



Governance & Audit Committee – 18 April 2016

Welland Internal Audit Consortium – Internal Audit Progress and Performance

Purpose of report

To provide Members with information on the progress made by the Consortium on the delivery of the Annual Internal Audit Plan for 2015/16 and associated measures of performance.

Attachment:

Appendix A: Progress Report for 2015/16 to week 51.

1.0 Background

- 1.1 The Welland Internal Audit Consortium provides the Internal Audit service for East Northamptonshire Council and is commissioned to provide 230 days to deliver the 2015/16 Annual Audit Plan.
- 1.2 The Public Sector Internal Audit Standards require periodic reporting to the 'Audit committee' including the performance of Internal Audit against the agreed plan and any key findings regarding the council's risk management and control arrangements highlighted in the course of work completed.

2.0 Progress with the Annual Audit Plan

- 2.1 Appendix A provides information on the progress made on each of the audit assignments along with performance information for the Welland Internal Audit Consortium. In order to provide Members with the most current performance information the report analyses Internal Audit's performance to the end of week 51 (25 March 2016), the latest possible date for reporting to this committee meeting.
- 2.2 At the date of reporting, final reports have been issued for thirteen assignments and draft reports have been issued for two further assignments. Fieldwork is currently underway on a further two assignments. Full details are shown in Appendix A to the report.
- 2.3 As at the end of week 51, the Consortium has delivered 205 of the commissioned 230 days.

3.0 Important issues to consider

- 3.1 No areas of significant risk or control weaknesses have been identified in the work completed to date. The key findings of all recently finalised assignments are provided in Appendix A.

4.0 Equality and Diversity Implications

- 4.1 There are no equality and diversity implications arising from the report.

5.0 Legal Implications

- 5.1 There are no legal implications arising from the report.

6.0 Risk Management

6.1 There are no significant risks arising from the proposed recommendations in this report. The role of Internal Audit is to provide assurance over the Council's governance, risk and control environment and the progress report highlights any key findings relating to the management of identified risks and controls from recent audit reviews.

7.0 Resource and Financial Implications

7.1 There are no resource or financial implications arising from the report.

8.0 Constitutional Implications

8.1 The report does not require any amendment to the Council's Constitution.

9.0 Customer Service Implications

9.1 There are no customer service implications arising from the report.

10.0 Corporate Outcomes

10.1 Effective Management - The Annual Audit Plan is designed to provide Members with assurance as to the effective management of the council's most significant risks.

11.0 Recommendation

11.1 The Committee is recommended to

- (1) Note the progress and performance of the Consortium and the key findings from audits delivered during the period.

(Reason: To review the performance of Internal Audit against the agreed plan and any key findings regarding the council's risk management and control arrangements in accordance with the Public Sector Internal Audit Standards)

Legal	Power: It is a statutory requirement for Councils to have an Internal Audit function in accordance with the Local Government Act 1972.				
	Other considerations: Internal audit and the "Audit Committee" should also conform to the relevant professional guidance – the Public Sector Internal Audit Standards.				
Background Papers: None					
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Date: 30 th March 2016					
CFO		MO		CX	



EAST NORTHAMPTONSHIRE COUNCIL
INTERNAL AUDIT PROGRESS & PERFORMANCE UPDATE
APRIL 2016

Date: 18th April 2016

Introduction

- 1.1 The Welland Internal Audit Consortium provides the Internal Audit service for East Northamptonshire Council and has been commissioned to provide 230 days to deliver the 2015/16 Annual Audit Plan and undertake other work commissioned by the client.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Governance & Audit committee to scrutinise the performance of the Internal Audit Team and to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the council. This report aims to provide the committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the Consortium.

Performance

2.1 Will the Internal Audit Plan for 2015/16 be delivered?

The Welland Internal Audit Consortium is currently under the management of LGSS (Local Government Shared Services). The Welland Board has set LGSS the objective of delivering at least 90% of the Internal Audit plans for 2015/16 to draft report stage by the end of March 2016. At the time of reporting, 88% of the reports from the Audit Plan have been issued and fieldwork is in advanced stages for the two remaining assignments.

At the time of reporting, final reports have been issued for thirteen audits and draft reports have been issued for a further two assignments.

As at week 51 (25th March 2016), the latest practical date for reporting to this committee meeting, the Consortium has delivered 205 of the commissioned 230 days, plus a further 15.5 days on completion of 2014/15 assignments which were deferred at management request. Progress on individual assignments is shown in Table 1.

2.2 Are audits being delivered to budget?

Internal Audit is on target to deliver the Audit Plan within the 230 days budget. Any overruns on individual assignments are managed within the overall budget.

2.3 Are clients satisfied with the quality of the Internal Audit assignments?

Responses received to the Customer Satisfaction Questionnaire show that 95% of responses from clients have rated aspects of the audit assignments completed during 2015/16 as 'good' or 'outstanding'. A summary of the responses is provided in Table 2.

2.4 Is the Internal Audit team achieving the expected level of productivity?

As at the latest possible date for reporting purposes, the team has been delivering **94%** productivity against a target of 90%.

2.5 **Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council’s Control Framework?**

No significant control weaknesses or issues of concern have currently been identified.

Since the last Committee report, four audit assignments have been completed and final reports have been issued.

Working Parties

The audit was designed to provide management with assurance that appropriate controls are in place to effectively mitigate the risks associated with the establishment and governance of working parties at East Northamptonshire Council (ENC).

At the time of the audit, five working parties and one working group were in place at ENC, compliance testing confirmed that all six had been set up in accordance with Council Procedure Rules. In addition, with the exception of one working party, all had terms of reference in place, three of which had been approved accordingly. Key areas of membership, quorum and duties were detailed in three of the five terms of reference that were provided and appropriate reporting arrangements were in place for all working parties (and the one working group) included in the test sample.

Four working parties had held meetings at the time of the audit, of these, all had appropriate administrative support in place to ensure that minutes were produced for all meetings. All four working parties were able to provide meeting agendas, minutes, action plans and supporting papers to confirm that progress and actions were documented accordingly. In addition, all had appropriate confidentiality arrangements in place.

The audit has identified some areas for improvement, particularly with regards to further developing the risk management activities undertaken by working parties. In addition, a more consistent approach to the governance of working parties across the board could further enhance controls and improve operational efficiency.

Based on these findings, the framework of controls currently in place provide **Substantial Assurance** that the identified risks have been appropriately mitigated. Internal Audit have made five recommendations to further improve the control environment.

Effectiveness of the Whistleblowing Policy

Whistleblowing is defined as “making a disclosure that is in the public interest”. A whistleblower is a person who exposes any kind of information or activity that is deemed illegal, dishonest or not correct within an organisation. Internal Audit sought assurance that employees and contractors are aware of East Northamptonshire Council’s Whistleblowing Policy and can report any concerns without fear of victimisation, discrimination or disadvantage.

The Council’s current whistleblowing policy provides a clear explanation of the organisation’s procedures for handling whistleblowing and shows a commitment to treat all disclosures consistently and fairly and take all reasonable steps to maintain the confidentiality of

a whistle-blower. The policy is easily accessible to employees, contractors and the public via the Council's intranet and internet sites. A recent staff survey also confirmed that 92% of employees had read the policy.

Whilst there is a comprehensive policy and procedures in place, a review has not been conducted since 2011 and changes to whistleblowing legislation arising from the Enterprise and Regulatory Reform Act 2013 have been missed and the policy not updated as a result.

There is also scope to further promote the policy through displaying posters around council buildings and providing training to employees and/or line managers on how to raise and handle whistleblowing disclosures.

In addition, documentation relating to whistleblowing disclosures could be strengthened through the introduction of a central record.

Based on these findings, the framework of controls currently in place provide **Substantial Assurance** that the identified risks have been appropriately mitigated. Four recommendations have been made to further improve the control environment.

Financial Resilience

Most councils are dealing with significant financial pressures resulting from ongoing reductions in government funding and rising service demand. Consequently, robust financial plans and governance arrangements are essential to ensure resources are effectively managed and prioritised. East Northamptonshire Council's latest medium term financial strategy shows a surplus for 2016/17 but with budget deficits in subsequent years requiring savings of approximately £1.2 million by 2019/20.

Based upon the review conducted by Internal Audit, the Council's financial planning arrangements have been assessed as sound. Procedures are in place to ensure that the leadership team has a clear understanding of the financial challenges facing the Council and appropriate arrangements are in place to prepare financial plans that are clear and robust. Nevertheless, given the extent of the predicted medium term pressures, greater focus is likely to be required in future years on developing a more formal and systematic approach to the identification of efficiency savings. There is also scope to develop greater integration of timetables and processes for the preparation of financial and service plans to strengthen the link and inter-relationship between service objectives and related budget constraints.

Detailed testing of business rates forecasts found that all key data and assumptions were supported by appropriate evidence or explanations. Forecasts in respect of the waste contract are at the early stages of development but appropriate mechanisms are being put in place to review and assess the cost of the service to enable more accurate estimates to be included in next year's financial strategy.

Based on these findings, the framework of controls currently in place provide **Sufficient Assurance** that the identified risks have been appropriately mitigated. Internal Audit have made four recommendations to further improve the control environment.

Main Accounting System

The audit was designed to provide management with assurance that key controls are operating effectively in relation to:

- set up and approval of GL codes;
- access to create/edit/delete journals;
- access to create/edit/delete GL master data;
- creation and approval of journals;
- bank reconciliations; and
- suspense account reviews and clearance.

The EnCor finance team have put in place a framework of controls designed to assure that key processes are completed in an accurate and timely manner.

All journals are posted by members of the EnCor finance team. Within the current system, there is no authorisation of journal entries before they are posted. In mitigation, the Council's financial system retains an audit trail of system access and changes made by each officer that would enable appropriate action to be taken if fraud or error were ever suspected. Management have also implemented further monitoring controls to manage the risks such as the generation and review of quarterly journal monitoring reports which are subject to independent sample testing by a member of the EnCor Finance Team.

Sample testing of journal entries confirmed that all had been accurately posted and an audit trail was available for each.

Bank reconciliations are being performed on a monthly basis to provide assurance over the accuracy of the financial records. Audit testing confirmed that reconciliations between April and December 2015 had been completed and independently reviewed in a timely manner.

Based upon the findings of the review, ***Substantial Assurance*** has been given over the controls in place to manage the identified risks.

Copies of all final Internal Audit reports are issued to the Chair and Vice Chair of the committee at the time of finalisation. Reports are also available to Members at any time if requested.

2.6 Are clients progressing audit recommendations with appropriate urgency?

Recommendations are reviewed as part of the Council's quarterly performance clinics. Updates are returned explaining action taken to complete a recommendation by the target date or, if this is not possible, to provide explanations for non-compliance and details of their expected target dates for completion.

The outcomes from the latest performance clinic (January 2016) have been provided to Internal Audit and have been summarised in Table 3. At the time of the latest updates, there were 18 audit recommendations which remained overdue but Internal Audit have been advised that progress is being made in addressing these areas. Revised dates have

been provided, where possible, and Internal Audit will be seeking further updates on the completion of these actions. Ten of the overdue actions are classified as High or Medium Priority and have been overdue for more than three months, as such, full details have been provided in Table 4.

Table 1 - Progress against 2015/16 Internal Audit Plan

<i>Assignment</i>	<i>Budget days</i>	<i>Actual days</i>	<i>Planned start</i>	<i>Status</i>	<i>Assurance sought</i>	<i>Assurance Rating</i>	<i>Findings / Comments</i>
Financial Risks							
Transparency Code	7	6.4	Q2	Final Report Issued	Assurance that the mandatory requirements of the Transparency Code are being complied with and that best practice is also followed when publishing information on budget setting, budget monitoring and financial performance.	Consultancy	<p>Strengths - The Council publishes extensive information relating to its budget setting and monitoring, in addition to setting out its funding, statutory and constitutional requirements.</p> <p>Areas for Improvement– Some areas have been highlighted as less easily accessible and these have been raised with officers for review.</p>
Creditors	10	15.2	Q3	Final Report Issued	Assurance that the key controls within the Creditor system and processes are fit for purpose and consistently exercised to ensure that prompt and accurate payments to approved creditors, but only after goods or services have been delivered to required specifications. Included review of System Access controls, Policies and Procedures, Ordering, Invoice Processing and Payments.	Substantial	<p>Strengths – Sample testing of the purchase invoice process, credit notes, changes to standing data, urgent payments, BACS payments, aged creditor reports and reconciliations all provided evidence of efficient, effective procedures and consistent compliance with key controls and Council policy.</p> <p>Areas for Improvement- Discrepancies between some senior officers' authorisation limits and the delegated limits formally approved in the Council's Constitution.</p>
Debtors	10	9.5	Q3	Final Report Issued	Assurance that the invoicing, debt recovery and income processing systems and procedures are adequately controlled and the Debt Recovery Policy is fit for purpose and consistently applied	Substantial	<p>Strengths - Sample testing of the raising of invoices, credit notes, changes to standing data, recovery of outstanding debt, processing of income to correct codes/invoices and reconciliations to the general ledger all provided evidence of efficient, effective procedures and consistent compliance with key controls and Council policy.</p> <p>Areas for Improvement – One low value debt (£50) had been written off without Head of Service approval.</p>

<i>Assignment</i>	<i>Budget days</i>	<i>Actual days</i>	<i>Planned start</i>	<i>Status</i>	<i>Assurance sought</i>	<i>Assurance Rating</i>	<i>Findings / Comments</i>
Financial Resilience	11	13	Q3	Final Report Issued	Assurance over the council's overall arrangements for securing financial resilience, including review of specific risks in respect of business rates and waste services.	Sufficient	<p>Strengths - Detailed testing of business rates forecasts found that all key data and assumptions were supported by appropriate evidence or explanations. Procedures are in place to ensure that the leadership team has a clear understanding of the financial challenges facing the Council and appropriate arrangements are in place to prepare financial plans that are clear and robust.</p> <p>Areas for Improvement – There is scope to develop greater integration of timetables and processes for the preparation of financial and service plans to strengthen the link and inter-relationship between service objectives and related budget constraints.</p>
Payroll	7	13.4	Q4	Draft Report Issued			
Fixed Assets	10	1.9	Q4	Fieldwork underway			
Treasury Management	8	10.4	Q4	Draft Report Issued			
Main Accounting System	5	6.2	Q4	Final Report Issued	<p>Assurance that the key risks for Main Accounting have been identified and that proper controls are in place and are effective. Key controls in relation to:</p> <ul style="list-style-type: none"> - Set up and approval of GL codes - Access to create/edit/delete journals - Access to create/edit/delete GL master data - Creation and approval of journals - Bank Reconciliations - Suspense account reviews and clearance 	Substantial	<p>Strengths - Sample testing of journal entries confirmed that all had been accurately posted and an audit trail was available for each. Bank reconciliations are being performed on a monthly basis to provide assurance over the accuracy of the financial records. Audit testing confirmed that reconciliations between April and December 2015 had been completed and independently reviewed in a timely manner.</p>

<i>Assignment</i>	<i>Budget days</i>	<i>Actual days</i>	<i>Planned start</i>	<i>Status</i>	<i>Assurance sought</i>	<i>Assurance Rating</i>	<i>Findings / Comments</i>
Payroll – Non Standard Payments & Deductions	7	7.7	Q1	Final Report Issued	Assurance that adequate methodologies are in place to accurately calculate non-standard payroll payments and deductions and that transactions paid /deducted are accurate and consistent with policy.	Substantial	<p>Strengths – clear methodologies for calculating non-standard payments and deductions. Transactions and payments subject to secondary checks for accuracy.</p> <p>Areas for Improvement - Processes for recording and communicating methodologies and the steps that could be taken in the event that a complex calculation is identified could be improved.</p>
Governance Risks							
Risk Management	10	2	Q4	Fieldwork underway			
Effectiveness of the Whistleblowing Policy	5	4.4	Q3	Final Report Issued	Assurance that employees and contractors are aware of the council's Whistleblowing Policy and can report any concerns without fear of victimisation, discrimination or disadvantage.	Substantial	<p>Strengths - The Council's current whistleblowing policy provides a clear explanation of the organisation's procedures for handling whistleblowing and shows a commitment to treat all disclosures consistently and fairly. The policy is easily accessible to employees, contractors and the public via the Council's intranet and internet sites. A recent staff survey confirmed that 92% of employees had read the policy.</p> <p>Areas for Improvement - Whilst there is a comprehensive policy and procedures in place, a review has not been conducted since 2011 and changes to whistleblowing legislation arising from the Enterprise and Regulatory Reform Act 2013 have been missed and the policy not updated as a result. In addition, documentation relating to whistleblowing disclosures could be strengthened through the introduction of A central record.</p>

<i>Assignment</i>	<i>Budget days</i>	<i>Actual days</i>	<i>Planned start</i>	<i>Status</i>	<i>Assurance sought</i>	<i>Assurance Rating</i>	<i>Findings / Comments</i>
IT							
IT Service Desk, Software Licensing and Asset Management	12	12.3	Q1	Final Report Issued	Assurance that the council has put in place controls to ensure that there is an effective IT Service Desk; the council's record of IT software licences and IT equipment are complete and up to date; and that the council employs only properly licensed software.	Sufficient	<p>Strengths - The processes to be followed in procuring and disposing of IT equipment are well documented and purchasing is subject to robust controls. Systems in place for logging IT incidents and requests are appropriate and operating effectively. Evidence of compliance with good practice for Service Desk management.</p> <p>Areas for Improvement - Reconciliations are not undertaken to monitor over/under usage of the council's software applications. IT Helpdesk performance figures are based only on calls received in the month and do not include open calls from previous periods.</p>
IT Security Measures	13	0.4	Q4	Postponed			<p>Assignment postponed at management request.</p> <p>Assurance to be placed upon audits performed for PSN compliance and partnership audits. Commissioned days being used to commence assignment from draft Audit Plan for 2016/17 – priority request from Corporate Management Team on Pest Control contract.</p>
Service Delivery Risks							
Universal Credit & Changes to the Council Tax Support Scheme	10	4.7	Q2	Final Report Issued	Consultancy support on the roll out of Universal Credit. Included research into approaches adopted at comparable authorities and advice on areas for consideration. Also included an independent review of the action plans.	Consultancy	

<i>Assignment</i>	<i>Budget days</i>	<i>Actual days</i>	<i>Planned start</i>	<i>Status</i>	<i>Assurance sought</i>	<i>Assurance Rating</i>	<i>Findings / Comments</i>
Working Parties	10	11.1	Q3	Final Report Issued	Assurance that appropriate controls are in place to effectively mitigate the risks associated with the establishment and governance of working parties.	Substantial	<p>Strengths - Compliance testing confirmed that all six working parties reviewed had been set up in accordance with Council Procedure Rules. All active working parties were able to provide meeting agendas, minutes, action plans and supporting papers to confirm that progress and actions were documented accordingly. In addition, all had appropriate confidentiality arrangements in place.</p> <p>Areas for Improvement - Risk management activity was not consistently recorded within the minutes and reflected in risk registers. Declarations of interest was not an agenda item on a small number of meeting records.</p>
Procurement / Contract Management	15	16.3	Q2	Final Report Issued	Assurance that the Council's revised procedures adequately reflect the new legislative requirements and that key officers understand and comply with the procedures in practice. An effective corporate procurement strategy and control framework is critical to achieving value for money in service delivery.	Sufficient	<p>Strengths - Appropriate procurement systems, policies and procedures to ensure compliance with legislative requirements. For a small sample of procurements completed in the year to date, officers had retained appropriate documentation on file which demonstrated compliance with the Council's procedures in the award of contracts, including the assessment of value for money and compliance with controls designed to prevent fraud and corruption.</p> <p>Areas for Improvement - Opportunities to further enhance the control framework such as additional controls to maximise opportunities to assure value for money.</p>
Waste Management	10	10.4	Q1	Final Report Issued	Assurance required on adequacy of the methodology applied and conclusions reached regarding compliance with the Waste Regulations.	Sufficient	<p>Strengths - Detailed assessment model based on a points system and comparative case studies. Methodology is robust and complies with most aspects of the available guidance.</p> <p>Areas for Improvement - Methodology could be further strengthened by including more data, information and a case study. Some minor errors in the models will need to be addressed and the audit trail strengthened.</p>

<i>Assignment</i>	<i>Budget days</i>	<i>Actual days</i>	<i>Planned start</i>	<i>Status</i>	<i>Assurance sought</i>	<i>Assurance Rating</i>	<i>Findings / Comments</i>
Training Records	10	10.8	Q1	Final Report Issued	To provide advice and assistance to the council in respect of staff and councillor learning and development plans and controls.	Limited	<p>Strengths – Mandatory training programme for staff. Procedures now in place to maintain centralised records of training attended.</p> <p>Areas for Improvement – Backdated records do not exist. Lack of clarity over the need for agency/interim staff to receive mandatory training. Performance figures for completion of appraisals are below target. Induction check list could be improved.</p> <p>Member training record system still under development due to recent elections. Member training attendance requires improvement.</p>
Projects and Transformation	5	-	Q4				Consultancy time available in March 2016 – not required at time of reporting
Total	175	156.1					

Other Support	<i>Budget days</i>	<i>Actual days</i>	<i>Comments</i>
Advice & Assistance	2	0.4	
Committee Work, Support & Annual Report	15	14.4	
Recommendation Follow-Up	3	4.6	
Client Meetings	7	6.8	
External Audit liaison	1	0.2	
Strategic Mgt & Audit Planning	5	2.8	

Other Support	Budget days	Actual days	Comments
NFI & AGS	2	0	
Unavoidable interruptions e.g. ICT interruptions / fire alarms etc.	-	2.9	
Management of the Welland Internal Audit Consortium	20	16.5	
Total	55	48.6	
Completion of 2014/15 Assignments	-	15.5	

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Substantial	There is a sound control framework designed to manage or mitigate risks to the achievement of defined objectives. Testing confirms that the controls are being applied consistently.
Sufficient	The control framework is basically sound but either <ul style="list-style-type: none"> • there are minor gaps or weaknesses which mean that some risks are not fully managed or mitigated; or • testing provides evidence of non-compliance sufficient to weaken the effect of some controls.
Limited	There are significant weaknesses in key elements of the control framework which mean that significant risks are not managed or mitigated. Testing demonstrates significant levels of non-compliance with prescribed processes and procedures
No	The controls identified are not sufficient to manage/mitigate identified risks to the achievement of defined objectives. Testing demonstrates high levels of non-compliance with prescribed processes and procedures.

Table 2: Customer Satisfaction

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire to each client with whom there was a significant engagement during the assignment. The Head of Service and the Line Manager receive a CSQ for all assignments within their areas of responsibility. The standard CSQ asks for the client’s opinion of four key aspects of the assignment. The responses received in the year to date are set out below.

Aspects of Audit Assignments	N/A	Outstanding	Good	Satisfactory	Poor
Design of Assignment		4	7		
Communication during Assignments		5	6		
Quality of Reporting		5	4	1	
Quality of Recommendations		2	8	1	
Total	0	16	25	2	0

Table 3: Implementation of Agreed Management Actions

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented in quarter	2	40%	6	35%	7	64%	15	45%
Actions due within last 3 months, but not implemented	1	20%	3	18%	3	27%	7	21%
Actions due over 3 months ago, but not implemented	2	40%	8	47%	1	9%	11	34%
Totals	5	100%	17	100%	11	100%	33	100%

Table 4: High and Medium Priority actions overdue for more than three months

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
High Priority						
Payroll 2014/15	Corporate	Investigations should be made into whether iTrent can implement audit trail functionality on the system and, if so, such functionality should be made available.	With Corby Borough Council (CBC) – to escalate	Head of Resources and OD	30 th September 2015	TBC with CBC
Payroll 2014/15	Corporate	All changes to the employee master file (with the exception of bank details and annual salary increments) should be conducted by someone independent of the payroll process, i.e. HR administrator or HR advisor. Only in an emergency should the HR Manager make changes to the employee master file. An exception report showing all changes to the employee’s master file should be developed, produced and reviewed by the ENC HR Manager on a monthly basis. If the HR Manager has made any changes to the employee master file within the month, an explanation needs to be annotated on the report and independently countersigned by an Officer.	Reliant on audit trail functionality above	Head of Resources and OD	30 th September 2015	TBC with CBC
Medium Priority						
Corporate Counter Fraud Arrangements 2014-15	Corporate	Monitoring Officer develops refresher training to keep employees aware of Counter Fraud arrangements in the form of training sessions, e-training modules or other means as appropriate.	In progress - Looking at possible e-learning solution - revised date 31/3/16	Executive Director/ Monitoring Officer	30 th June 2015	31 st March 2016
Corporate Counter Fraud Arrangements 2014-15	Corporate	Monitoring Officer develops an area on the Council’s intranet site for Counter Fraud and Anti-Corruption information and guidance. The Monitoring Officer should regularly review this area to ensure that only up to date and current information is available.	Will be developed as part of the new ENC Hub - waiting for roll-out of main pages to engage with designers - revised date 31/3/16	Executive Director/ Monitoring Officer	30 th September 2015	31 st March 2016

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
Shared Services & Partnership Arrangements 2014/15	Corporate	All partnership and shared service board meetings should have performance reporting as a standard agenda item using clearly specified KPIs. Where KPIs are not specified in the formal agreement a separate SLA or similar document should be prepared on an annual basis incorporating service standards, KPIs and SMART targets.	January 2016 - To be included in checklist, expected completion 31 st March 2016	Executive Director/ Monitoring Officer	31 st October 2015	31 st March 2016
Shared Services & Partnership Arrangements 2014/15	Corporate	Prepare a composite annual partnership and shared services report for Members setting out overall performance levels, achievement of objectives and any new developments or future proposals.	Composite annual report not considered appropriate as responsibilities for different partnerships lie with different committees.e.g. Annual Internal Audit report goes to Governance and Audit in spring each year. Voluntary grants report being prepared for Scrutiny in March 2016. Will include requirement to state where report to be submitted as part of checklist.	Executive Director/ Monitoring Officer	31 st October 2015	31 st March 2016
Training Records 2015/16	Corporate	CMT should ensure that agency staff and interim contract staff are captured and receive mandatory training. If it is decided to deliver such training on a case by case basis; CMT should set formal guidance to direct the process which enables managers to fully consider the risks.	Will add a paragraph for inclusion in recruitment and training policy.	Head of Resources and OD	31 st October 2015	TBC
Shared Services & Partnership Arrangements 2014/15	Corporate	Consider the establishment of a corporate shared service and partnership working group, board or similar arrangement to support the development of the Council's strategy (see R1) and enable officers involved in the management and governance of existing shared services and partnerships to identify and share best	To be reviewed	CMT	31 st October 2015	31 st March 2016

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
		practice.				
Shared Services & Partnership Arrangements 2014/15	Corporate	All shared services and partnerships should regularly monitor and review indicators of value for money on an ongoing basis. In addition, each service should be subject to a periodic fundamental review including demonstration of VFM through benchmarking or similar means (e.g. 'soft' market testing).	To be reviewed	CMT	31 st October 2015	31 st March 2016
Projects and Transformation 2014/15	Corporate	Include a specific section on Benefits Realisation within the project management framework and develop a benefits realisation plan as part of the overall transformation plan.	December 2015: Still in progress and will be completed in the new year	Head of Resources and OD	30 th September 2015	TBC

Limitations and Responsibilities

Limitations inherent to the internal auditor's work

The Consortium is undertaking a programme of work agreed by the council's senior managers and approved by the Governance Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that the Consortium are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to the Consortium's attention. As a consequence, the Governance Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to the Consortium's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

The Consortium endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.