debt recovery.
- IBS Creditors  
The overall report classification is **Low Risk** which is an improvement from the medium risk report which was issued last year. We found there to be an improvement in both the operating effectiveness and design of the controls in place.

Draft reports have been issued / are being prepared for the following areas and it is hoped that the majority will be finalised prior to the meeting:

- Housing Rents
- Environmental Services Contract – Follow up review
- Leisure Trust Contract – Follow up review
- Core Financial Systems: Payroll, Cash, Debtors, Agresso Creditors, General Ledger
- Landlord services – Voids and Repairs
- Landlord services – Decent Homes
- Human Resources – Potentially Violent People

Since our last update report, fieldwork has also been undertaken / is in progress in the following areas:

- Strategic Housing – Housing Allocations
- Policy & Community Engagement – Equalities
- Risk Management
- LGSS – Project Assurance

# Appendix 1 – Plan Progress

Ref	Auditable Unit	Planned audit days	Status update
<b>A</b>	<b>Cross-cutting</b>		
A.1	Risk Management and Business Continuity	5	Field work in progress. Business Continuity will not be included in 2012/13 review due to NBC staff capacity constraints
A.2	Council Tax	6	Review completed
A.3	NNDR	10	Review completed
A.4	Core Financial Systems Review:	40	
	Payroll	-	Draft report issued
	Creditors	-	Fieldwork complete, in the process of drafting a report
	Cash	-	Fieldwork complete, in the process of drafting a report
	Debtors	-	Fieldwork complete, in the process of drafting a report
	General ledger	-	Fieldwork complete, in the process of drafting a report
A.5	Budgetary Control	8	Final report issued
A.6	Creditors (IBS)	8	Final report issued
A.7	Fixed Assets	6	Fieldwork to commence 18/03/2013
A.8	Housing Benefits	8	Review completed
A.9	Housing rents	6	Draft report issued
A.10	Debt Recovery	10	Final report issued
<b>Total</b>		<b>107</b>	
<b>B</b>	<b>Departmental</b>		
B.1	Human Resources - potentially violent persons	8	Draft report issued
B.2	Customer Services and ICT - IT review	15	Review planning underway
B.3	Landlord Services - Voids and repairs process	15	Fieldwork complete, in the process of drafting a report
B.3	Landlord Services - Decent Homes	5	Draft report issued
B.4	Strategic Housing - Accounting for grant income	8	Field work in progress
B.4	Strategic Housing - Housing allocations	8	Fieldwork complete, in the process of drafting a report
<del>B.5</del>	<del>Communications Team – Eforms</del>	<del>5</del>	<del>Review no longer required, audit days to be added to the Equalities review</del>
B.6	Policy and Community engagement - equalities	8	Fieldwork complete, in the process of drafting a report
B.7	Asset Management - time recording system, disposals, delivery of corporate programme	8	Terms of reference issued. Unlikely to take place in 2012/13. Consider deferring to 2013/14.
B.8	Environmental Services - environmental services contract	5	Draft report issued
B.9	Cultural Services - Leisure trust	5	Draft report issued

B.9	Cultural Services - Museums security	8	Review completed
<del>B.10</del>	<del>Corporate Performance and Change – data quality</del>	<del>8</del>	<del>Review no longer required, audit days to be used for the LGSS project assurance work</del>
<del>B.11</del>	<del>Democratic and Chief Executive Services – Community asset transfer scheme</del>	<del>8</del>	<del>Review no longer required, audit days to be used for the Car Parking review</del>
New review	Car parking review	8	Field work in progress
B.12	Borough Solicitor Function - corporate fraud arrangements	5	Terms of reference issued –prior year anti fraud health check follow-up
<b>Total</b>		<b>119</b>	
<b>VE</b>	<b>Value Enhancement</b>		
VE.1	Governance and controls workshop	2	
VE.2	Audit Committee Effectiveness Training	2	
VE.3	Anti-fraud awareness training	4	
VE.4	Data Matching/CAATS	20	NFI work commenced March 2013
<del>VE.5</del>	<del>Support on HR project</del>	<del>12</del>	<del>Review no longer required, audit days to be used for the LGSS project assurance work</del>
VE.6	Conflicts of Interest	5	Field work in progress
New review	Project assurance LGSS	12-14	Field work in progress
<b>Total</b>		<b>45</b>	
<b>PM</b>	<b>Project Management/Other</b>		
PM.2	Teamcentral	10	The authority is no longer using Teamcentral. These audit days are been used to fund the implementation of a new recommendation tracker.
PM.3	Audit Management	18	Ongoing support provided.
<b>Total</b>		<b>28</b>	
<b>TOTAL PROPOSED DAYS</b>		<b>299</b>	

# Appendix 2 – Recent PwC Publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PricewaterhouseCoopers Public Sector Research Centre (‘PSRC’) produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

All publications can be read in full at [www.psrc.pwc.com/](http://www.psrc.pwc.com/)



## *Good growth for cities: Our report on economic wellbeing in UK urban areas*

This PwC publication from Sweden explains why e-services can be used by public administration individuals and institutions alike to dramatically improve society’s capacity for development and innovative capacity.



## *Under Pressure: securing success, managing risk in public services*

PwC’s practical guide to coping with the pressures of austerity, rising demand and public sector reform



## *The agile council*

This PwC publication discusses why creating an “agile” UK council model is critical to the current and future success of the organisation and looks at the environment councils are operating in and five steps to becoming an agile organisation.



## *The (local) state we're in*

Our second annual survey finds that local authorities have successfully delivered against an ambitious programme of financial savings over the last year, without any marked reduction in the quality of frontline services. It further highlights a strong level of confidence within councils about being able to repeat that performance in the year ahead. There is notable nervousness however of further financial pressures beyond the current spending review period.



## *Above the parapet*

Above the Parapet: Where Finance needs to position itself in the public sector continues PwC’s research into the role of Finance in the public sector, examining the trends, issues and the changing environment faced by finance directors.

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