

Internal Audit Progress Report

Northampton
Borough Council

March 2017

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Distribution List

For information Audit Committee

Introduction

Purpose of this report

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.

2016/17 Internal Audit Plan Progress

The draft 2016/17 Internal Audit Plan was presented and approved by the Audit Committee at its meeting on the 27 July 2016. The Internal Audit Plan sets out the risks that were identified as part of the planning process, together with the targeted work to be performed in order to address the identified risks. We report back to you on any changes to the assessment of audit risks and on the work undertaken in response to the risks identified.

We have continued our Internal Audit fieldwork and are pleased to report field work has concluded in the following areas:

- Risk Management;
- Northampton Town Football Club;
- Economic Development & Regeneration;
- Planning;
- Environmental Health & Licencing; and
- Housing Options.

We also have work planned in the following areas:

- Private Sector Housing;
- Partnerships and Communities; and
- Key financial system controls.

A detailed assessment of our performance against the Internal Audit Plan, tracking assignments undertaken and planned activity is shown in Appendix One. At the time of writing this report we have completed 202 days of the 219 planned audit days.

Changes to the 2016/17 Internal Audit Plan

Our original internal audit plan included 10 days to deliver a review into the Customer and Cultural Services area. We have agreed with Officers to remove this review from the current internal audit plan. The available 9 days will be used to facilitate the completion of other reviews included within the Internal Audit Plan.

Activity and progress

Final reports

Since our previous Internal Audit Progress Report, we have issued final reports for the following reviews performed in accordance with the 2016/17 Internal Audit Plan:

- Planning (medium risk)

We have summarised the main findings from the reports below:

Planning

We identified the following findings following conclusion of our testing:

- **Lack of reporting, monitoring and targets (Medium risk):** the Council are not currently reporting on whether they are in compliance with the statutory timescales owing to issues in extracting this information from their system. No other reporting functionality or key performance indicators are reported on within the department;
- **Building Control strategy (Medium risk):** whilst there is a new strategy in place, there are currently no defined plans in place to determine how this strategy will be achieved. There has been no allocation of responsibilities and there is a lack of evidence to demonstrate the strategy has been endorsed by senior officers;
- **Documentation and retention of information (Medium risk):** testing of a sample of 25 applications identified a number of issues with the level of documentation and retention of information. This included evidence to demonstrate why specific fees had been charged, documentation supporting the application and evidence to demonstrate who had dealt with the application; and
- **Individually determined fees (Low risk):** individually determined fees are used for larger pieces of work and are set by the Senior Building Control Manager and Building Control Surveyor. There is currently no review by a separate officer to assess the quoted price for reasonableness and to ensure that the fees calculated are appropriate.

Draft reports

We have completed the audit fieldwork and prepared draft reports for the following reviews performed in accordance with the 2016/17 Internal Audit Plan. We are in the progress of finalising these reports and will report the findings at the next meeting of the Audit Committee.

- Housing options

Planned fieldwork

Work is planned in the following areas:

- **Private Sector Housing, Partnerships & Communities and Core Financial System Controls:** scoping meetings have been held and terms of reference, including timescales agreed. Fieldwork will be undertaken during March 2017.

Additional time taken to complete the review examining the internal arrangements within the Council for managing Northampton Town Football Club loan and providing lessons learnt has used a substantial amount of the allocated internal audit days. We are in discussions with officers to extend the audit provision to support delivery of the remainder of the internal audit plan to deliver the three planned reviews.

Appendix 1: Detailed progress tracker

<i>Ref</i>	<i>Auditable Unit</i>	<i>Indicative number of audit days*</i>	<i>Actual audit days to date</i>	<i>Proposed fieldwork dates</i>	<i>Scoping meeting date</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
A1	Contract management: LGSS review	20	-	Q1-2	Removed from the Internal Audit Plan				
A2	Risk management	10	10	Q1-2	Work concluded				
A3	Business Continuity	10	-	Q3	Removed from the Internal Audit Plan				
A4	Governance: Corporate Policy	10	-	Q3	Removed from the Internal Audit Plan				
A5	Performance Management	10	-	Q3	Removed from the Internal Audit Plan				
A6	NTFC	20	100	Q1	Work ongoing from 15/16	August 2016	September 2016	November 2016	November 2016
B1	Economic development and regeneration	10	10	Q4	1 st August 2016	December 2016	December 2016	January 2017	January 2017
B2	Planning	10	10	Q3	1 st August 2016	December 2016	January 2017	January 2017	March 2017
C1	Directorate governance: Borough Secretary	10	-	Q2	Removed from the Internal Audit Plan				
D1	Environmental Health and Licencing	10	10	Q3	1 st August 2016	December 2016	December 2016	December 2016	January 2017
D2	Environmental services	8.5	8.5**	Q3	1 st August 2016	September 2016	October 2016	October 2016	October 2016

D3	Customers and cultural services	10	1	Q3	1 st August 2016	TBC	TBC	TBC	TBC
E1	Housing options	10	9	Q2	28 th September 2016	January 2017	January 2017	January 2017	June 2017
E2	Private Sector Housing	10	1.5	Q2	28 th September 2016	March 2017	June 2017	June 2017	June 2017
E3	Partnerships and Communities	10	1	Q3	28 th September 2016	March 2017	June 2017	June 2017	June 2017
F1	Internal audit management	20	20	Q1-4	NA	NA	NA	NA	NA
F2	Contingency	20	23	Q1-4	NA	NA	NA	NA	NA
	Additional review: key financial controls	10	1	Q4	December 2016	March 2017	June 2017	June 2017	June 2017
	Total audit days	218.5	205						

** Where appropriate and in agreement with client management, we are able to flex our audit service to include more senior or specialist staff to respond to the risks generated by audit reviews. Where we do this we effectively agree a fixed fee for the audit work which is derived from the combined fees of the planned audit days allocated to this audit review during the annual planning process.*

*** Review delivered using specialist internal audit day rate. To be undertaken in addition to the agreed audit plan.*

Appendix 2: Previous internal audit recommendations

The full reports are available to all senior officers using our online TrAction tool which includes details of the specific findings. We have worked with Officers to review the outstanding internal audit recommendations and ensuring that appropriate people within the Council take ownership for implementing internal audit recommendations, especially where the original audit sponsor is no longer in place. We are also working with officers to organise a training session for staff on the TrAction tool so it can be used more effectively going forward. Progress on this has been reported separately by officers.



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