

AUDIT COMMITTEE – 25 NOVEMBER 2016

Title of paper:	Internal Audit Half Yearly Report 2016/17	
Director:	Geoff Walker Director of Strategic Finance	Wards affected: All
Report author and contact details:	Shail Shah – Head of Audit and Risk Tel: 0115 8764245 Email: shail.shah@nottinghamcity.gov.uk	
Other colleagues who have provided input:	N/A	
Recommendations:		
1	To note the performance of Internal Audit during the period.	
2	To note and approve the proposed arrangements for external assessment of Public Sector Internal Audit Standards.	

1 REASONS FOR RECOMMENDATIONS

- 1.1 This report outlines the work of the Internal Audit service (IA) for the first and second quarters of 2016/17.
- **Appendix 1** - Analysis of High Risk findings in Final Audit Reports issued in the period.
 - **Appendix 2** - List of final audit reports issued in the period with analysis of recommendations and level of assurance.
 - **Appendix 3** - Summary of position against updated Internal Audit Plan 2015/16.

Standards

- 1.2 The service works to a Charter endorsed by the Audit Committee. This Charter governs the work undertaken by the service, the standards it adopts and the way it interfaces with the Council. IA colleagues are required to adhere to the code of ethics, standards and guidelines of their relevant professional institutes and the relevant professional auditing standards. It has adopted, and at the last assessment in 2015 was found to substantially comply with the principles contained in the Public Sector Internal Audit Standards (PSIAS), which is a requirement of the Account and Audit Regulations 2015, and associated regulations, in respect of the provision of an IA service. The service has internal quality procedures and is ISO9001:2008 accredited.
- 1.3 The Internal Audit service has been undertaking an external peer review of the Leeds City Council Internal Audit service as part of PSIAS requirements, the results of which will be reported to the Leeds City Council Corporate Governance and Audit Committee in January 2017.
- 1.4 Members are advised that the Internal Audit Service is to have an external peer review early next year under the requirements of the Public Sector Internal Audit Standards. The review will be carried out by Birmingham City Council Internal Audit Service and

the outcome of this is due to be reported in spring 2017. The review will follow the requirements as laid out in the Local Government Application Note to the UK PSIAS.

Local Performance Indicators (PIs)

1.5 Performance against PIs is illustrated in **Table 1**.

Table 1 : Performance v PI Targets					
Indicator		Target	Period	Actual Year	Comments
1	% of all recommendations accepted.	95%	97%	97%	Above Target
2	% of high recommendations accepted.	100%	100%	100%	On Target
3	Average number of working days from draft agreed to the issue of the final report	8	2	2	Above Target
4	% of staff receiving at least three days training per year.	100%	cumulative	22%	On Target
5	% of customer feedback indicating good or excellent service.	85%	cumulative	99%	Above Target
6	Number of key / high risk systems reviewed	10	0	0	Programmed for Q3 & Q4

Activity

- 1.6 **Appendix 3** summarises the internal audit plan for 2016/17. NCC Internal Audit also provides an internal audit service for other organisations. The IA Plan is produced annually and allocates audit resources throughout the year to review risks to the Council's vision, values and strategic priorities, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The construction of the plan is informed by consideration of a range of factors including the Council Plan, the Council's Risk Register, previous internal and external audit activity, emerging themes and priorities, professional networks, the Council's transformation and improvement activity, and changes to national, local and regional policy. The Plan is regularly reviewed and adapted as risks and priorities change and develop through the year.
- 1.7 The Internal Audit section incorporated the Corporate Counter Fraud Team during 2015/16 with a view to identifying additional income and savings for the Council. This new approach has been successful to date with the agreed income target for 2016/17 of £400,000 being exceeded in the first six months, totalling £486,000. The team also helps the council to make savings which total £237,000.

Summary of Activity

1.8 A summary of reports issued within the last 6 months is included in the Appendix 2. The following sections highlight any key issues and outcomes.

1.9 Key Financial Systems

During the first part of the year we have completed the reporting for the remaining key financial systems audits for 2015/16. Work on the 2016/17 systems is programmed for quarters 3 and 4. We have also carried out analysis of payments to suppliers to support East Midlands Shared Services in reclaiming any duplicated payments.

1.10 Schools

Our schools audits are planned to coincide with the school terms with the majority taking place in spring and summer terms. We have completed the audits programmed for summer 2016. We have contributed an awareness-raising article on mandate fraud to the Scene publication which is distributed to local authority schools.

1.11 Compliance and Risk-Based Audits

We have completed compliance and risk based audits across all departments in the first part of the year, including a review of Performance Indicators which will support the Human resources and Organisational Transformation division in ensuring the existence of effective organisational performance management and accountability.

We have completed the majority of programmed grants audits in the first part of the year. These are generally necessary because government departments require the Head of Internal Audit to confirm compliance with grant conditions and that claimed expenditure is eligible for grant.

1.12 Governance and Ethics

We coordinated the completion of the Annual Governance Statement process for 2015/16, during quarters 1 and 2. During quarter 4 we will be commencing the process to provide an Annual Governance Statement for 2016/17. We provide advice to departmental colleagues which supports them in making good decisions and setting up procedures which comply with the organisation's values, policies and processes. During quarter 3 we will be looking at colleague expenses and councillor allowances. We plan to expand our work in this area to include organisational culture and behavioural insights in 2017/18.

1.13 Fraud and Investigations

We have implemented a Corporate Counter Fraud plan that projects the scope of our activities over the next 3 years. This year we have concentrated efforts on Council Tax and Non-Domestic Rates. We continue to assist in identifying and investigating fraud in Right To Buy and tenancies, and work with colleagues in Nottingham City Homes. We support the Monitoring Officer in respect of Whistleblowing reports, most of which are received by Internal Audit. We advise on or carry out investigations in relation to suspected fraud and irregularities up to and including attendance in court as witness. We have continued to provide an e-learning tool on fraud awareness – which is available to departmental and school-based colleagues, and councillors, and have

highlighted current fraud risks to colleagues through the council intranet. During the first part of the year we coordinated the provision of data to the National Fraud Initiative and will coordinate and support investigation of returned data matches during quarter 4.

1.14 Information and Technology

We carry out a range of information and technology audits during the year which support management in understanding and addressing the related governance, risk and control issues. During the first part of the year we have reported on Automatic Number Plate Recognition and IT Vulnerability Testing. A number of other IT audits will be reported in quarter 3 including an update on IT Security including a recommendation to bring an annual IT Governance report to this committee, and recommendations addressing vulnerabilities in access control. In addition to this work access control is a standard part of key financial systems audits and will be covered as a compliance element where appropriate in other audits. Following recruitment of a specialist we are developing our offer in this area.

1.15 Other / Consultancy

No significant consultancy work has been carried out in this period.

1.16 **Table 2** shows that actual days achieved are less than expected at this point in the year. During the first two quarters we have been affected by restructure, which has taken up substantial amount of time. Whilst some recruitment has taken place, effective from September/October, we still have four vacancies which we have not yet been able to fill. In mitigation, we have retained the services of an experienced contractor until March 2017. The resources obtained during September/October should enable us to increase the productive days during the final two quarters.

TABLE 2: ACTUAL v PLANNED AUDIT DAYS		
Total Planned Days	Actual to date	Comments
2132	884	Less than expected at this point as explained above

1.17 **Table 3** shows that in the year to date, acceptance of recommendations is above the target of 95% for all recommendations and is meeting the 100% target for high recommendations.

TABLE 3: RECOMMENDATIONS ACCEPTED				
	To Date		Period	
	All	High	All	High
Total recommendations made	198	59	198	59
Rejected	4		4	
Total recommendations accepted	194	59	194	59
% accepted	98%	100%	98%	100%

2 BACKGROUND

- 2.1 The Audit Committee's terms of reference include responsibility for receiving reports on the work undertaken by IA and for monitoring its performance. The Public Sector Internal Audit Standards (PSIAS) set the responsibility for the management of Internal Audit with the Board. In practical terms this Board responsibility is vested in the Audit Committee and Section 151 Officer who exercise their Board responsibility via the Constitution and the associated policies and procedures of the City Council. This report is one of the regular updates on work planned and undertaken by the service.

3 BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION


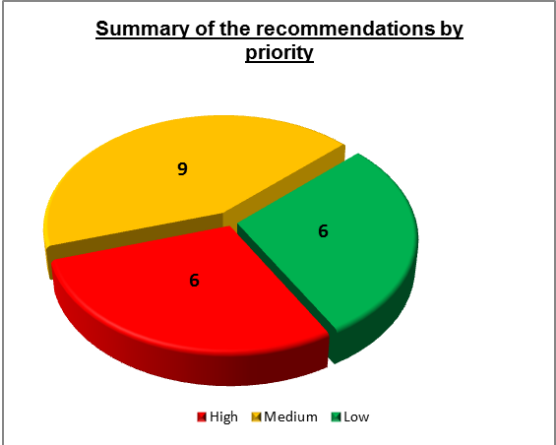
- 3.1 None

4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- Accounts and Audit Regulations 2015
- Internal Audit Plan 2016/17
- Public Sector Internal Audit Standards (2016 update)

Bulwell St Mary's Church of England Primary School

Executive Summary

<p>School : Bulwell St Mary's Church of England Primary School</p> <p>Date of Review: 21 March 2016</p>	<p>Overall Opinion Limited Assurance</p> <p>Direction of Travel: Previous report 12 July 2013</p>								
<p>Summary: Although certain procedures were found to meet the standards of good practice, our review identified a number of significant weaknesses in the school's financial management procedures where improvements need to be made. Concerns have been raised over the general lack of oversight regarding the school's finances. A number of key documents/decisions could not be evidenced as having being approved by Governors i.e. approval of annual budget, finance policy. The Office Manager (part-time) is responsible for the authorisation of all invoices with no delegated approval seen by Governors. Bank reconciliations are not reviewed independently and payment of additional hours for staff are not authorised.</p> <p>With the school soon to become an Academy, the Governors should look towards recruiting an experienced Business Manager in order that some of the above concerns can be addressed.</p>									
<p>Scope and Approach: The scope of this review was limited to;</p> <p>Leadership & Governance, People Management, Policy & Strategy, Processes, Purchasing, Invoice Processing, Banking Arrangements, School Fund, Income, Single Status</p>									
<p>High Priority Recommendations:</p> <p>01 The Financial Administration and Control Policy should be presented to Governors annually to be reaffirmed and this should be recorded in the minutes of the Governors meeting.</p> <p>07 Given the size and budget of the school, the Governors should consider implementing procedures which will allow for greater control over the day-to-day financial administration of the school.</p> <p>08 Governor's approval of the budget should be recorded in the minutes of the meeting.</p> <p>10 The school should retain evidence that the benchmarking website has been used to:</p> <ul style="list-style-type: none"> • Compare its performance to other schools • Identify areas for improvement and set targets where needed. <p>The findings of the benchmarking activities should be discussed with Governors.</p> <p>13 The school should ensure that documents relating to quotes or tenders are retained.</p> <p>Governors should be presented with quotes/tenders for purchases over £5000 and their approval of the preferred supplier should be documented in the minutes.</p> <p>16 All invoices should be authorised by an appropriate person before being processed for payment.</p>	<p>A summary of the recommendation priority is shown below:</p> <div style="text-align: center;"> <p>Summary of the recommendations by priority</p>  <table border="1"> <caption>Summary of the recommendations by priority</caption> <thead> <tr> <th>Priority</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>6</td> </tr> <tr> <td>Medium</td> <td>9</td> </tr> <tr> <td>Low</td> <td>6</td> </tr> </tbody> </table> </div>	Priority	Count	High	6	Medium	9	Low	6
Priority	Count								
High	6								
Medium	9								
Low	6								

Dovecote Primary School
Executive Summary

School : Dovecote Primary School

Date of Review: 25 May and 22 June 2016

Overall Opinion
Limited Assurance

Direction of Travel:

Previous Audit Report 29 August 2013 Limited Assurance



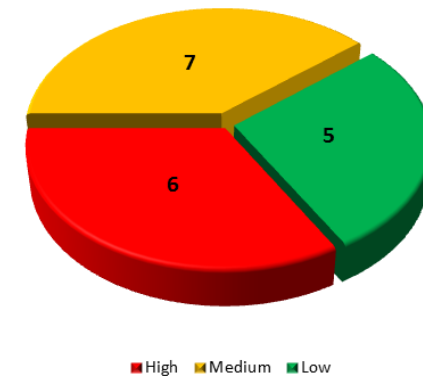
Scope and Approach: The scope of this review was limited to;

Leadership & Governance, People Management, Policy & Strategy, Processes, Purchasing, Invoice Processing, Banking Arrangements, School Fund, Income, Single Status, School Website

High Priority Recommendations:

- R1 Once updated, the Financial Administration and Control Policy should be presented to Governors annually to be reaffirmed and this should be recorded in the minutes of the Governor’s meeting.
- R2 The school should work on improving the coding of income and expenditure to ensure the clarity of Outturns and reduce work by School Business Manager (SBM) on providing explanations.
- R3 SBM and Head Teacher should work with School’s Finance Team during 2016/17 and access training required. The level of future finance service required by the school should be considered.
- R5 The school should review the delegation of budgets to staff and consider reverting budgetary control to the Head Teacher or SBM if adequate control is not in place.
- R7 The school should ensure that cash flow is monitored so that the bank account does not go overdrawn. School’s Finance should be notified immediately if cash flow becomes an issue.
- R15 Annual entitlement should be calculated for all (FTE) staff and monitored via an Annual Leave Card.

Summary of the recommendations by priority



Dunkirk Primary School

Executive Summary

Company : Dunkirk Primary School

Date of Review: 15 July 2016

Summary: We consider that most of the arrangements in place within the school are satisfactory and provide sound systems of control. Our review identified some areas where improvements could be made. These include the recorded approval by Governors of the Finance Policy and preferred suppliers and use of Annual Leave cards for Full Time Equivalent Staff. Due to these recommendations being classed as a high priority, it is important that it is implemented within the next three months.

Overall Opinion

Significant Assurance

Direction of Travel:



Previous Audit Report 23 October 2013

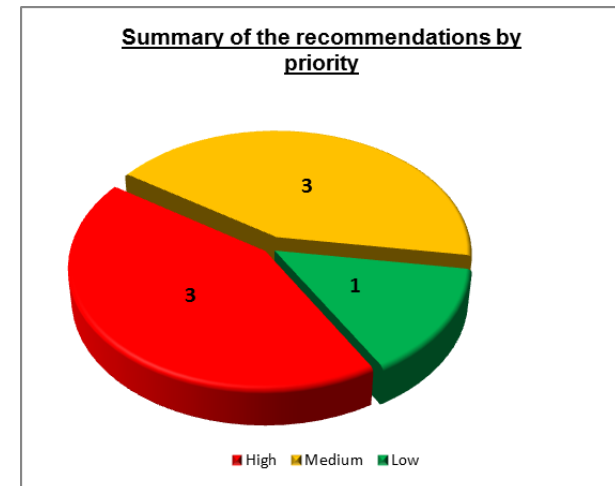
Significant Assurance

Scope and Approach: The scope of this review was limited to;

Leadership & Governance, People Management, Policy & Strategy, Processes, Purchasing, Invoice Processing, Banking Arrangements, School Fund, Income, Single Status, Website

High Priority Recommendations

- R1 The Finance Policy should be presented to Governors annually to be reaffirmed and this should be recorded in the minutes of the Governors meeting.
- R4 The school should ensure that Governors are presented with quotes for purchases over £5000 and their approval of the preferred supplier is documented in the minutes. Where alternative quotes are unavailable or not like for like, the reasons should be presented to Governors.
- R7 Annual Entitlement should be calculated for staff and monitored via an Annual Leave Card.



Robin Hood Primary School

Executive Summary

School : Robin Hood Primary

Date of Review: 5 July 2016

Summary: We consider that most of the arrangements in place within the school are satisfactory and provide sound systems of control. Our review identified some areas where improvements could be made. These include the recorded approval by Governors of the Finance Policy and an independent check on purchase card usage. Due to these recommendations being classed as a high priority, it is important that it is implemented within the next three months.

Overall Opinion

Significant Assurance

Direction of Travel:

Date of last report - 14 June 2013, Significant Assurance



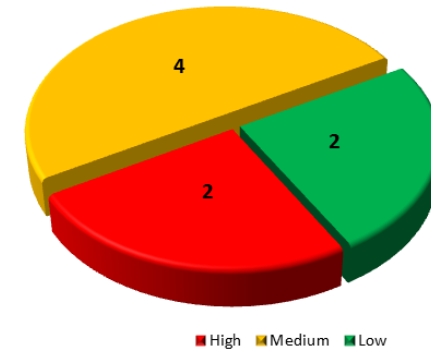
Scope and Approach: The scope of this review was limited to;

Leadership & Governance, People Management, Policy & Strategy, Processes, Purchasing, Invoice Processing, Banking Arrangements, School Fund, Income, Single Status, School Website

High Priority Recommendations:

- 01 The Financial Administration and Control Policy should be presented to Governors annually to be reaffirmed and this should be recorded in the minutes of the Governors meeting.
- 07 The Head Teacher should review purchase card receipts and the bank statement each month and sign to confirm purchases are authorised and reconciliation is correct.

Summary of the recommendations by priority



Southglade Primary & Nursery School
Executive Summary

School : Southglade Primary & Nursery School

Date of Review: 10 May 2016

Summary: We consider that most of the arrangements in place within the school are satisfactory and provide sound systems of control. Our review identified some areas where improvements could be made in particular to leave cards being allocated to all year round staff. Due to this recommendation being classed as a high priority, it is important that it is implemented within the next three months.

Overall Opinion
Significant Assurance

Direction of Travel:
Date of last report: 17 July 2013

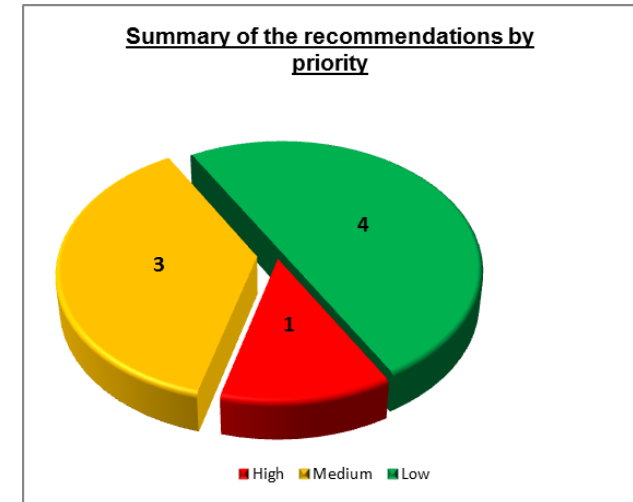


Scope and Approach: The scope of this review was limited to;

Leadership & Governance, People Management, Policy & Strategy, Processes, Purchasing, Invoice Processing, Banking Arrangements, School Fund, Income, Single Status, Website

High Priority Recommendations:

- 09 Annual Entitlement should be calculated for staff and monitored via an Annual Leave Card.



Whitegate Primary & Nursery School

Executive Summary

Company : Whitegate Primary & Nursery School

Date of Review: 12 July 2016

Summary: We consider that most of the arrangements in place within the school are satisfactory and provide sound systems of control. Our review identified some areas where improvements could be made in particular to approval of the Finance Policy and purchases from staff members. Due to these recommendations being classed as high priority, it is important that they are implemented within the next three months. It is noted that some of the recommendations made are of a minor point.

Overall Opinion

Significant Assurance

Direction of Travel:

Previous Audit Report 2 July 2013 Significant Assurance

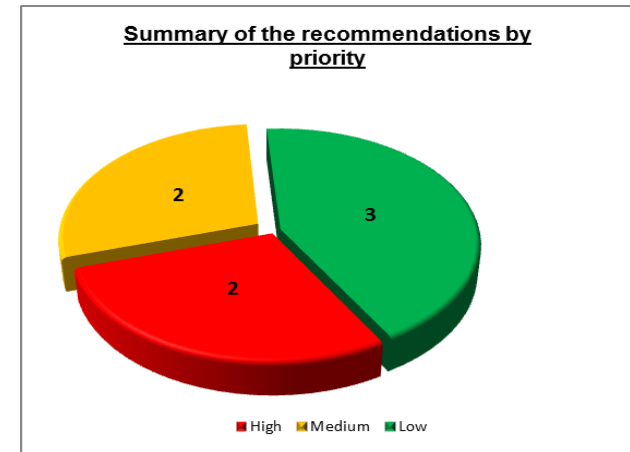


Scope and Approach: The scope of this review was limited to;

Leadership & Governance, People Management, Policy & Strategy, Processes, Purchasing, Invoice Processing, Banking Arrangements, School Fund, Income, Single Status, Website



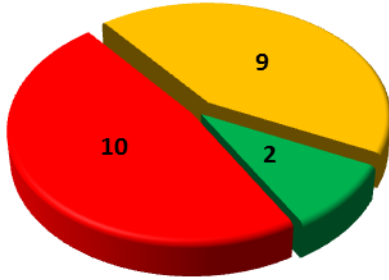
High Priority Recommendations:

- 01 The Financial Administration and Control Policy should be presented to Governors annually to be reaffirmed and this should be recorded in the minutes of the Governors meeting.
- 03 The school should carefully consider the whole life cost of purchases and additional benefits such as guarantees and warranties available on new items. The reasons for purchasing from staff should be recorded and include quotes or internet research. Governor approval should be sought for purchases from staff.





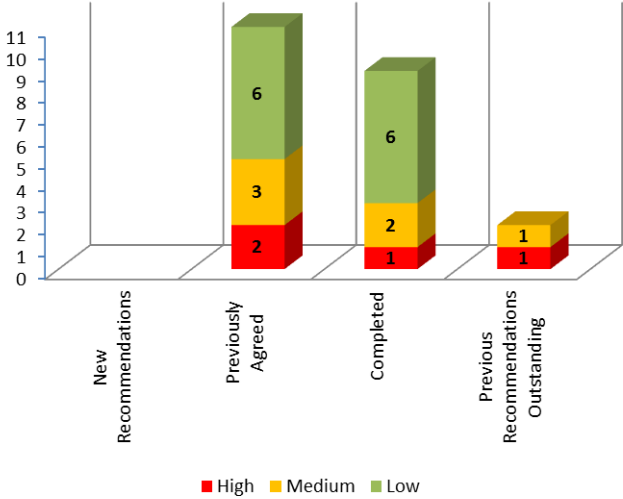
Adult Residential 2015-16

Executive Summary

<p>Organisation: Nottingham City Council Directorate: Children and Adults</p> <p>Previous reviews: The Oaks, Oakdene and Laura Chambers were included in the Establishment Visits Report 2014 Client Cash 2011-2012</p>	<p>Overall Opinion: Limited Assurance</p>		<p>Direction of Travel: Overall, there has been no change to the level of controls that are in operation.</p> 								
<p><u>Scope and Approach:</u> The following areas were reviewed:</p> <ul style="list-style-type: none"> • financial training and written instructions • additional payroll payments • client monies and property • safe security • petty cash <ul style="list-style-type: none"> • purchase cards • social funds • DBS and Right to Work • Asset/inventory Registers 											
<p>High Priority Recommendations made to all homes:</p> <p>R01 Uniform written procedures should be drawn up for all financial areas of work across Adult Residential Services.</p> <p>R04 Receipts should be issued and retained for all cash receipts from relatives. When issuing cash to staff, a voucher should be signed by the recipient to confirm receipt.</p> <p>R13 Managers should be aware of their responsibilities regarding DBS and RTW. Standardised processes should be adopted across Adult Residential Services.</p> <p>R15 Care should be taken in calculating and checking payroll enhancements. Reference should be made to the Pay Policy particularly concerning annual leave.</p> <div data-bbox="1458 903 2063 1414" style="border: 1px solid black; padding: 10px;"> <p style="text-align: center;"><u>Summary of the recommendations by priority</u></p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Priority</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>10</td> </tr> <tr> <td>Medium</td> <td>9</td> </tr> <tr> <td>Low</td> <td>2</td> </tr> </tbody> </table> </div>				Priority	Count	High	10	Medium	9	Low	2
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Environmental Health (HMO)

Executive Summary

<p>Organisation: Nottingham City Council Directorate: Commercial Operations</p>	<p>Overall Opinion: Significant Assurance</p>		<p>Direction of Travel: Improving </p>																				
<p>Previous reviews: Environmental Health (HMO) 5th March 2015</p>		<p><u>Scope and Approach:</u> The scope was limited to a review of outstanding recommendations from the 2015 report.</p>																					
<p>High Priority Recommendations</p>																							
<p>R2 An independent senior officer should be required to check and approve each application when it has been assessed to ensure that the assessment is correct and the correct fee requested (and to complete documentation to evidence the approval).</p>		<p style="text-align: center;">Summary of recommendations by priority</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Category</th> <th>High</th> <th>Medium</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>New Recommendations</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Previously Agreed</td> <td>2</td> <td>3</td> <td>6</td> </tr> <tr> <td>Completed</td> <td>1</td> <td>2</td> <td>6</td> </tr> <tr> <td>Previous Recommendations Outstanding</td> <td>1</td> <td>1</td> <td>0</td> </tr> </tbody> </table>		Category	High	Medium	Low	New Recommendations	0	0	0	Previously Agreed	2	3	6	Completed	1	2	6	Previous Recommendations Outstanding	1	1	0
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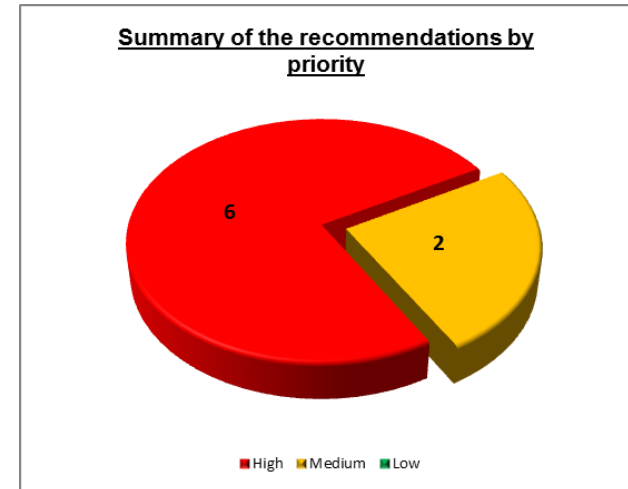
Automatic Number Plate Recognition (ANPR)

Executive Summary

<p>Organisation: Nottingham City Council Directorate: Commercial and Operations</p>	<p>Overall Opinion: Limited Assurance</p>		<p>Direction of Travel: This area has not been reviewed previously.</p> 
<p>Previous reviews: None</p>	<p><u>Scope and Approach:</u> The scope of this review covered:</p> <ul style="list-style-type: none"> NCC’s guidance and procedures for operating ANPR within its car parks and depots taking into account ICO guidance. re the operation of the ANPR system Access controls to the systems and the completeness and accuracy of data 		



High Priority Recommendations

- R1 The ownership and purpose for which the data is being collected and processed should be reviewed and clearly communicated.
- R2 The use of three systems should be reviewed and consideration given to consolidating them to a single system in order that:
 - Operational and maintenance costs can be controlled
 - There are clear agreements with the suppliers to ensure that responsibilities and costs are clearly defined and known
 - The systems are appropriately maintained.
- R3 All ANPR operating systems should be reviewed to ensure that the IT risks are managed and controlled.
- R4 Data quality should be reviewed on a quarterly basis in line with Home Office Guidance, to ensure that the data is complete and accurate.
- R5 Privacy Impact Assessments should be undertaken with copies lodged with Information Management Services
- R6 ANPR signage should be installed at all establishments where ANPR is found to be operating.



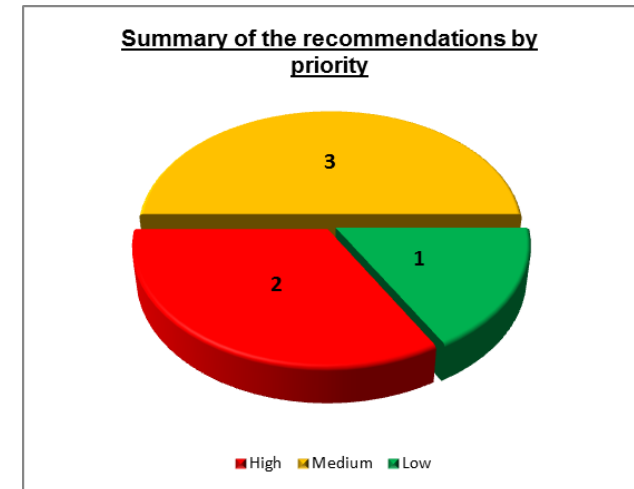
Performance Indicators 2015-16

Executive Summary

<p>Organisation: Nottingham City Council Directorate: Corporate Services</p>	<p>Overall Opinion: Limited Assurance</p>		<p>Direction of Travel: Key Performance Indicators have not been subject to any recent review by internal Audit.</p> 
<p>Previous review:</p>		<p><u>Scope and Approach:</u> This review considered the following aspects of the service:</p> <ul style="list-style-type: none"> • KPI definitions. • Source and suitability of primary data. • Accuracy of reported figures. • Maintenance of records. 	


High Priority Recommendations

- R1 Records maintained should be version controlled at the point of submission to enable independent verification of figures reported.
- R2 Management checks should be undertaken pre and post input to Covalent.



Works Perks 2016-17

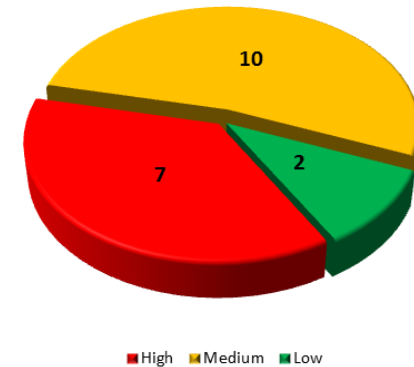
Executive Summary

<p>Organisation: Nottingham City Council Directorate: Corporate Resources</p>	<p>Overall Opinion: Limited Assurance</p>		<p>Direction of Travel: Not previously audited</p>
<p>Previous review: No previous review</p>	<p><u>Scope and Approach:</u> This review considered the following aspects of the service:</p>		
	<ul style="list-style-type: none"> • Policies are available • Applications are processed correctly • Deductions are accurate and timely 	<ul style="list-style-type: none"> • Costs/deductions are monitored • Outstanding balances are recovered for leavers 	
	<p>The review will look at the Car and Holiday Plus salary sacrifice scheme.</p>		

High Priority Recommendations



- R1 Oracle should be adjusted to show one deduction from the gross pay. Monies incorrectly paid over to HMRC should be recovered.
- R3 Legal advice should be undertaken as to what the next steps should be regarding the employees being paid below the NMW.
- R4 An exercise should be undertaken by Works Perks to ensure that no other employee is currently being paid below the NMW.
- R5 A check list should be devised that ensures the appropriate checks are undertaken before any salary sacrifice is agreed. This should be signed and dated by the person undertaking the checks.
A senior member of staff should ensure all checks have been carried out. This should be signed and dated as confirmation.
- R7 A system should be implemented that ensure employees paid through an external payroll provider have the correct deductions set up. There should be continual monitoring to ensure the payroll provider pay the deductions over to NCC.
- R8 The employee should be contacted and an arrangement put in place to recover outstanding deductions.
- R12 NCC should ensure that OMP is being paid at the correct rate.

Summary of the recommendations by priority



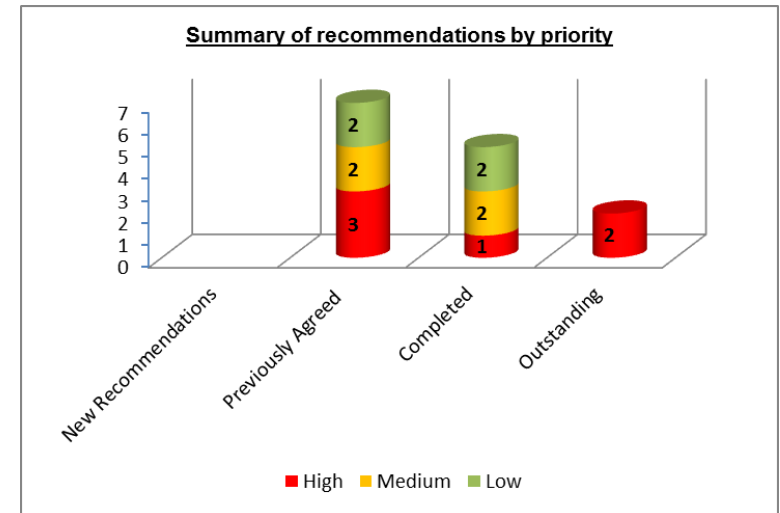
Equality Impact Assessments - Follow-up

Executive Summary



<p>Organisation: Nottingham City Council Directorate: HR & Transformation</p>	<p>Overall Opinion: Limited Assurance</p>		<p>Direction of Travel:</p> 
<p>Previous reviews: Equality Impact Assessments 14 September 2014</p>	<p><u>Scope and Approach:</u> The scope was limited to the ECR Team's work with departments to improve the early consideration of Equalities, the quality of written EIAs and record keeping.</p>		

High Priority Recommendations

- R1 ECR Team, with the Equalities Board, to consider and implement good practise in early monitoring of activity across NCC.
- R2 Importance of 'SMART' actions and monitoring to be reinforced in future training and ECR Team quality checking. Names/job title and dates to be added to actions. Actions and monitoring to be included on service implementation plans.

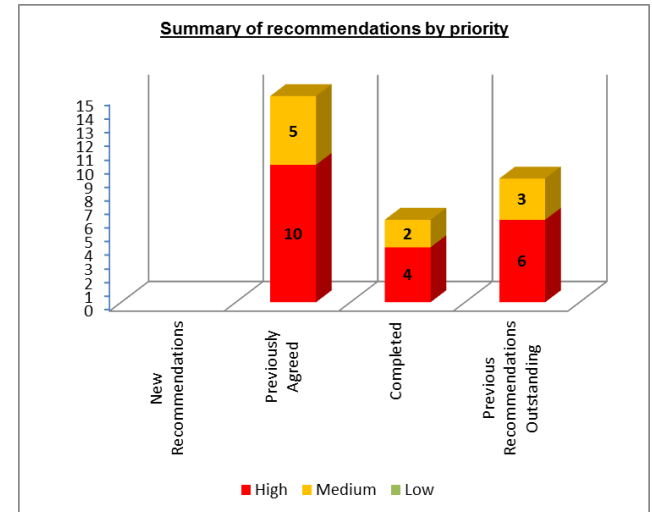


**NCC Accounts Receivable
Executive Summary**

<p>Organisation: Nottingham City Council Directorate: Resilience</p>	<p>Overall Opinion: Limited Assurance</p>		<p>Direction of Travel: Overall, there has been no change to the level of controls that are in operation.</p> 
<p>Previous reviews: Final NCC AR Testing & Reporting 2014-15</p>	<p><u>Scope and Approach:</u> The agreed scope for this review included</p> <ul style="list-style-type: none"> • Follow up of previous recommendations • Monitoring arrangements for Adult Residential Services and Fairer Charging debt • Reconciliation of AR to the General ledger 		

High Priority Recommendations

- R1 Financial Regulations should be re-drafted to take account of third parties being involved within the debt collection process.
- R5 Clarity is required for both EMSS and Heads of Service to ensure that all the debt is effectively collected; this should then be built into any SLA with EMSS.
- R8 All data should be passed to the consolidated debt system. (Compliance with the 2005 Debt Management Policy)
- R9 All debt over 6 years old should be formally reviewed in conjunction with EMSS and Nottingham Revenues and Benefits Ltd to decide which debts are no longer cost effective to collect and need to be written off.
- R14 Those areas raising bulk invoices should be reviewed in order that the process may be streamlined and become more efficient with the possibility of introducing feeder systems from source records.
- R15 An urgent review is required to clear these items to ensure that customer accounts are accurate and complete.



APPENDIX 2

Final Audit Reports issued Q1 & Q2

Final Audit Reports issued 1st April to 30th September 2016

Department	Division	Activity	Level of assurance	No of Accepted Recommendations			
				High	Medium	Low	
Children & Adults	Safeguarding	Foster Care & Adoption 2014-15 - Follow-up	Significant Assurance	0	4	3	
	Safeguarding Total			0	4	3	
	Schools	Fernwood Infant School		Significant Assurance	0	2	1
		Rufford Primary School		Significant Assurance	0	0	0
		Bulwell St Mary's CofE Primary School		Limited Assurance	6	9	6
		Claremont Primary & Nursery School		Significant Assurance	0	3	3
		Dovecote Primary School		Limited Assurance	6	7	5
		Dunkirk Primary School		Significant Assurance	3	3	1
		Greenfields Community School & Foundation Unit		Significant Assurance	0	1	1
		Robin Hood Primary School		Significant Assurance	2	4	2
		Southglade Primary School		Significant Assurance	1	3	4
		Welbeck Primary School		High Assurance	0	0	2
	Whitegate Primary School		Significant Assurance	2	1	4	
	Schools Total				20	33	29
Social Care provision	Adult Residential		Limited Assurance	9	8	2	
Social Care provision Total				9	8	2	
Children and Adults Total				29	45	34	
Commercial & Operations	Community Protection	Environmental Health (HMO) - Follow-up	Significant Assurance	2	3	4	
		Rogue Landlord Grant 15-16	Grant	0	0	0	
	Community Protection Total				2	3	4
	Neighbourhood Services	Automatic Number Plate Recognition		Limited Assurance	6	2	0
Neighbourhood Services Total				6	2	0	
Commercial and Operations Total				8	5	4	

Department	Division	Activity	Level of assurance	No of Accepted Recommendations			
				High	Medium	Low	
Development & Growth	Economic Innovation & Employment	Woodfield industries – Follow-up	Significant Assurance	0	1	0	
		Housing Grants	Significant Assurance	0	1	0	
	Economic Innovation & Employment Total			<i>0</i>	<i>2</i>	<i>0</i>	
	Housing Partnership	Housing Rents 2015-16	Significant Assurance	0	2	1	
		Housing Partnership Total			<i>0</i>	<i>2</i>	<i>1</i>
	Planning & Transport	Growth Point 2015-16		Grant	0	0	0
		Better Bus Area 2 Grant 2015-16		Grant	0	0	0
		LA Bus Subsidy Ring-fenced (Revenue) Grant 2015-16		Grant	0	0	0
		Local Transport Plan 2015-16 Grant		Grant	0	0	0
	Planning & Transport Total			<i>0</i>	<i>0</i>	<i>0</i>	
	Strategic Asset & Property Management	Estate Rents – Follow-Up		Significant Assurance	0	1	1
		Strategic Asset & Property Management Total			<i>0</i>	<i>1</i>	<i>1</i>
	Development & Growth Total			0	5	2	
Strategy & Resources	Information Technology	IT Vulnerability Testing	Significant Assurance	0	1	0	
		Information Technology Total			<i>0</i>	<i>1</i>	<i>0</i>
	HR & Organisational Transformation	Performance Indicators		Limited Assurance	2	3	1
		Works Perks		Limited Assurance	7	10	2
		Equality Impact Assessments Follow-up		Limited Assurance	3	2	2
	Organisational Transformation Total			<i>12</i>	<i>15</i>	<i>5</i>	
	Strategic Finance	Bank Reconciliation 2015		High Assurance	0	0	1
		NCC AR Testing 2015-16		Limited Assurance	10	5	0
		Treasury Management 2015		High Assurance	0	0	1
		Council Tax & NNDR 2015-16		Significant Assurance	0	10	2
Strategic Finance Total			<i>10</i>	<i>15</i>	<i>4</i>		

Department	Division	Activity	Level of assurance	No of Accepted Recommendations		
				High	Medium	Low
Strategy & Resources Total				22	31	9
			Grand Total	59	86	49

APPENDIX 3

SUMMARY OF POSITION AGAINST UPDATED INTERNAL AUDIT PLAN 2016/17

Audit Title	Planned Days	Actual Days
Strategic Risk Register	30	0
Resources	114	21
Chief Executive/Transformation	70	37
Children & Families	125	62
Commercial & Operations	65	2
Development	110	49
Corporate Audits	371	144
Fraud / Counter Fraud	600	286
Corporate Fraud Strategy	73	12
Companies / Other Bodies	354	177
Consultancy, Advice and Support	120	62
Developments / Other Work	100	32
Total Days	2132	884