



TO: Audit & Governance Committee

FROM: Head of Audit & Assurance

DATE: 20 September 2016

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: Audit & Assurance - Progress and Outcomes to 31 August 2016

1. PURPOSE

To inform Members of the achievements and progress made by Audit & Assurance in the period from 1 June to 31 August 2016.

2. RECOMMENDATIONS

The Committee is asked:

- to discuss, review and challenge the outcomes achieved to 31 August 2016 against the Audit & Assurance Plan, which was approved by Committee on 12 April 2016.

3. BACKGROUND

The internal audit function is required to comply with the Public Sector Internal Audit Standards (PSIAS).

The PSIAS require the Head of Internal Audit to communicate any significant governance, risk management and control issues identified to the Audit Committee during the year. This Progress and Outcomes report complies with the requirements of the PSIAS by communicating any significant issues that are identified during the year.

4. RATIONALE

The Council is required under the Accounts and Audit (England) Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of risk management, control and governance processes, taking into account the PSIAS requirements.

The work undertaken throughout the year is intended to ensure that:

- at the year end, an objective and independent opinion can be provided that meets the statutory governance requirements;
- it also demonstrates the effectiveness of the internal audit function; and
- throughout the year, support is provided to Members, Directors and managers in their particular areas of responsibility.

5. KEY ISSUES AND RISKS
Outcomes achieved in the year thus far:

Internal Audit

A summary of the 13 audits completed and finalised since the last report to Committee are detailed below.

Risk, Control & Governance Reviews	Assurance Opinion		Recommendations
	Environment	Compliance	Agreed
Information Governance	Adequate	Adequate	5
Access Control	Adequate	Substantial	2
Creditors	N/A	Adequate	6
Social Work Procedures	Adequate	Adequate	4
Civic Catering & Events	Limited	Adequate	12
Telecare	Adequate	Adequate	7
HMO Licensing	Adequate	Adequate	3
Markets	Adequate	Substantial	3
Community Centres	Substantial	Adequate	2
Organised Crime Project	Adequate	Adequate	5
Capita Review	Adequate	-	3
Rogue Landlord Grant	Adequate	Adequate	0
Consultancy Reviews	Improvement Level		Improvements
Licensing Process	Limited Improvements Required		2

We have provided a brief commentary on the audit assignment where we have provided a limited assurance opinion.

Civic Catering & Events: The review considered the system controls and procedures to ensure the Council maximises its income and minimises the costs from its catering, events and halls service. The final report provided a limited assurance opinion for the control environment because of the following:

- There were no procedures for setting charges or applying concessions to event bookings;
- The director had not given formal delegated authority for officers to approve concessions;
- There was no process to record the estimated staffing, supplies or other costs of events before decision;
- There was no process to ensure that actual costs were apportioned accurately against the event, compared to estimate and losses analysed;
- There was no marketing strategy/plan for the Service; and
- Information benchmarking the comparative efficiency of the Service was not undertaken.

Addressing these issues would ensure that there was a formalised, approved process in place for setting charges for events, including any concessions, that is consistently applied and monitored effectively. The use of benchmarking

information would support planning and improve decision making.

Current internal audit reviews

In addition to the above completed audits, the following reviews are ongoing:

- Service Desk
- Social Media
- Section 17 Payments
- Highways
- Equalities & Diversity
- Planning Improvement Plan
- Health & Wellbeing Board
- Partnership Arrangements
- Strategic Funding

In addition, during the period Audit & Assurance have provided support to the Section 151 and Monitoring Officers to commence a review of the Council's Local Code of Corporate Governance. This review was noted in the updated Constitution approved at Council Forum in July and is required following the publication of the Delivering Good Governance in Local Government Framework 2016 edition by CIPFA/SOLACE. The revised Code will be included in a revision of the Constitution for consideration by Council at a future meeting. This framework applies to annual governance statements prepared for the financial year 2016/17 onwards.

Internal Audit Performance

The Departmental Business Plan includes seven targets to achieve our strategic aims. The defined targets and actual performance for the latest period and the previous period are as follows:

Performance Measure	Target	Q1 2016/17	Q4 2015/16
1. Delivery of Priority 1 Audits (Annual)	100%	N/A	88%
2. Planned Audits Completed Within Budget	90%	62%	80%
3. Final Reports Issued Within Deadline	90%	100%	100%
4. Follow Ups Undertaken Within Deadline	90%	93%	71%
5. Recommendations Implemented	90%	83%	87%
6. Client Satisfaction	75%	100%	100%
7. Compliance with PSIAS (Annual)	95%	N/A	99%

We have provided a brief commentary on the measures where performance (Q1, 2016/17) has fallen below the agreed target:

2. Planned Assignments Completed Within Budget

5 of 13 audits (38%) were completed over budget: Civic Catering & Events (9

days over), Markets (2 days over), Rogue Landlord (3 days over), HMO Licensing (5 days over) and Community Centres (5 days over). The audit of community centres was started by a former auditor and then completed by another auditor, consequently more time was required. The remaining 4 audits were delivered by the assistant auditor who required additional time to meet the required audit standards.

4. Follow Ups Undertaken within Deadline

Of the 15 audits requiring follow up by 31 August (including 5 brought forward from the June Audit Committee) we have received responses to 14 requests (93%). We did not receive a response to the following follow up request: Database Administration (includes one “must” recommendations)

Audit & Assurance will continue to seek responses from audit clients for the above reviews and provide a verbal update at the Audit Committee meeting.

5. Recommendations Implemented

Of the 15 follow up requests we were able to identify that of the 64 recommendations due for implementation on or before 31 August 2016 53 (83%) had been implemented as agreed. The 11 recommendations, which were not evidenced as implemented included 1 “must” recommendation, namely: Database Administration: The Director of Finance & IT must remind all Chief Officers of the need to ensure that adequate measures are in place to mitigate the risks of single points of failure for key software applications for which their departments are responsible. This includes retaining key system documentation/manuals and other operational contingency arrangements.

6. POLICY IMPLICATIONS

This delivery of the Plan leads to the Annual Internal Audit Opinion Report and this, in turn, contributes directly to the Annual Governance Statement.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

8. LEGAL IMPLICATIONS

There are no legal implications arising as a result of this report.

9. RESOURCE IMPLICATIONS

There are no resource implications arising as a result of this report.

10. EQUALITY & HEALTH IMPLICATIONS

There are no equality and health implications arising as a result of this report.

11. CONSULTATIONS

Directors

Contact Officer:	Paul Hankinson, Audit & Assurance Manager – Ext: 5630
Date:	9 September 2016
Background Papers:	Audit & Assurance Plan 2016/17, approved by Audit Committee on 12 April 2016.