

TITLE OF PAPER: Internal Audit Service – Update Report to DAC

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KEY ISSUES

- The attached report includes a status update on progress v plan for 2011/12 and 2012/13, a summary of the recommendations registers and a table outlining limited opinions for DETI, Invest NI and NITB.
- The report also outlines the current IAS position in relation to revising internal audit plans as a result of a mid year review and outlines the resulting resource implications.
- Since the last Departmental Audit Committee (DAC) meeting, a revised 2012/13 DETI internal audit plan has been developed, approved by the Accounting Officer and endorsed by the Departmental Audit Committee (via e-mail).
- Revisions to the Invest NI and NITB plans will also be made subject to the relevant Audit Committee approvals.
- Revisions to the plans have been driven primarily as a result of changing circumstances and emerging issues across business areas.
- A detailed internal audit planning exercise has been undertaken based on the revisions/proposed revisions to the plans and a shortfall in auditor days has been calculated. Management have advised that a bid to secure funds for staff substitution to address the shortfall will be successful. As a result, IAS is content that sufficient resources are currently in place to deliver all audit plans in advance of the year end Audit Committees.
- Whilst all fieldwork is complete in relation to the 2011/12 plans, there are a number of reports for DETI and Invest NI which have yet to be issued in draft or final version. IAS is progressing these as a priority.

- There are also a number of EDO reviews across Invest NI and NITB which are not yet finalised in relation to the 2011/12 plans (five reports are in draft awaiting management responses and one draft report has not yet issued). All fieldwork is complete in relation to these reviews.
- Two final reports have issued in relation to the 2012/13 plans (DETI Ministerial and Assembly Information and Invest NI Cash Management), both contained satisfactory opinions. A further DETI report has issued in draft (Income and Debtors) and a number of reviews are ongoing across DETI, Invest NI and NITB.
- The status of all audit plans is contained in Sections 4,5,7,8,10 and 11.
- Recommendations registers continue to be updated to reflect new recommendations arising and recommendations confirmed as implemented. Whilst IAS has not been focusing on these due to prioritising resources on audit reviews, a number of recommendations have been confirmed as implemented within Invest NI and NITB. Refer to sections 6, 9 and 12.
- Section 13 of the report sets out all current limited opinions across DETI, Invest NI and NITB and provides an update on limited opinions as reported to the previous Departmental Audit Committee. There have been no new limited opinions arising in the period.

DECISIONS REQUIRED

- None

ACTION REQUIRED

- Departmental Audit Committee to note revised progress v plan, DETI recommendations status and limited opinion reports status.

TIMESCALE

- N/A

Department of Enterprise, Trade and Investment

Internal Audit Service

*Update report to the Departmental Audit Committee
December 2012*

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1. INTRODUCTION

- 1.1 The purpose of this document is to outline the status of Internal Audit plans for DETI, Invest NI and NITB, to provide an update on the implementation of brought forward Internal Audit recommendations and to outline the status of all limited opinions for DETI, Invest NI and NITB.
- 1.2 This report also sets out revisions that have/are taking place in relation to current year internal audit plans and provides an update on IAS resources.

2. EXECUTIVE SUMMARY

- 2.1 Since the last meeting of the Departmental Audit Committee, a revised DETI internal audit plan for 2012/13 has been endorsed by the Departmental Audit Committee via e-mail. Revisions will also be made to the Invest NI and NITB audit plans subject to the relevant

Audit Committee endorsements. Further detail on the revised plans and IAS resources is included at Section 3.

- 2.2 In the period since the last meeting of the Departmental Audit Committee, four final reports (3*2011/12 and 1*2012/13) and two draft reports (1* 2011/12 and 1* 2012/13) have issued for DETI and one final 2012/13 report has issued for Invest NI. All reports contain satisfactory opinions.
- 2.3 At the time of writing, with the exception of the 2011/12 EDO reviews, fieldwork has been completed in relation to all 2011/12 audit plans. However, five reports have not yet been finalised for DETI (two are issued in draft and three have not yet issued in draft) and four reports have not yet been finalised for Invest NI (three have issued in draft and one has not yet issued in draft). All final reports have issued for NITB. The status of 2011/12 audit plans is detailed in Sections 4, 7 and 10.

- 2.4 IAS is progressing all outstanding 2011/12 reports as a matter of priority.
- 2.5 As outlined previously, Internal Audit is currently behind schedule across all 2012/13 audit plans. However, a number of reviews are currently underway (3 in DETI, 5 in Invest NI and 5 in NITB) and it is anticipated that a number of reviews will be finalised before the next meeting of the Departmental Audit Committee. The status of 2012/13 plans is detailed in Sections 5, 8 and 11.
- 2.6 A summary of the updated recommendations register for DETI is provided at Section 6; Invest NI at Section 9 and NITB at Section 12. Overall, DETI is carrying forward 69 recommendations, Invest NI is carrying forward 31 recommendations and NITB is carrying forward 45 recommendations into the next reporting period. IAS would highlight that the numbers being carried forward are not reflective of the number of outstanding

recommendations as IAS have not yet completed full follow up exercises.

- 2.7 Section 13 sets out all current limited opinions across DETI, Invest NI and NITB and provides an update on limited opinions as reported to the previous Departmental Audit Committee. In summary, each organisation is currently carrying one limited opinion.

3. REVISIONS TO 2012/13 AUDIT PLANS AND RESOURCES

- 3.1 IAS has undertaken a mid year review of audit plans and resources. This has resulted in a revised plan for DETI which has been subject to Departmental Audit Committee endorsement (via e-mail circular). In relation to Invest NI and NITB, IAS has identified that revisions are necessary and discussed these with management. These revisions are subject to the relevant Audit Committee endorsements.

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- 3.2 The revisions to the plans have been made primarily as a result of changing circumstances across business areas and emerging issues and have not been driven by resource constraints.

- 3.3 In relation to resources, IAS has calculated a shortfall in auditor days against days required to deliver the plans and has submitted a bid for staff substitution in this respect. Management have advised that the bid will be successful and IAS are currently liaising with the staff substitution provider to schedule reviews.

- 3.4 As a result of the planning undertaken and the additional funding being made available, IAS is content that sufficient resources are currently in place to deliver all audit plans in advance of the year end Audit Committees.

4. DETI: STATUS OF 2011/12 INTERNAL AUDIT PLAN

- 4.1 The table below provides an overview of progress against the 2011/12 internal audit plan for DETI.
- 4.2 In the period since the last Departmental Audit Committee meeting, three final reports (Government Procurement Card, Insolvency and Emergency Planning) and one draft report (Project Management) have issued. No material issues have been identified during the course of these reviews.
- 4.3 Three further reports have yet to issue in draft. Internal Audit are progressing these as a matter of priority.
- 4.4 No limited opinions have arisen from the 2011/12 plan.

No.	Review	Objective	Status	Opinion
1	Financial Management (Cash & bank, budgetary control, general ledger & month-end close processes)	To ensure that a satisfactory system of internal control has been established over financial management processes within DETI.	Final report	Satisfactory
2	Procurement	To ensure that procurement of goods and services is performed in accordance with relevant public sector and Departmental requirements.	Final report	Satisfactory
3	Government Procurement Card / DETI Credit Cards	To assess the design and operating effectiveness of procedures and controls relating to the Government Procurement Card and TSS credit card.	Final report	Satisfactory
4	H&W PLC	To assess the adequacy and effectiveness of the procedures and processes in place in relation to Employers and Public liability claims.	Fieldwork complete	Satisfactory (anticipated)
5	Presbyterian Mutual Society	To assess the adequacy and effectiveness of the procedures and processes in place in relation to oversight and monitoring of the Scheme Supervisors.	Deferred 2013/14	-

No.	Review	Objective	Status	Opinion
6	Project Management	To assess the adequacy and effectiveness of project management arrangements in respect of large projects administered by DETI.	Draft report	Satisfactory (anticipated)
7	Next Generation Broadband	To assess the management and control systems established in relation to the ERDF funded project and to test compliance with Structural Fund Regulations (DARD Audit Authority Request).	Draft report	Satisfactory (anticipated)
8	Managing Attendance	To assess the adequacy and effectiveness of DHR's procedures and process for managing attendance.	Final report	Satisfactory
9	Insolvency	To assess the design and operating effectiveness of the internal review process of the handling of the official receiver.	Final report	Satisfactory
10	External Quality Review of IA function (HSENI)	To evaluate the quality of the internal audit service and to identify actions for improvement (in line with the Internal Audit Quality Assessment Framework where applicable).	Final report	Satisfactory
11	Business Continuity	To assess the adequacy and effectiveness of risk management, internal control and governance in relation to business continuity planning.	Final report	Satisfactory
12	Emergency Planning	To assess the adequacy and effectiveness of risk management, internal control and governance in relation to emergency planning.	Final report	Satisfactory
13	Risk Management	To assess the adequacy and effectiveness of procedures and processes in place in relation to risk management and to ensure compliance with relevant guidance.	Fieldwork complete	Satisfactory (anticipated)
14	Corporate Governance	To assess the adequacy and effectiveness of corporate governance arrangements within the Department.	Fieldwork complete	Satisfactory (anticipated)

No.	Review	Objective	Status	Opinion
		<ul style="list-style-type: none"> - Acceptance and Provision of Gifts and Hospitality - Anti-Fraud Policy and Procedures 		
15	Information Security	To assess the adequacy and effectiveness of the internal control environment in relation to information security and data protection.	Final report	Satisfactory
16	Information Security	To perform validation of Departmental information security returns as requested by the SIRO.	Findings included in above report	Satisfactory
17	External Delivery Organisations	<p>To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.</p> <p>- Titanic Foundation Limited (TFL)</p>	Final report	Satisfactory
18	Follow up reviews	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	Ongoing	Refer to section 6

5. DETI: CURRENT STATUS OF REVISED 2012/13 INTERNAL AUDIT PLAN

- 5.1 In the period since the last Departmental Audit Committee meeting, a revised plan has been endorsed by the Departmental Audit Committee (via e-mail). Progress against the revised plan is set out below.
- 5.2 One final report containing a satisfactory opinion has issued in relation to Ministerial and Assembly Information. A further report, Income and Debtors, has issued in draft.
- 5.3 Fieldwork is currently ongoing for 3 reviews (Accountability Grids, Managing Authority and Certifying Authority).

No.	Review	Objective	Status	Opinion
1	Income & Debtors	To assess the adequacy and effectiveness of risk management, internal control and governance in relation to income and debt management.	Draft report	Satisfactory (anticipated)
2	Corporate Governance – Accountability Grids	To assess the adequacy and effectiveness of risk management, internal control and corporate governance arrangements to ensure that adequate and effective systems have been established to record the Department's progress against PAC commitments on the DFP 'Accountability Grid' database and to ensure that progress against PAC commitments is subject to an ongoing senior management monitoring and review process.	Fieldwork complete	-
3	Project Monitoring	To assess the adequacy and appropriateness of project monitoring procedures in light of BTI PAC findings.	To be scheduled	-
4	Managing Authority	To assess the adequacy and effectiveness of the arrangements established by management to ensure compliance with ERDF requirements.	Fieldwork complete	-
5	Certifying Authority	To assess the adequacy and effectiveness of the arrangements established by management to ensure	Fieldwork complete	-

No.	Review	Objective	Status	Opinion
		compliance with ERDF requirements.		
6	Policy	To establish the policy responsibilities and capabilities of the Department and to identify the various policy related activities underway within the 'Policy Cycle' (maintaining policy, strategic thinking, development of policy and implementation of policy change).	To be scheduled	-
7	Insolvency Case Management System	To assess the adequacy and effectiveness of risk management, internal control and governance in relation to the administration of the case management system.	January 2013	-
8	Ministerial and Assembly Information	To assess the adequacy and effectiveness of procedures and processes in place to ensure accurate and timely information is provided to the Minister and Assembly.	Final Report	Satisfactory
9	Industrial Provident Societies	Specific objective still to be determined following discussions with TMT and Head of Business Regulation.	To be scheduled	-
10	Risk Management	To assess the adequacy and effectiveness of procedures and processes in place in relation to risk management and to ensure compliance with relevant guidance.	February 2013	-
11	Government Procurement Card / DETI Credit Cards	To assess the design and operating effectiveness of procedures and controls relating to the Government Procurement Card and TSS credit card.	To be scheduled	-
12	Information Security	To assess the adequacy and effectiveness of the internal control environment in relation to information security and data protection.	March 2013	-
13	Information Security	To perform validation of Departmental information security returns as requested by the SIRO.	March 2013	-
14	External Delivery Organisations	To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.	One EDO identified to date	-
15	Follow up reviews	To assess progress made by management in the	Ongoing	-

No.	Review	Objective	Status	Opinion
		implementation of recommendations made during previous Internal Audit reviews.		

6. DETI: RECOMMENDATIONS REGISTER

	Number brought forward	Updates in period	Number carried forward
High			
Pre 10/11	0	-	0
10/11	9	-	9
11/12	0	-	0
Medium			
Pre 10/11	0	-	0
10/11	7	0	7
11/12	15	11	26
Low			
Pre 10/11	6	0	6
10/11	9	0	9
11/12	3	9	12
TOTAL	49**	20	69*

- Since the last Departmental Audit Committee the recommendations register has been updated to reflect the issue of 3 final reports (Insolvency Service Official Receiver’s Unit, Government Procurement Cards and Emergency Planning) emanating from the 2011/12 plan. A total of 20 recommendations (relating to 11 medium risk and 9 low risk controls) have been accepted by management and included on the register.
- IAS have been focusing resources on delivering audit reviews and therefore, with the exception of Minerals/GSNI outlined below, no further DETI follow up work has been carried out since the last Departmental Audit Committee.
- IAS is still in the process of completing a detailed follow up exercise to confirm the implementation of recommendations made during the Minerals/GSNI 2010/11 review which should enable IAS to raise the limited opinion (previously attributed to this area) to satisfactory. This exercise will also significantly reduce the number of high risk recommendations being carried forward from 2010/11.

* IAS would highlight that the numbers being carried forward are not reflective of the number of outstanding recommendations as IAS have not yet completed full follow up exercises.

**The opening balance has been adjusted to remove EDO recommendations which are being collated on a separate register

7. INVEST NI: STATUS OF 2011/12 INTERNAL AUDIT PLAN

- 7.1 The table below provides an overview of progress against the 2011/12 internal audit plan for Invest NI.
- 7.2 The plan is ongoing with four IAS reviews not yet finalised (three reports have issued in draft and one draft report has not yet issued)
- 7.3 Fieldwork in relation to the 2011/12 EDO reviews is complete with two draft reports to be finalised upon receipt of management responses.
- 7.4 No limited opinions have arisen from the 2011/12 plan.

No.	Review	Objective	Status	Opinion
1	Government Procurement Card	To ensure that satisfactory system of internal control has been put established over the Government Procurement Card.	Final report issued	Satisfactory
2	Market Visits – Missions and Exhibitions	To ensure that adequate and effective internal control arrangements have been put in place over Market Visits – Missions & Exhibitions.	Final report issued	Satisfactory
3	Financial Management (Budgeting and Management Accounts, Accounts Receivable & Purchasing/Accounts Payable)	To ensure that a satisfactory system of internal control has been established over financial management processes within Invest NI.	Final report issued	Satisfactory
4	SFA – Full Systems audit of a sample of SME projects	To assess the design and operating effectiveness of grant management processes and control in EDRF drawdown projects with spend over £25K.	Draft report issued – management responses being	Satisfactory (anticipated)

No.	Review	Objective	Status	Opinion
	earmarked for ERDF drawdown (projects with spend over £25k)		considered	
5	HRM	To that an effective system has been put in place to manage the attendance of staff.	Final report issued	Satisfactory
6	Grant Management	To examine the systems established to monitor and control Grants for R&D and residual payments under legacy schemes.	Draft report issued – management responses being considered	Satisfactory (anticipated)
7	EU Verification	To assess compliance with the functions defined in Article 60 of Council Regulation (EC) 1083/2006.	Quality Assurance of papers taking place	-
8	Small Business Support Programme	To ensure that adequate and effective control arrangements have been established over the SB Support Programme.	Cancelled	N/A
9	Corporate Governance Theme	To ensure that satisfactory hospitality arrangements have been established within Invest NI.	Draft report with management for response	Satisfactory (anticipated)
10	Governance / Audit Theme (procurement)	To ensure that satisfactory procurement arrangements have been established within Invest NI and are complied with.	Deferred to 2012/13 plan	-
11	Marketing - HQ	To assess the design and operating effectiveness of processes and controls put in place to oversee the marketing of Northern Ireland as an inward investment opportunity/destination.	Final report issued	Satisfactory
12	Overseas Offices (first wave) – US Boston Office	To examine the processes and procedures established in the US Boston Office to market and promote Northern Ireland to potential inward investors.	Final report issued	Satisfactory
13	Information Security	To assess the processes and procedures put in place to mitigate the risk of the mishandling and / or inappropriate	Cancelled	-

No.	Review	Objective	Status	Opinion
		use of personal and sensitive data across Invest NI.		
14	Risk Management	To assess the adequacy and effectiveness of risk management arrangements and compliance with relevant HM Treasury guidance e.g. 'Orange Book – management of Risk – Principles & Concepts'.	Final report issued	Satisfactory
15	EDO – Inspections and/or Sponsor Control Reviews	To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.	Ongoing	-
16	Follow-up of outstanding IAS recommendations	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	Ongoing	-

8. INVEST NI: STATUS OF 2012/13 INTERNAL AUDIT PLAN

- 8.1 The table below provides an overview of progress against the 2012/13 internal audit plan for Invest NI.
- 8.2 One report has been issued in final, two reviews are nearing completion and three further reviews have commenced.
- 8.3 IAS are liaising with management to agree start dates for all remaining reviews (with the exception of outsourced EDO reviews).
- 8.4 Five EDOs have been identified by Invest NI management in the current year. These have been provided to KPMG for conflict checking in advance of scheduling.
- 8.5 IAS have undertaken a mid year review of the plan and will be seeking Invest NI Board Audit Committee endorsement of a revised plan going forward.

No.	Review	Objective	Status	Opinion
1	Government Procurement Card	To ensure that satisfactory system of internal control has been established over the Government Procurement Card.	TBA	-
2	FMT - Cash Management	To ensure that adequate and effective internal control arrangements have been put in place over Cash Management.	Final report	Satisfactory
3	FMT - Bookkeeping, Investments and Fixed Assets	To ensure that a satisfactory system of internal control has been established over Bookkeeping, Investments and Fixed Assets processes within Invest NI.	Fieldwork complete – being quality assured	-
4	FMT - Payroll	To ensure that adequate and effective internal control arrangements have been established over Payroll.	January 2013 - ASM	-
5	Claims Inspection	To ensure that adequate and effective internal control arrangements have been established over Claims Inspection processes.	Ongoing	-
6	Central Grant Services	To ensure that adequate and effective internal control	Ongoing	-

No.	Review	Objective	Status	Opinion
	and Administration - Offers	arrangements have been established over Central Grant Services Offers and Administration.		
7	Programme Evaluation	To ensure that adequate and effective internal control arrangements have been established over Programme Evaluation processes.	Ongoing	-
8	Equality	To ensure that adequate and effective internal control arrangements have been established over Equality processes.	TBC	-
9	Economic Advice and Appraisals	To ensure that adequate and effective control arrangements have been established over Economic Advice and Appraisals	Scheduled 26 November 2012	-
10	Property Management and Sales	To ensure that satisfactory arrangements have been established within Property Management and Sales.	January 2013	-
11	Governance / Audit Theme (procurement)	To ensure that satisfactory procurement arrangements have been established within Invest NI and are complied with.	Ongoing	-
12	Proof of Concept	To ensure that adequate and effective internal control arrangements have been established over Proof of Concept processes.	February 2013	-
13	Overseas Offices – Office TBC	To examine the processes and procedures established in the overseas Office to market and promote Northern Ireland to potential inward investors.	Dubai & Mumbai – February/March 2013	-
14	Design Advice Service	To ensure that adequate and effective internal control arrangements have been established over Design Advice Service processes.	Propose to postpone.	-
15	Information Security Management Systems	To ensure ISMS has adequate and effective controls that will enable it to continue to attain ISO 27001.	Propose to include.	-
16	Skills & Strategy - Business Improvement	To ensure that adequate and effective internal control arrangements have been established over BITP and BIA	Scheduled 26 November 2012	-

No.	Review	Objective	Status	Opinion
	Training Programme, Business Improvement Agent and Interim Management Programme.	processes.		
17	Risk Management	To assess the adequacy and effectiveness of risk management arrangements and compliance with relevant HM Treasury guidance e.g. 'Orange Book – management of Risk – Principles & Concepts'.	TBC	-
18	EDO – Inspections and/or Sponsor Control Reviews	To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.	List of EDOs provided to KPMG for conflict checking	-
19	Follow-up of outstanding IAS recommendations	To assess progress made by management in the implementation of recommendations made during previous Internal Audit reviews.	TBC	-

9. INVEST NI: RECOMMENDATIONS REGISTER

	Number brought forward	Updates in period	Number carried forward
High			
Pre 10/11	1	(1)	0
11/12	0	-	-
12/13	0	-	-
Medium			
Pre 10/11	10	(9)	1
11/12	0	-	-
12/13	0	-	-
Low			
Pre 10/11	24	(19)	5
11/12	22	-	22
12/13	-	3	3
TOTAL	57	(26)	31*

- The Invest NI recommendations register currently contains 57 recommendations carried forward into the 2012/13 financial year (35 for 2010/11 and 22 recommendations for 2011/12 reviews finalised to date).
- 3 recommendations for 2012/13 reviews have been added to the register to date.
- 29 recommendations identified during the 2010/11 audit plan have been subject to follow-up review by IAS and found to be implemented.
- There are, therefore, 31 recommendations being carried forward to the next reporting period for IAS to follow-up.

** IAS would highlight that the numbers being carried forward are not reflective of the number of outstanding recommendations as IAS have not yet completed full follow up exercises.*

10. NITB: STATUS OF 2011/12 INTERNAL AUDIT PLAN

- 10.1 The table below provides an overview of progress against the 2011/12 internal audit plan for NITB.
- 10.2 The NITB 2011/12 annual plan has now been completed with the exception of the EDO reviews (three reports have issued in draft and one has yet to issue)
- 10.3 As previously reported, the final report for Procurement contained an overall limited opinion – refer to Section 13.
- 10.4 In addition, all scheduled follow up reviews have been completed.

No	Review	Objective	Status	Opinion
1	Financial Management	To ensure that a satisfactory system of internal control has been established over travel & subsistence payments and fixed assets management arrangements.	Final Report	Satisfactory
2	Giant’s Causeway – Signature Project	To ensure that satisfactory risk management, control and governance arrangements have been established over the Giant’s Causeway Signature Project and that EU Structural Funds Regulations have been fully complied with.	Final report	Satisfactory
3	Events	To confirm that Events are suitably authorised and managed as part of the strategic direction of NITB.	Final Report	Satisfactory
4	Corporate Planning	To ensure that adequate & effective corporate and business planning processes have been developed to support the achievement of Departmental/NITB strategic objectives.	Final Report	Satisfactory

	IT System Controls –	To provide an opinion on the adequacy and effectiveness of IT systems controls, including access controls, over the NITB Grant Management System.		
5	Grant Management System	To assess the adequacy and effectiveness of risk management arrangements and compliance with relevant HM Treasury guidance e.g. ‘Orange Book – management of Risk – Principles & Concepts’ & NIAO – ‘Good Practice in Risk Management’ guide.	Final report	Satisfactory
7	Risk Management		Final report	Satisfactory
6	Procurement	To ensure that NITB procurement activity complies with all in ‘Risk Management’ guide.	Final Report	Limited
8	Information Security	To assess the processes and procedures put in place to mitigate the risk of the mishandling and / or inappropriate use of personal and sensitive data across NITB.	Final Report	Satisfactory
9	Corporate Governance	To ensure that satisfactory Governance processes have been established in accordance with relevant HM Treasury guidance / DfP DAOs.	Deferred	-
10	External Delivery Organisations	To ensure that adequate and effective risk management, control and governance arrangements have been established over EDOs.	3 Draft Reports issued	Satisfactory (anticipated)
11	Follow up reviews	To assess progress made by management in implementation of the Internal Audit recommendations relating to Financial Management, Policy & Environment, HRM and Tourism Innovation Fund	Final Reports Issued	Satisfactory

11. NITB: STATUS OF 2012/13 INTERNAL AUDIT PLAN

- 11.1 The table below provides an overview of progress against the 2012/13 internal audit plan for NITB.
- 11.2 All reviews for the period have been scheduled and fieldwork is currently ongoing in relation to Payments to Creditors, Payroll, the Walled City Signature Project and the General Ledger/ Month End Close process.
- 11.3 IAS have undertaken a mid year review of the plan and will be seeking NITB Audit Committee endorsement in relation to a revised plan going forward.

No.	Review	Objective	Status	Opinion
1	Payments to Creditors	To ensure that payments to creditors are valid, justified, authorised and made in a timely manner.	Fieldwork ongoing	-
2	Payroll	To ensure that payments & deductions are correct and in accordance with the relevant taxation and other regulations and requirements.	Fieldwork ongoing	-
3	Signature Project – Walled City	To examine the risk management, control and governance arrangements established over NITB Signature Projects.	Fieldwork ongoing	-
4	General Ledger / Month End Closure	To ensure that the general ledger is correctly maintained in accordance with prevailing accounting standards & good practice and that accurate & reliable financial information can be extracted for month end close processes.	Fieldwork ongoing	-

No.	Review	Objective	Status	Opinion
5	Debt Management	To ensure that an appropriate debt management process, including write-off procedures, has been developed, approved by senior management and consistently applied across NITB	TOR Issued	-
6	Procurement	To ensure that NITB procurement activity complies with all relevant Departmental policies & procedures.	Propose to defer to 2013/14	-
7	Risk Management	To assess the adequacy and effectiveness of risk management arrangements and compliance with relevant HM Treasury guidance e.g. 'Orange Book – management of Risk – Principles & Concepts'	January 2013	-
8	Information Security	To assess the processes and procedures put in place to mitigate the risk of the mishandling and / or inappropriate use of personal and sensitive data across NITB.	February 2013	-
9	Corporate Governance – Corporate Hospitality	To ensure that satisfactory Governance processes have been established in accordance with relevant HM Treasury guidance / DfP DAOs.	Fieldwork ongoing	-
10	Follow Up Reviews	To address progress made by management in addressing internal audit recommendations relating to Financial Management, Signature Project - GCVE, Corporate & Business Planning, Events Management and GMS – IT.	Ongoing	-

No.	Review	Objective	Status	Opinion
11	Follow Up Reviews - Procurement	To address progress made by management in addressing internal audit recommendations relating to Procurement	December 2012	-

12. NITB: RECOMMENDATIONS REGISTER

	IAS Opening Position	Updates in period	Number carried forward
High			
Pre 10/11	3	(2)	1
2010/11	0	-	0
2011/12	3	-	3
Medium			
Pre 10/11	2	(1)	1
2010/11	3	(1)	2
2011/12	19	-	19
Low			
Pre 10/11	2	-	2
2010/11	9	(4)	5
2011/12	12	-	12
TOTAL	53**	(8)	45*

- IAS can confirm that 2 high risk recommendations relating to the pre 2010/11 reporting period have now been implemented. IAS has been advised that the 1 outstanding high risk recommendation relating to pay scales of NITB staff in light of legislative changes relating to pension contributions, has yet to be resolved due to ongoing discussions with DFP.
- IAS has also confirmed the implementation of 2 medium risk and 4 low risk recommendations relating to the pre 2011/12 period and has sought confirmation regarding the implementation of all recommendations outstanding pre 2011/12.
- The remaining recommendations have yet to be followed up by IAS. Going forward, a revised follow up process has been agreed with NITB management and monthly update meetings will be held to monitor and track progress regarding the implementation of any recommendations outstanding. This will facilitate timely status updates on all brought forward recommendations.

* IAS would highlight that the numbers being carried forward are not reflective of the number of outstanding recommendations as IAS have not yet completed full follow up exercises.

** Please note a reconciliation process has been undertaken between IAS records and NITB records and, as a result, the opening position has increased by 1 since last reported to the Departmental Audit Committee.

13. LIMITED OPINIONS WITHIN DETI, INVEST NI AND NITB

- 13.1 The table below provides an overview of all limited opinions (draft and final) currently issued to the Department, Invest NI and NITB and an update on limited opinions previously reported.
- 13.2 No new limited opinions have arisen in the period since the last Departmental Audit Committee.
- 13.3 In summary, there are 3 limited opinions being carried forward into the next reporting period, one for DETI, one for Invest NI and one for NITB.

No.	IAS ref.	Audit report title	Key issue(s)	Current status	Action
DETI					
1	IAS 23/10	GSNI/Minerals	Recommendations related to: <ul style="list-style-type: none"> • Governance arrangements have not been formally documented setting out the relationships between GSNI, Minerals Branch and ITI/Liaison Branch; • Non compliance with NICS Procurement guidance e.g. a historical security contract let in 2001 (due to emergency incident) without competitive tender has not been competitively tendered since 2001 – approx costs since 2007/08 to December 2010 (based on info available) = £64K. Issues of non compliance with procurement guidance in connection with the purchase of a vehicle were also identified; • No formal processes and procedures in place to ensure that all monies owed have been brought 	Management have provided detailed responses to the draft follow up report and these are currently being considered before finalising the report.	Final report to issue with previous audit opinion upgraded from limited to satisfactory (anticipated).

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			<p>properly to account e.g. invoicing of companies in relation to the recoupment of advertising and administration costs for licence applications. On average, testing confirmed that it takes 6 months to issue requests for payments;</p> <ul style="list-style-type: none"> • No Project Steering Group set up for the Tellus 2 Project as per instructions from the Casework Committee – approval granted on the condition that a Project Steering Group would be established; • Issues regarding income arrangements from sale of publications offset against DETI/National Environmental Research Council (NERC) Contract; • Tellus 2 Project - Lack of rationale to support the allocation of costs between DETI NERC contract and any additional sub-project costs. • Segregation of duties issues regarding approval of payments etc. 		
Invest NI					
2	IAS 1/09 (T)	Enterprise NI EDO Inspection	<p>High risk issues related to:</p> <ul style="list-style-type: none"> • bank reconciliation procedures; • purchasing procedures; • Absence of SLAs with LEAs • IT Back-up and contingency arrangements; • No Audit Committee or formal Board oversight of audit matters; • No risk management strategy; • Limited segregation of duties; 	Follow up review undertaken by Deloitte and fieldwork now complete. IAS is currently liaising with Deloitte in relation to the draft findings before finalising the report.	Final report to issue

			<ul style="list-style-type: none"> • Absence of business and corporate plans; • Code of conduct and declarations of interests to be formally documented; and • IT security to be improved. 		
NITB					
3	IA10/N ITB/11	NITB Procurement	<p>High risk issues relate to:</p> <ul style="list-style-type: none"> • Absence of business cases / lack of appraisal or review of long term NITB contracts; • Lack of appraisal / evaluation of high value contracts / projects; and • Lack of evidence of formal approval for contracts procured by Single Tender Action. 	Awaiting IAS follow up review	Follow up review scheduled December 2012. Full Internal Audit review scheduled July/August 2013.