



North Devon District Council Internal Audit Progress Report

January 2020

Distribution List:

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

This report ("Report") was prepared by Mazars LLP at the request of North Devon District Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix IV 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 November 2019 for North Devon District Council.

2. COMPLETION OF THE INTERNAL AUDIT PLAN

- 2.1 Appendix I details the 2018/19 Operational Internal Audit Plan (2018/19 Plan) and shows the status of work to date and the number of days delivered.

The following table summarise progress against the plan:

Number of audits in plan	17	
Number of audits finalised	11	65%
Number of audits issued at draft	3	17.5%
Number of audits in progress	3	17.5%
Number of audits with agreed planned dates	0	
Number of audits to be planned	0	

Appendix II details the 2019/20 Operational Internal Audit Plan (2019/20 Plan) and shows the status of work to date and the number of days delivered.

The following table summarise progress against the plan:

Number of audits in plan	18	
Number of audits finalised	0	
Number of audits issued at draft	0	
Number of audits in progress	7	39%
Number of audits with agreed planned dates	2	
Number of audits to be planned	9	

- 2.2 We can report that based on the number of days in the plans (excluding contingency) as at 31 December 2019, 100% of the 2018/19 Plan has been completed and 32% of the 2019/20 Plan has been completed. Extra resources have been programmed in to support completion of the 2019/20 Plan.
- 2.3 We have issued one final report since the last Committee meeting:

Crematorium 2018/19

- 2.4 Appendix III details the 2018/19 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.

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 2018/19

- 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 tables detail the Internal Audit service performance for the 2018/19 and 2019/20 years measured against the key performance indicators set out in the Internal Audit Quality Plan.

No.	Performance indicator	Target	Actual 18/19
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	4.4 days
3.	Average period between the receipt of final management responses and issue of the final report	10 days	1 day
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	3.83

No.	Performance indicator	Target	Actual 19/20
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	n/a*
3.	Average period between the receipt of final management responses and issue of the final report	10 days	n/a*
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	n/a*

* - No reports issued for 2019/20 yet.

3. Action Required

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

Appendix I – Progress against the 2018/19 Plan

	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	Substantial	0	1	2	Final Report 21 August 2019.
2.	Main Accounting System and Budgetary Control	Q3	12	High	Substantial	0	0	1	Final Report 5 March 2019.
3.	Creditors	Q3	10	Medium	Substantial	0	1	2	Final Report 16 August 2018.
4.	Payroll	Q1	10	Medium	Substantial	0	0	1	Final Report 16 th August 2018
5.	Cash Collection	Q2	8	Medium	Substantial	0	0	1	Final Report 13 December 2018.
6.	Council Tax and NNDR (including NNDR maximisation)	Q3	15	Medium	Substantial	0	0	1	Final Report 8 January 2019.
7.	Housing Benefits	Q1	10	Medium	Substantial	0	0	1	Final Report 12 December 2018.
8.	Efficiency savings	Q2	10	Medium	Full	0	0	0	Final Report 23 August 2019.
9.	Waste Management (Refuse and Recycling)	Q3	10	Medium					Draft Report issued 3 October 2019.
10.	Regeneration Projects	Q1	10	Medium					Fieldwork completed, draft report in progress
11.	Business Continuity	Q2	10	High					Fieldwork completed, draft report in progress
12.	Civil Contingencies Plan	Q1	10	High					Draft Report issued 13 December 2019
13.	IT Audits: - GDPR - Email Exchange	Q4	11 11	High	Substantial Limited	0 0	1 3	5 1	Final Report 19 February 2019. Final Report 24 January 2019.
14.	Fraud, Bribery & Ethics National Fraud Initiative	Q2	8	Low					Draft Report issued 13 December 2019


	Audit Title	Proposed Quarter	Planned Days	Anticipated Risk Level	Assurance	Priority One	Priority Two	Priority Three	Status
15.	VAT	Q1	10	Low	Substantial	0	0	1	Final Report 9 October 2019.
16.	Crematorium	Q4	3	Low	Full	0	0	0	Final Report 22 October 2019.
17.	Follow Up	Q4	10	N/A		0	0	0	Final Report 22 August 2019.
18.	Contingency	N/A	20	N/A					20 days utilised for waste management review
19.	Audit Management	N/A	22	N/A					
	Total		220			0	15	17	

Appendix II – Progress against the 2019/20 Plan

	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					Fieldwork completed, draft report in progress.
Up 2.	Main Accounting System and Budgetary Control	Q3	12	High					Fieldwork planned for w/c 7 January 2020.
3.	Debtors	Q1	8	Medium					Fieldwork completed, draft report in progress.
4.	Payroll	Q1	10	Medium					Fieldwork completed, draft report in progress.
5.	Treasury Management	Q1	8	Medium					Fieldwork completed, draft report in progress.
6.	Council Tax and NNDR (including NNDR maximisation)	Q2	15	Medium					Fieldwork completed 13 December 2019.
7.	Housing Benefits	Q2	10	Medium					Fieldwork started 5 December 2019.
8.	Human Resources	Q3	10	Medium					Terms of reference drafted.
9.	Housing Needs	Q3	10	Medium					Terms of reference drafted.
10.	New Housing Schemes	Q2	10	Medium					Terms of reference drafted.
11.	Building Control	Q3	10	Medium					Terms of reference drafted.
12.	IT Audit	Q4	22	High					
13.	CCTV	Q4	8	Medium					Terms of reference drafted.
14.	Contracts and Capital Expenditure	Q3	10	High					Terms of reference drafted.
15.	Performance Management	Q4	10	Medium					Terms of reference drafted.

	Audit Title	Proposed Quarter	Planned Days	Anticipated Risk Level	Assurance	Priority One	Priority Two	Priority Three	Status
16.	Safeguarding	Q3	8	Low					Terms of reference drafted.
17.	Crematorium	Q4	3	Low					Fieldwork planned for 17 February 2020.
18.	Follow Up	Q4	10	N/A					Fieldwork started 23 December 2019.
20.	Audit Management	N/A	22	N/A					Ongoing over Plan period.
	Total		206			0	0	0	

Appendix III – Internal Audit Recommendations 2018/19

Crematorium	Full Assurance	
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Scope

The audit covered the following areas:

- Appropriate Accounting Records;
- Financial Regulations;
- Risk Assessment;
- Funding
- Income Arrangements;
- Petty Cash;
- Salaries and Allowances;
- Asset and Investment Registers;
- Periodic and Year end Bank Reconciliations; and
- Preparation of Accounting Statements

No recommendations were raised

Appendix IV - 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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