AUDIT COMMITTEE
21 SEPTEMBER 2017

ITEM NO. ....

AUDIT SERVICES ANNUAL AUDIT PLAN 2017/18 – PROGRESS REPORT

SUMMARY REPORT

Purpose of the Report

1. To provide Members with a progress report against the 2017/18 Annual Audit Plan in accordance with Audit Services' role and terms of reference.

Summary

2. The report outlines progress to date on audit assignment work, consultancy/contingency activity and performance indicators.

3. The shared service was a new service beginning 1 April 2017 and brought together two teams from different organisations as well as a new approach to delivering the audit opinion.

4. The first few months of the year were dedicated to ensuring the team and systems were embedded, hence audit assignments were profiled towards the second half of the year.

5. In relation to Audit Services' performance a detailed report is provided with good progress to date.

Recommendation

6. It is recommended that the progress report against the 2017/18 Annual Audit Plan be noted.

Reasons

7. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

Andrew Barber
Audit and Risk Manager

Background Papers

(i)   Internal Audit Charter
(ii)   Audit Assignment Executive Summaries

Andrew Barber: Extension 156176

S17 Crime and Disorder	Other than any special investigation work there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

8.   The Annual Audit Plan for 2017/18 was approved by the Audit Committee in March 2017 (Minute A48/March/17) and the Service was formally implemented on 1 April 2017.

9.   The report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.

10. As previously reported a significant amount have time was spent initially on team development and training. A number of audit reviews have now commenced and are either complete or nearing completion. A number of audit areas have now been set up as continuous audits and the processes behind this have now been established and automated. We will continue to monitor how best to report the results of this work.

11. The attached report provides members with detailed feedback on the performance of the service and the position in relation to completion of the audit plan.

12. There are currently no changes to the plan or significant issues to report to members. The service is now back up to its full complement of staff following the return of the Audit Team Leader from maternity leave in August.

13. In line with good practice, at an appropriate time, Audit Services follow up with Managers progress on implementation of audit recommendations agreed in audit reports.

14. In addition, at the request of clients, consultancy work has been undertaken on specific projects. These include:

    (a) replacement car park machines;
    (b) use of electronic signatures;
    (c) the partnership with Hullabaloo;
    (d) the online booking/payment system in the Dolphin Centre;
    (e) implementation of Mid-Call;
    (f) indoor market transfer;
    (g) support to the library service for the implementation of self-service kiosks.

15. The Shared Service has also responded to routine requests from Groups for advice and guidance on operational matters.

Outcome of Consultation

16. There was no formal consultation undertaken in production of this report.

INTERNAL AUDIT
AUDIT COMMITTEE UPDATE REPORT

2017/18

1   AUDIT PROGRESS

1.1   The plan, approved on 24 March 2017, was based on an audit assessment of risk which uses a number of factors to determine the likelihood of issues occurring including an understanding of the full scope of systems in operation, major change, concerns/external interest and results of previous audit work. It then assesses the impact any issues may have on the council's strategic objectives, reputation, financial plans, assets and also the potential impact on individuals and/or the environment.

Audit Progress by Service Group

Audit Area	Planned Audits	Cancelled Audits	Unplanned Audits	Revised Audits	Completed	In Progress	Drafts Issued
Children's and Adult Services	15	0	0	15	0	5	0
Chief Executive	1	0	0	1	0	0	0
Neighbourhood Services & Resources	25	0	1	26	1	4	1
Xentrall	13	0	0	13	0	7	0
Economic Growth	12	0	0	12	0	2	0
Multiple Areas	4	0	0	4	0	3	1
Schools	N/A			0	0	0	0
ICT Systems	N/A			0	0	0	0
Totals	**70**	**0**	**1**	**71**	**1**	**21**	**2**

Actual Days Compared to Planned Days

1.2   The tables below show an alternative view of the number of planned days v actual days taken and the projected available resources to complete the plan.

	Budget	Actual	Remaining	Comments
	Days	Days	Days	
Planned Audits - Started	256	59	197	197 days is the time estimated to complete work started assuming audits are completed within budget.
Unplanned	0	0	0	
Cancelled	0	0	0	
Planned - Not Started	611	4	607	
Balance	867	63	804	804 is the number of days required to complete the audit plan

	Budget	Actual	Remaining	Comments
Planned Auditor Time	1315	410	905	
Planned Non-Audit	559	305	254	
Estimated Non-Audit Requirement		346	-346	Estimate of future non-audit time requirement (i.e. time not be available to complete audits). We are therefore estimating 92 days extra non-audit time than planned.
Auditor Total	1874	1061	813	
Variance			**9**	

1.3 The Audit Plan is constantly revised during the year to take account of changing requirements. Amendments to the Plan agreed on 24 March 2017 can be summarised as follows:

2017/18 Planned Audits Amalgamated/Cancelled/Deferred

None

2017/18 Unplanned Audits Added to the Plan

Name	Audit Type	Comments
Markets Management	Limited Scope Audit	Close down for DBC Covered Market.

1.4 Counter Fraud

Work is continuing to complete the revisions to the Council's Anti-Fraud and corruption strategy. Revised strategy to be presented to March 2018 meeting.

2 AUDIT OUTPUT

Engagement Opinions

2.1 For each audit carried out Internal Audit provides an overall conclusion as to whether a sound system of internal control is being maintained. Each opinion is either "Full", "Substantial", "Moderate", "Limited", or "No" assurance depending on the conclusions reached and the evidence to support those conclusions. "Full" and "substantial" assurance normally indicates that the area under review has a reliable system of internal control.

2.2 These individual opinions are summarised below:-

Opinion	Definition	No.	%
Full	A sound system of internal controls is currently being applied which will ensure the system achieves its objectives. Whilst not essential there may still be scope for these controls to be enhanced in some areas.	0	0
Substantial	Overall there is a sound system of internal controls that are operating effectively. The system should achieve its objectives but there are areas where internal controls need to be improved.	0	0
Moderate	A reasonably sound system of internal controls is being applied, however, there are weaknesses which may put some of the system objectives at risk.	0	0
Limited	There is either a limited system of internal controls being applied, or there are significant weaknesses in the controls in place, which are posing a substantial risk to the achievement of system objectives.	0	0
None	The system of internal controls in place is failing and system objectives are not being met. Urgent management attention is required.	0	0
N/A	This classification covers audit work within a small part of a system. Providing an opinion on this work would misrepresent the system as a whole.	1	100
	Total	**1**	

2.3 An analysis of the recommendations supporting these opinions by priority is shown below:-

Priority	Definition	No.	%
Critical	Actions that must be taken immediately to manage significant risks that are likely to prevent the Authority achieving one or more of its corporate objectives.	0	0
High	Actions that should be taken as a matter of priority due to the issues identified posing a substantial risk to the achievement of service/system objectives.	0	0
Medium	Required actions to reduce the risk of systems failing to achieve their objectives.	0	0
Low	Beneficial to the improvement of internal controls, which will support the achievement of objectives.	0	0
	Total	**0**	

Details of Audits by Service Group

2017/18

| Audit Area | No. of Audits Issued | Opinions | | | | | | No. of Recs Made | Previous Recommendations | | | |
		Full	Sub	Mod	Lim	None	N/A		Tested	Passed	Failed	N/A
Children's and Adult Services	0	0	0	0	0	0	0	0	0	0	0	0
Chief Executive	0	0	0	0	0	0	0	0	0	0	0	0
Neighbourhood Services & Resources	1	0	0	0	0	0	1	0	0	0	0	0
Xentrall Shared Services	0	0	0	0	0	0	0	0	0	0	0	0
Economic Growth	0	0	0	0	0	0	0	0	0	0	0	0
Multiple Areas	0	0	0	0	0	0	0	0	0	0	0	0
Schools	0	0	0	0	0	0	0	0	0	0	0	0
ICT Systems	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	1	0	0	0	0	0

2.4 Shown below is a list of all the audit engagements undertaken during the year together with their assurance opinion. An explanation of any High priority recommendations is provided.

2017/18 Audit Plan Current Position as at 31 August 2017

Audit Location	Audit ID	Name	Status	Assurance	L	M	H	C	100%	Bud	Rem	0.0	N/A
									F'work Comp On-Time?			Final Var	Final Issue On-Time?
Neighbourhood Services & Resources	2520	Housing Benefits	Not Started							18.0	18.0		
Economic Growth	2521	Highways Maintenance Operational	Not Started							13.0	13.0		
Economic Growth	2522	Visitor Information Services	Not Started							10.0	10.0		
Economic Growth	2523	Highways Maintenance Management	Not Started							10.0	10.0		
Xentrall	2524	Virtualisation	On-Going							6.0	6.0		
Economic Growth	2525	Highways Inspection	Not Started							7.0	7.0		
Neighbourhood	2526	VAT	Prep							6.0	5.1		

Services & Resources			work started									
Neighbourhood Services & Resources	2527	Taxation	Not Started						12.0	12.0		
Xentrall	2528	Server Operating Systems	On-Going						5.0	5.0		
Xentrall	2529	Website & Intranet	Not Started						10.0	10.0		
Economic Growth	2530	Security & Surveillance	Not Started						20.0	20.0		
Economic Growth	2531	Trading Standards & Licensing	On-Going						30.0	-0.4		
Children's and Adult Services	2532	Section 17 Payments	On-Going						0.7	-5.2		
SBC	2533	Stockton Collections	Prep work Started						5.0	4.9		
Children's and Adult Services	2534	Safeguarding Children	Not Started						15.0	15.0		
Xentrall	2535	Payroll & Absence Recording	On-Going						26.0	26.0		
Xentrall	2536	Environmental Controls	Not Started						10.0	10.0		
Children's and Adult Services	2537	Troubled Families Initiative	On-Going						15.9	5.2		
Economic Growth	2538	Enforcement	Not Started						7.0	7.0		
Neighbourhood Services & Resources	2539	Treasury Management	On-Going						10.0	9.9		

Children's and Adult Services	2540	Emergency Duty Team	Not Started								3.0	3.0		
Children's and Adult Services	2541	Early Years & Complex Needs	Not Started								8.0	8.0		
Xentrall	2542	Debtors	On-Going								18.0	6.2		
Neighbourhood Services & Resources	2543	Data Protection	Prep work Started								10.0	7.9		
Xentrall	2544	Creditors	On-Going								20.0	16.7		
Xentrall	2545	Cloud Computing	On-Going								5.0	5.0		
Children's and Adult Services	2546	Client Financial Services	Not Started								12.0	12.0		
Children's and Adult Services	2547	Referral & Assessment - Childrens	On-Going								15.0	14.3		
Economic Growth	2548	Building Control	Not Started								7.0	7.0		
Neighbourhood Services & Resources; Xentrall	2549	Recruitment Services	Not Started								6.0	6.0		
Neighbourhood Services & Resources	2550	Anti-Fraud Management	Prep work Started								35.0	34.9		
Neighbourhood Services & Resources	2551	Asset Register/Asset Management	Not Started								7.0	7.0		
Xentrall	2552	Active Directory	On-Going								6.0	5.4		
Children's and Adult Services	2553	Children's Anti-Social Behaviour & Preventions	Not Started								8.0	8.0		

Neighbourhood Services & Resources	2554	Council Plans	Not Started							5.0	5.0		
Children's and Adult Services	2555	Referral & Assessment - Adults	On-Going							12.0	11.6		
Economic Growth	2556	Business Support & Development	Not Started							25.0	25.0		
Children's and Adult Services	2557	Personal Budgets & Direct Payments	Not Started							11.0	11.0		
Neighbourhood Services & Resources	2558	Business Continuity & Disaster Recovery	Not Started							10.0	10.0		
All	2559	Officer Payments - Mileage	Draft Issued						Yes	8.0	-22.9		
Neighbourhood Services & Resources	2560	Officer's Travel & Subsistence	Not Started							10.0	10.0		
Neighbourhood Services & Resources	2561	Libraries	On-Going							25.0	22.9		
Economic Growth	2562	Private Sector Housing	On-Going							10.0	6.6		
Neighbourhood Services & Resources	2563	Cash Offices & Cash Holdings	Not Started							25.0	25.0		
Neighbourhood Services & Resources	2564	Freedom of Information	On-Going							15.0	12.5		
Neighbourhood Services & Resources	2565	Waste Management	Not Started							30.0	30.0		

Neighbourhood Services & Resources	2566	Members Payments and Allowances/Travel and Subsistence	Not Started							40.0	40.0		
Children's and Adult Services	2567	Leaving Care	Not Started							7.0	7.0		
Xentrall	2568	ICT Backup & Recovery / Disaster Recovery	Not Started							15.0	15.0		
Xentrall	2569	Outlook/Email	Prep work Started							10.0	9.3		
Neighbourhood Services & Resources	2570	Information Management	Not Started							10.0	10.0		
Neighbourhood Services & Resources	2571	Housing Maintenance	Not Started							20.0	20.0		
Neighbourhood Services & Resources	2572	Financial Management	Not Started							5.0	5.0		
Children's and Adult Services	2573	First Contact	Not Started							3.0	3.0		
Neighbourhood Services & Resources	2574	Museums, Theatres & Arts Venues	Not Started							30.0	30.0		
Neighbourhood Services & Resources	2575	Land Charges	Not Started							6.0	6.0		
Children's and Adult Services	2576	Looked After Children	Prep work Started							12.0	10.4		

Chief Executive	2577	Performance Management Framework	Not Started								15.0	15.0		
Xentrall	2578	Internet	Prep work Started								10.0	9.7		
Neighbourhood Services & Resources	2579	PCI Compliance	Not Started								10.0	10.0		
Economic Growth	2580	Environmental Health	Not Started								6.0	6.0		
All	2581	Absence Management	On-Going								10.0	-6.5		
Neighbourhood Services & Resources	2582	Mayor's Charity Fund	Not Started								2.0	2.0		
Neighbourhood Services & Resources	2583	Housing Rents	Not Started								15.0	15.0		
Xentrall	2584	Bank Reconciliation	Not Started								12.0	12.0		
Children's and Adult Services	2585	Better Care Fund	Not Started								20.0	20.0		
Neighbourhood Services & Resources	2586	Welfare Rights	Draft Issued						Yes		7.0	-2.0		
Children's and Adult Services	2587	Planning & Partnerships Team	Not Started								15.0	15.0		
Neighbourhood Services & Resources	2588	Environmental Information Regulations (EIR)	Not Started								5.0	5.0		
Economic	2589	Flooding Risk	Not								5.0	5.0		

Growth		Management	Started											
Chief Executive; Neighbourhood Services & Resources; Economic Growth; Children's and Adult Services; Xentrall	2590	Grant Audit Work 2017/2018	Not Started								25.0	3.5		
Neighbourhood Services & Resources	2591	Markets Management	Complete	N/A							1.0	0.0		