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# *Internal Audit Progress Report 2017/18*

**Northampton  
Borough Council**  
*January 2018*

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- D. Thought leadership

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### Distribution list

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For information:                      Audit Committee

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## Summary



### *Purpose of this report*

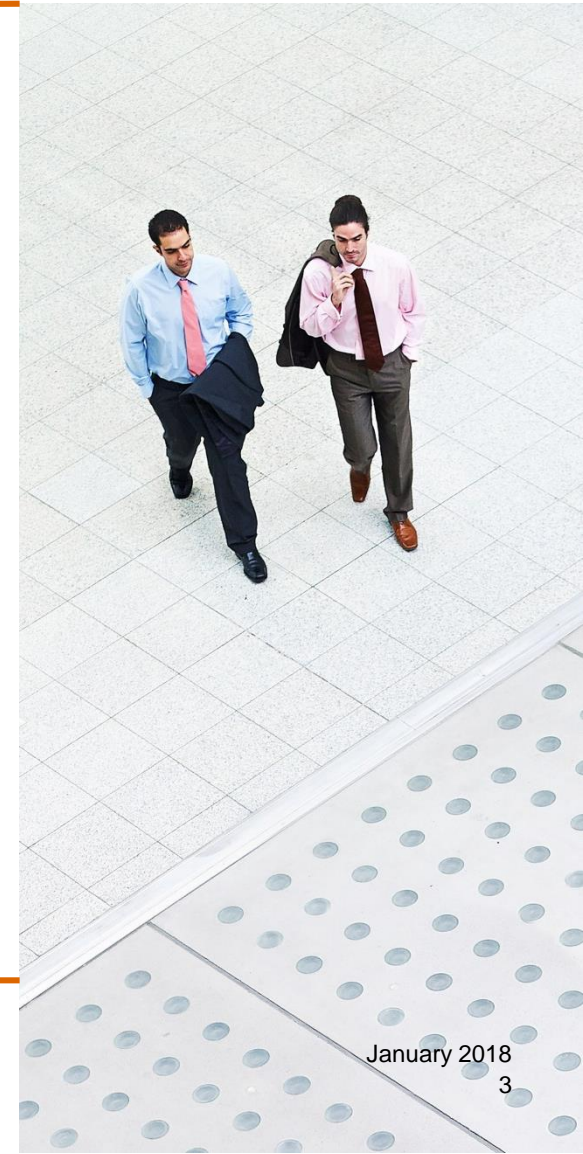
We are committed to keeping the Audit Committee up to date with Internal Audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention any other matters that are relevant to your responsibilities.

### *Progress against the 2017/18 internal audit plan*

The draft 2017/18 Internal Audit Plan was presented and approved by the Audit Committee at its meeting on the 3 July 2017. We have continued to assess the plan to make sure it remains appropriate and some changes are proposed to the plan which are detailed later in this report.

Since our last progress report we have:

- Issued final reports in relation to HR, Payroll, Whistleblowing and Culture Questionnaire;
- Issued draft report in relation to the Contract Management review;
- Held a closing meeting held for the Delegations review;
- Issued final terms of reference for estates and assets revaluations review.





## Activity in the period



### Final reports issued

#### Payroll:

The outcome is a report with a low risk rating, as there was one medium and one low risk finding identified. The findings related to:

- **Starters (medium risk):** New starter forms could not be located for 4 of the 20 new starters tested; and
- **Amendments (low risk):** evidence of approval relating to changes in employee details could not be located for 2 of the 20 amendments tested.

#### Human Resources – recruitment:

The outcome is a report with a medium risk rating, as there were three medium and four low risk findings identified:

- **Starters (medium risk):** a number of issues were identified with our sample of newly recruited people where evidence was not available to demonstrate that the required process had been followed;
- **Temporary staffing (medium risk):** HR The Council has a preferred supplier, Guidant, which provides temporary staff. HR does not review the level of temporary staff across the Council, or check that only Guidant is used;
- **Interim staff (medium risk):** There does not appear to be any control to ensure that advertisement of full time roles to replace interim positions is done on a timely basis;
- **IR35 legislation (low risk):** The Council has no formal mechanism in place for considering where circumstances change to assess whether its interim staff fall under this legislation to ensure that the requirements are complied with;
- **Conflicts of interest (low risk):** there is no process for ensuring the completeness of the disclosures made by staff on their application form around conflicts of interest or updating them on a regular basis;
- **HR recruitment strategy (low risk):** There is no formal HR strategy regarding the recruitment of staff; and



## Activity in the period



### *Final reports issued*

#### *Human Resources – recruitment (continued)*

- **Interim exemption process (low risk):** From the testing performed one of the exemption forms was approved retrospectively by the Legal Contracts & Procurement Advisor.

### *Culture questionnaire*

We have included the executive summary and summary of results in the appendix to this report.

### *Whistleblowing*

We provided management with comments on the draft policy. We considered the operating effectiveness of the policy and focused only on reviewing the suitability of the policy based on best practice examples. There was no risk scoring attached to this report. We will consider in future years whether it is appropriate to test whether reported whistleblowing cases have been dealt with in line with the defined policy.

### *Activities in the period*

We have held a meeting with the Governance & Risk Manager since our last progress report to the Audit Committee to support our ongoing review of the Internal Audit Plan and to ensure it remains appropriate.

### *Other activities in the period*

The following activities are being undertaken in addition to the core internal audit plan:

**Environmental services contract re-provision** – we have continued to provide ongoing project governance processes and shared comments on the process currently being undertaken by the Council.



## Progress against plan (1 of 3)



### Progress against 2017/18 internal audit plan

Ref	Auditable Unit	Total audit days*	Q	Audit days per Q	Review details	Comments
A						
A.1	Governance and risk management	40	Q1-2	20	Risk Management Strategy	We have supported development of the revised risk management strategy and provided feedback comments which have been incorporated into the document. Once approved we will use the remaining days to address the other aspects of the agreed terms of reference.
			Q3-4	15	Assurance Mapping	
			Q3-4	5	Risk Benchmarking	
A.2	Organisational change	40	Q2	10	Vision and strategy	Review currently on hold whilst the Council reviews its plans.
			Q3-4	30	HR, legal, payroll	Final reports issued for HR and payroll. Legal review agreed to be removed from audit plan with days to be used on other reviews.
A.3	Financial governance	50	Q2	5	Workshop	Agreed with the Governance & Risk Manager that these reviews will be replaced with alternative reviews, see additional reviews on the next slide.
			Q2-4	30	Continuous auditing	
			Q2-4	15	Deep dives	Agreed review to be removed from audit plan with days to be used on other reviews.
A.4	Tracking recommendations and follow up	20	Q2	8	Closed recommendations	Agreed with the Governance & Risk Manager that this work will be undertaken by her team and audit days used to support the Council in other ways
			Q2	2	Recommendation reporting	
			Q2-4	10	Review of completed recommendations	

## Progress against plan (2 of 3)

### Progress against 2017/18 internal audit plan

Ref	Auditable Unit	Total audit days*	Q	Audit days per Q	Review details	Comments
B						
B.1	Culture	30	Q2-4	23	Staff survey	Final report issued
			Q3	7	Whistleblowing	Final report issued
C						
C.1	IA management time	20	Q1-Q4	10		
D						
D.2	Additional reviews requested		Q2-3	10	Financial delegations	Closing meeting held, draft report to be produced.
D.3			Q2-3	15	Contract management	Draft report issued to management
D.4			Q3	15	Fraud awareness	Terms of Reference developed and agreed, currently awaiting confirmation of how many workshops are required.
D.5			Q3	15	Estates and assets revaluations	Final Terms of Referenced issued. Awaiting confirmation of start date.

*\* 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.*

## Progress against plan (3 of 3)



### Changes to the Internal Audit Plan

We have continued to review our Internal Audit plan on an ongoing basis to ensure that it considers your risks and, where appropriate, we have proposed changes to that plan to reflect your circumstances. We have set out below the changes proposed and the rationale for each change for the Audit Committee to note.

Proposed change / additional review	Impact on planned days	Rationale for change
Balance reported in our previous Audit Committee report	0	
Delegations	+13	Scope of work extended following opening meeting with the Governance and Risk Manager and delays experienced in completing the review.
Contract management	+5	Delays experienced in completing the review.
Deep dive assurance review	-15	The appointment of a Internal Controls Officer means that it is now more appropriate for this work to be undertaken internally by the Council.
Legal services review	-7	Review to be removed to use audit days on other areas identified in the plan
Extension of scope	+4	Days used to extend the Fraud Awareness and ensure that the balance of days are consistent with the total number of days in the audit plan.
<b>Total</b>	<b>0</b>	



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Appendix A: Analysis of  
days included in plan

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# *Appendices*

**Appendix A: Analysis of days included in plan**

**Appendix B: Culture Questionnaire results**

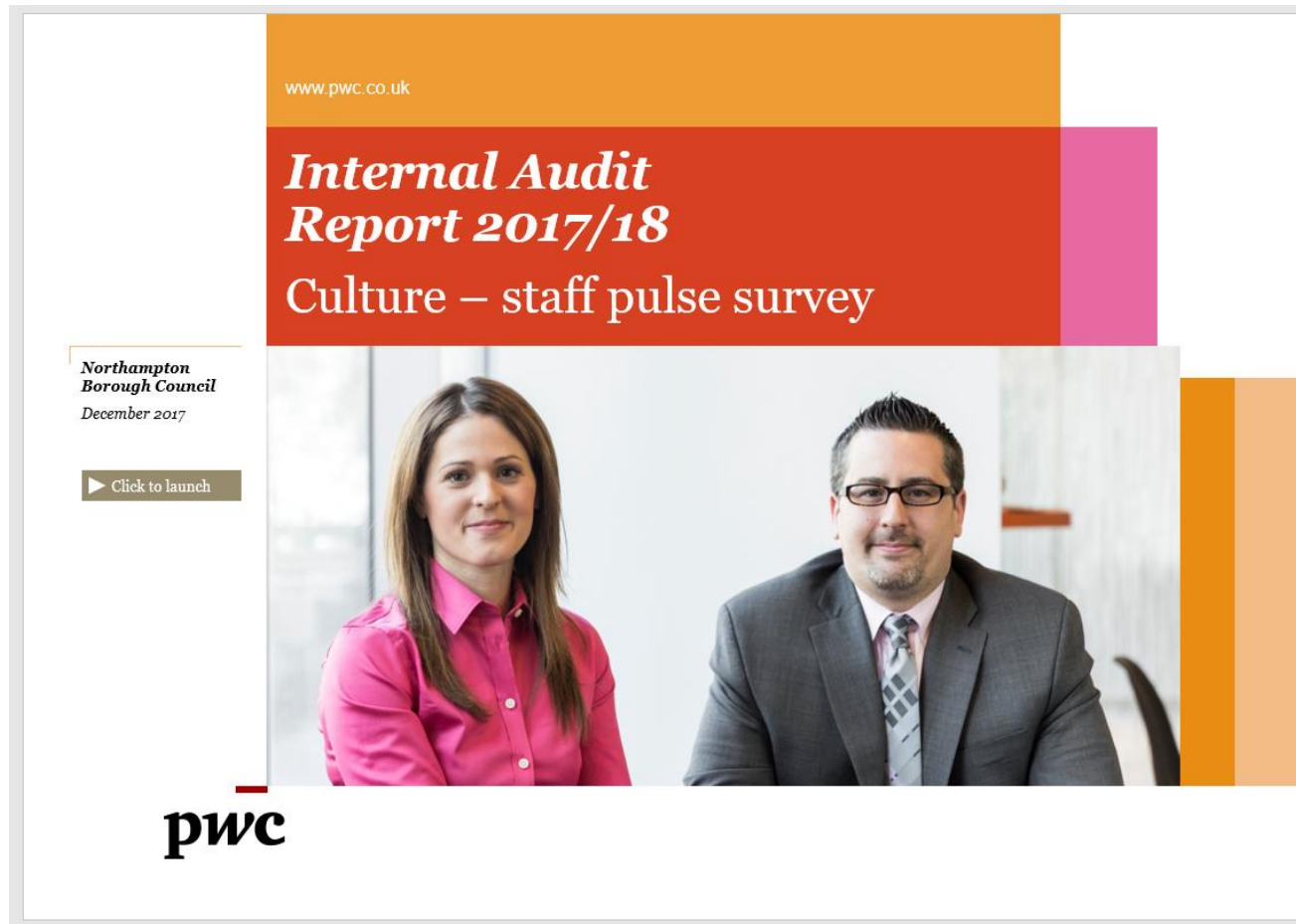
## Appendix A: Analysis of days included in plan

Ref	Auditable Unit	Total audit days	Q	Audit days per Q	Audit days used to date	Audit days to come
A						
A.1	Governance and risk management	40	Q1-2	20	23	0
			Q3-4	15	1	11
			Q3-4	5	1	4
A.2	Organisational change	40	Q2	10	0	10
			Q3-4	30	23	0
A.3	Financial governance	50	Q2	5	0	0
			Q2-4	30	0	0
			Q2-4	15	0	0
			Q2-4	10	0	0
A.4	Tracking recommendations and follow up	20	Q2	8	0	0
			Q2	2	0	0
			Q2-4	10	0	0

Ref	Auditable Unit	Total audit days	Q	Audit days per Q	Audit days used to date	Audit days to come	
B							
B.1	Culture	30	Q2-4	23	22	1	
			Q3	7	7	0	
C							
C.1	IA management time	20	Q1-Q4	20	20	5	
D							
D.2	Additional reviews requested		Q2-3	10	20	3	
D.3			Q2-3	15	14	1	
D.4			Q3	15	3	15	
D.5			Q3	15	2	14	
Total					250*	136	64

\* Some of the reviews in the original plan have been removed and replaced by the additional reviews requested. These are detailed in the main body of the report

## Appendix B: Culture Questionnaire Results



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**Internal Audit Report 2017/18**  
Culture – staff pulse survey

Northampton Borough Council  
December 2017

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## Executive summary



### Headlines/summary of findings

As Northampton Borough Council looks to implement a Corporate Change Strategy and re-energise its overall strategy and vision towards its workforce we have undertaken an anonymous staff survey to obtain a current position and obtain feedback from the workforce.

The questions were designed with the HR business partner and were broadly based around the following areas:

- Induction, training, continued professional development and staff retention;
- Policies and procedures;
- Assignment of authority, workloads and job responsibilities;
- Management's leadership style;
- Integrity and ethical values; and
- Organisational structure.

The survey was sent to 308 staff members electronically and paper copies were made available to those who do not have access to an email facility. The survey was open from 6 October 2017 to 1 November 2017. In total it was opened by 175 people (57%) and fully completed by 113 people (37%).

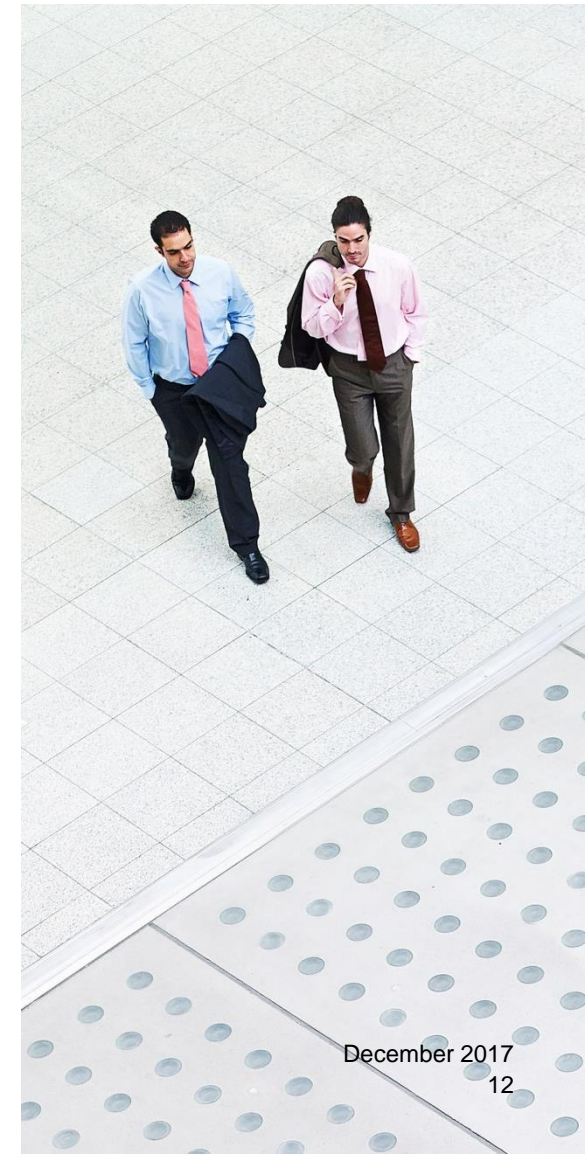
Each question was phrased so that the response was set on a scale of 0-10 (0 = strongly disagree and 10 = strongly agree). The net promoter scoring mechanism was used which means that the responses have been summarised on a scale of:

Detractor – score of 0-6

Passive – score of 7-8

Promoter – score of 9-10

Net Promoter Score (NPS) is a management tool that can be used to gauge the loyalty of a firm's customer relationships. Net Promoter Score (NPS) measures the loyalty that exists between a provider and a consumer. The provider can be a company, employer or any other entity. The provider is the entity that is asking the questions on the NPS survey. The consumer is the customer, employee, or respondent to an NPS survey.





## Executive summary



### *Headlines/summary of findings*

The following slides provide a summary of the response rate, highest and lowest scores before going into the detail of each individual question response and the verbatim narrative comments provided as part of the survey.

Where the narrative comments included individual names we have removed these references and replaced with “\*\*\*\*\*” as we do not feel it is appropriate to include individual details.

### *Limitation of scope*

Our original terms of reference included follow up interviews, where requested as part of the survey, to investigate responses and gain further insight. As part of the development of the survey it was concluded that no elements of the survey should be attributable and as such the results have been collated completely anonymously. As such we will not be able to complete the interviews as set out in the terms of reference.

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# *Summary of findings*

## Summary of findings - Survey response

The electronic survey was sent out to 308 staff members by the HR team. The survey was open from 6 October 2017 to 1 November 2017. The key results, in terms of responses are:

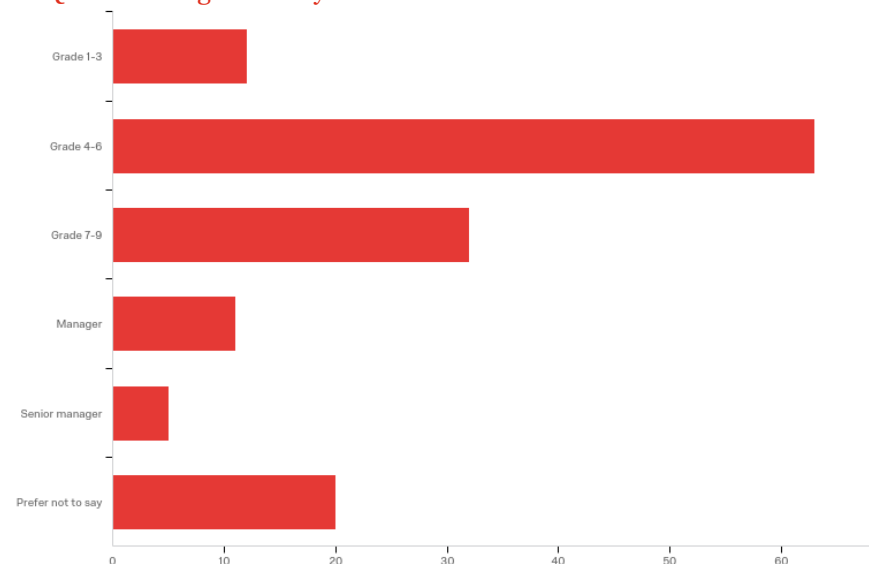
**175 people opened the survey (57%)**

### Q2.3 - What directorate do you work within?

Answer	%	Count
Borough secretary	13.48%	19
Regeneration, enterprise and planning	14.18%	20
Customers and communities	49.65%	70
Housing and well-being	9.93%	14
Prefer not to say	12.77%	18
Total	100%	141

**Despite paper copies of the survey being available for those who have no email access none were completed.**

### Q2.2 – what grade are you?



**113 people completed the survey in full (65% of those who opened, 37% of those sent the survey)**

## *Summary of findings – areas of strongest promotion*

The following questions are those which promoted the most positive response:

Q4.4 There are established procedures to prevent unauthorized access to, or destruction of, documents, records, and assets. (30%)

Q3.6 Job performance is regularly evaluated and discussed with each employee. (27%)

Q4.2 Where in place, policies and procedures are used and adhered to in day to day operations. (27%)

Q3.1 The importance of ethical standards and compliance with internal controls is discussed with newly hired employees during the interview and induction. (23%)

Q4.1 There are policies and procedures in place to support Council operations that are relevant to my role and the work that I do.(23%)

The next section includes the responses to the survey questions and the area of strongest promotion in each area is highlighted green.



## *Summary of findings – areas of strongest detraction*

The following questions are those which had the weakest response:

Q3.5 Turnover in staff is monitored and the reasons for significant turnover are evaluated. (75%)

Q5.4 There is no pressure to meet unrealistic targets in order to meet short-term, reactive results. (75%)

Q6.1 Management consistently demonstrate the positive behaviours that reflect NBC's values. (66%)

Q8.2 The structure of the Council facilitates the timely flow of significant information to the relevant people. (66%)

Q3.4 Staff are supported to deal effectively with evolving local government environments and service delivery models. (65%)

Q4.3 Deviations from established policies and procedures are investigated and documented. (65%)

The next section includes the responses to the survey questions and the area of strongest detraction in each area is highlighted red.

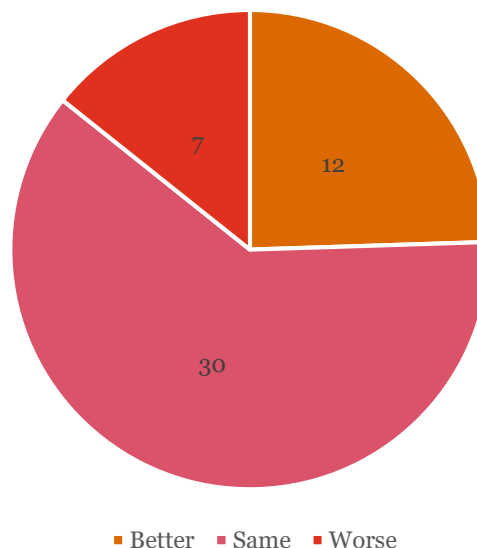
## Summary of findings - Change during the year

In order to understand the change in attitudes and to reflect on any changes which have occurred at the Council in the last year we asked the following question:

Q9.1 - How do your responses compare to your thoughts one year ago?

The response was open so not to sway respondents. The question was completed by 49 people and the responses have been grouped for the purposes of reporting.

How do your thoughts compare to one year ago?



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