



# North Devon District Council

## Internal Audit Progress Report 2019/20

### September 2019

#### Distribution List:

Ken Miles	-	Chief Executive
Jon Triggs	-	Head of Resources
Governance Committee		

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Please refer to the Statement of Responsibility in Appendix III of this Report for further information about responsibilities, limitations and confidentiality.

## 1. INTRODUCTION

- 1.1 The purpose of internal audit is to provide Members and the Chief Executive, through the Governance Committee, with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving North Devon District Council's agreed objectives. In order to provide this opinion, we are required to review annually the risk management and governance processes within North Devon District Council and on a cyclical basis, the operation of internal control systems within the organisation.
- 1.2 This report sets out the internal audit activity since the last Governance Committee meeting in June 2019 for North Devon District Council.

## 2. COMPLETION OF THE INTERNAL AUDIT PLAN

- 2.1 Appendix I details the 2019/20 Audit Plan and shows the status of work to date and the number of days delivered.

The following tables summarise progress against the plan:

Number of audits in plan	19	
Number of audits finalised	0	
Number of audits issued at draft	1	5%
Number of audits in progress	2	10%
Number of audits with agreed planned dates	0	
Number of audits to be planned	0	

- 2.2 We can report that 15% (based on the number of days in the plan excluding contingency) of the 2019/20 Operational Internal Audit Plan has been completed.
- 2.3 We have issued no final reports since the last Committee meeting.
- 2.4 Appendix II details the 2019/20 Audit recommendations for individual reports with a full or substantial overall opinion finalised since the last Governance Committee meeting. Recommendations with a priority rating of 2 are detailed in full, whilst those with a rating of 3 are not shown in detail. In addition, an overall audit opinion is given for each report. If we have issued a report with a limited overall opinion, the report is attached in full rather than summarised in Appendix II.

Management responses are only included where there is a substantial comment. Where management has accepted the recommendation this has not been included.

### Significant Control Weaknesses 2019/20

- 2.5 Based on the work we have undertaken, there are no priority one recommendations to bring to the attention of the Governance Committee.

### Performance of the Internal Audit Service

- 2.6 The following table details the Internal Audit service performance for the 2018/19 year measured against the key performance indicators set out in the Internal Audit Quality Plan.

No.	Performance indicator	Target	Actual
1.	A close out meeting to be held for each audit	100%	100%
2.	Average period between the close out meeting and issue of the draft report	10 days	
3.	Average period between the receipt of final management responses and issue of the final report	10 days	
4.	Average customer satisfaction score (measured by survey for each audit) – (Target is 80% or 4 or above) 5=Very good; 4=Good; 3=Satisfactory; 2=Poor; 1= Very poor	4	

### 3. Action Required

- 3.1 The Governance Committee is asked to note our progress report.

## Appendix I – Progress against the Internal Audit Plan 2019/20

	Audit Title	Proposed Quarter	Planned Days	Anticipated Risk Level	Assurance	Priority One	Priority Two	Priority Three	Status
1.	Risk Management and Corporate Governance	Q4	10	Medium					
2.	Main Accounting System and Budgetary Control	Q3	12	High					
3.	Debtors	Q1	8	Medium					Draft Report
4.	Payroll	Q1	10	Medium					Fieldwork in progress
5.	Treasury Management	Q1	8	Medium					Fieldwork completed
6.	Council Tax and NNDR (including NNDR maximisation)	Q2	15	Medium					
7.	Housing Benefits	Q2	10	Medium					
8.	Human Resources	Q3	10	Medium					
9.	Housing Needs	Q3	10	Medium					
10.	New Housing Schemes	Q2	10	Medium					
11.	Building Control	Q3	10	Medium					
12.	IT Audit	Q4	22	High					
13.	CCTV	Q4	8	Medium					
14.	Contracts and Capital Expenditure	Q3	10	High					
15.	Performance Management	Q4	10	Medium					

	Audit Title	Proposed Quarter	Planned Days	Anticipated Risk Level	Assurance	Priority One	Priority Two	Priority Three	Status
16.	Safeguarding	Q3	8	Low					
17.	Crematorium	Q4	3	Low					
18.	Follow Up	Q4	10	N/A					
19.	Contingency		0	N/A					
20.	Audit Management		22	N/A					
	<b>Total</b>		<b>196</b>			<b>0</b>	<b>5</b>	<b>13</b>	

# Appendix II – Internal Audit Recommendations 2019/20

No reports finalised		
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## Appendix III - Statement of Responsibility

We take responsibility to North Devon District Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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