

# South Kesteven District Council

Internal Audit Progress Report

Audit Committee meeting: 21 November 2013

## Introduction

The internal audit plan for 2013/14 was approved by the Audit Committee on 14<sup>th</sup> March 2013. This report provides an update on progress against that plan and summarises the results of our work to date.

We have finalised two reports relating to the 2013/14 audit plan since the previous Governance & Audit Committee meeting.

### Final Reports Issued

Assignment <i>Reports considered today are shown in italics</i>	Status	Opinion	Recommendations Agreed (by priority)			Total	Agreed
			High	Medium	Low		
<b>Current Reports</b>							
<i>Licensing</i>	<i>FINAL</i>	<b>GREEN</b>	0	0	0	0	0
<i>Payroll and Expenses</i>	<i>FINAL</i>	<b>GREEN</b>	0	1	0	1	1

<b>Reports already presented to Committee</b>							
<i>Pool Cars</i>	<i>FINAL</i>	<b>AMBER RED</b>	0	4	3	7	7
<i>Follow Up</i>	<i>FINAL</i>	<b>GOOD PROGRESS</b>	0	1	1	1	1
<i>Corporate Governance</i>	<i>FINAL</i>	<b>GREEN</b>	0	0	2	2	2
<i>Code of Conduct and Register of Interests</i>	<i>FINAL</i>	<b>GREEN</b>	0	0	1	1	1
<i>Fleet Management</i>	<i>FINAL</i>	<b>AMBER GREEN</b>	0	3	3	6	6
<i>Disabled Facilities Grants</i>	<i>FINAL</i>	<b>GREEN</b>	0	0	1	1	1
<i>Car Parks (Enforcement)</i>	<i>FINAL</i>	<b>AMBER GREEN</b>	0	4	3	7	7
<i>Income Collection</i>	<i>FINAL</i>	<b>GREEN</b>	0	0	3	3	3
<i>Leisure Management Contract</i>	<i>FINAL</i>	<b>AMBER GREEN</b>	0	3	1	4	4
<i>Waste and Recycling</i>	<i>FINAL</i>	<b>AMBER GREEN</b>	0	4	2	6	6
<i>Reactive Repairs and Maintenance</i>	<i>FINAL</i>	<b>GREEN</b>	0	1	4	5	5

## **Planning and Liaison:**

At the time of this Committee, the following draft reports have been issued to management and these will be presented at the next committee meeting:

- Absence Management
- Planning
- Bourne Community Access Point
- Staff Engagement and Communication
- Members Allowances and Expenses

Fieldwork has been completed for the Benefits Fraud Investigation Unit review and a draft report will be issued shortly.

Fieldwork is also underway for the following reviews:

- Risk Management
- Leases
- Treasury Management
- Economic Development

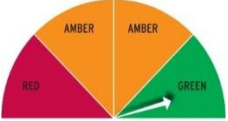
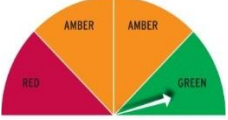
**Internal Audit Plan 2013/14 - Change Control:**

Action	Date	Agreed By
<i>A review of the 'Asset Management Plan' was replaced with an advisory review of 'Staff Engagement and Communication'.</i>	<i>November 2013</i>	<i>Strategic Director (Corporate Focus)</i>

**Internal Audit Performance**

Assignment	Debrief date	Draft report issued	Management responses received	Final report issued
<b><i>Licensing</i></b>	<b><i>27 Sep 2013</i></b>	<b><i>07 Oct 2013</i></b>	<b><i>11 Oct 2013</i></b>	<b><i>11 Oct 2013</i></b>
<b><i>Payroll and Expenses</i></b>	<b><i>27 Sep 2013</i></b>	<b><i>17 Oct 2013</i></b>	<b><i>18 Oct 2013</i></b>	<b><i>18 Oct 2013</i></b>
Pool Cars	10 May 2013	28 Jun 2013	31 Jul 2013	01 Aug 2013
Follow Up	n/a	23 May 2013	10 Jun 2013	13 Jun 2013
Corporate Governance	29 May 2013	04 Jun 2013	11 Jun 2013	12 Jun 2013
Code of Conduct and Register of Interests	13 Jun 2013	25 Jun 2013	25 Jun 2013	25 Jun 2013
Fleet Management	21 Jun 2013	05 Jul 2013	06 Aug 2013	07 Aug 2013
Disabled Facilities Grants	26 Jun 2013	05 Jul 2013	29 Jul 2013	29 Jul 2013
Car Parks (Enforcement)	03 Jul 2013	09 Jul 2013	31 Jul 2013	05 Aug 2013
Income Collection	05 Jul 2013	17 Jul 2013	12 Aug 2013	13 Aug 2013
Leisure Management Contract	19 Jul 2013	01 Aug 2013	15 Aug 2013	16 Aug 2013
Waste & Recycling	19 Jul 2013	07 Aug 2013	03 Sep 2013	05 Sep 2013
Reactive Repairs and Maintenance	09 Aug 2013	28 Aug 2013	03 Sep 2013	04 Sep 2013

## Key Findings from Internal Audit Work

Assignment: <b>Licensing (13.13/14)</b>	Opinion: Green	
<p>Headline Findings:</p> <p>Our review identified that there were sufficient and robust controls in place which were being consistently applied. No recommendations were raised in this review.</p>		
Assignment: <b>Payroll and Expenses (15.13/14)</b>	Opinion: Green	
<p>Headline Findings:</p> <p>Our review identified that there was a sound control framework in place however areas of non-compliance with controls were noted and as a result of our work <b>one 'medium' risk recommendation</b> has been raised. The recommendation was accepted by management.</p> <p>The medium risk recommendation related to:</p> <p><b><u>Subsistence and Car parking</u></b></p> <ul style="list-style-type: none"> <li>Within the 25 claims sampled, 14 claims were in relation to parking and subsistence; we were only able to view seven receipts that supported the claims. The remaining receipts could not be verified by Internal Audit due to the receipts being retained with the individual employees.</li> </ul> <p><b><u>Travel (Regular)</u></b></p> <ul style="list-style-type: none"> <li>The 11 remaining claims related to travel claims, five of which were for regular travel claims. A spread sheet listing all journeys made supports the regular travel claims. However, from the sample selected, only three of the spread sheets (which detail the individual journeys undertaken that month) were available to view electronically. The other two had not been seen. Discussion with the Line Manager confirmed that two of the authorised regular travel claims had not been reviewed prior to approval. Discussion with the various Line Managers who had authorised the sample claims confirmed that since the electronic claims process had been introduced receipts were not always reviewed prior to authorising the expense. There was also a lack of consistency in the location of where receipts are retained.</li> </ul>		
Action	Date	Responsible Officer
<p>Recommendation 1 - Medium Risk</p> <p>The Council should ensure that expense receipts are retained within departments in a consistent manner; providing adequate records are maintained for audit purposes and in line with the Financial Regulations.</p> <p>Receipts should be provided to the authorising manager to confirm they are reviewed prior to approving the claim. Expense claims should not be approved until corresponding receipts have been verified.</p>	November 2013	Finance Support Manager

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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