



TO: Audit & Governance Committee

FROM: Head of Audit & Assurance

DATE: 11 April 2017

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: Audit & Assurance - Progress and Outcomes to 28 February 2017

1. PURPOSE

To inform Members of the achievements and progress made by Audit & Assurance in the period from 1 December 2016 to 28 February 2017.

2. RECOMMENDATIONS

The Committee is asked to:

- discuss, review and challenge the outcomes achieved to 28 February 2017 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 have been 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 public sector internal audit standards (PSIASs).

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

Outcomes achieved in the year thus far:

Internal Audit

A summary of the 12 audits completed and finalised since the last report to Committee are detailed below.

Risk, Control & Governance Reviews	Assurance Opinion		Recommendations
	Environment	Compliance	Agreed
Care Act Implementation	Adequate	Adequate	2
Partnerships	N/A	Adequate	2
Performance Indicators	Adequate	Adequate	2
Old Town Hall Stonework	Adequate	Adequate	3
Newfield School	Adequate	Adequate	24
Meadowhead Infants School	Adequate	Adequate	16
Shadsworth Infants School	Adequate	Adequate	25
Sacred Heart RC Primary School	Limited	Limited	28
Holy Trinity CE School	Limited	Limited	30
The Redeemer School	Adequate	Adequate	21
Section 17 Payments/Financial Assistance (Children's Act 1989)	Limited	Limited	12
Social Media	Limited	Adequate	12

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

Sacred Heart RC Primary School: The final report provided a **limited** assurance opinion for both the control environment and compliance. We made 28 recommendations to strengthen arrangements in place across nine of the eleven areas covered during the visit. This included six 'must' level recommendations relating to policies (2), expenditure control (1), petty cash (2) and the bank reconciliation (1).

Holy Trinity CE School: The final report provided a **limited** assurance opinion for both the control environment and compliance. We made 30 recommendations to strengthen arrangements in place across nine of the ten areas covered during the visit. This included 13 'must' level recommendations relating to policies (2), budgetary control (1), expenditure control (4), petty cash (2), income collection and billing (1), bank reconciliation (1), asset control (1) and access rights (1).

Section 17 (Children's Act 1989) Financial Assistance: Under Section 17 of the Children's Act 1989 the Council has a duty to safeguard and promote the welfare of children in the area who are in need. This includes the provision of financial assistance where appropriate. The final report provided a **limited assurance** opinion for the control environment and compliance. The issues

noted included the following:

- Relevant forms were either not being consistently with sufficient detail or not always retained on file;
- There was a lack of controls to prevent duplicate payments, and to ensure that, where monies had been identified as repayable to the Council, the debt was managed effectively;
- The use of incorrect budget codes, impacting on budget monitoring; and
- A lack of adequate monitoring arrangements or performance indicators to manage the additional Challenge to Care monies.

Social Media: The review considered the arrangements in place to maximise the use of social media, whilst maintaining a safe and professional environment for the Council and staff. The final report provided a **limited assurance** opinion for the control environment. Procedures supporting the Social Media Policy were inconsistent, with an unclear approach to setting up and managing a social media account. Monitoring arrangements and incident management procedures also needed to be clearly defined.

Current internal audit reviews

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

- Private Care Homes Contract Payments
- Budgetary Control
- Efficiency Partner
- Strategic Funding & Bidding
- Highways
- Payroll VFM
- Payroll Core System
- CCTV
- Debtors
- Housing Growth
- Capital Schemes Management
- School Visits

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	Q3 2016/17	Q2 2016/17
1. Delivery of Priority 1 Audits (Annual)	100%	N/A	N/A
2. Planned Audits Completed Within Budget	90%	75%	75%
3. Final Reports Issued Within Deadline	90%	100%	100%
4. Follow Ups Undertaken Within Deadline	90%	100%	100%

5. Recommendations Implemented	90%	89%	70%
6. Client Satisfaction	75%	100%	100%
7. Compliance with PSIAS (Annual)	95%	N/A	N/A

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

Three of the 12 audits (25%) were completed over budget. Holy Trinity (2 days), and Shadsworth Infants (2 days) were completed by an auditor with less experience of school systems. In addition, extra time was required for Holy Trinity due to the issues identified. The Partnership audit (4 days) was delivered by the assistant auditor (who has now left the Council) who required additional time to meet the required audit standards.

4. Follow Ups Undertaken within Deadline

We have received responses to the 13 audits (100%) requiring follow up by 28 February.

5. Recommendations Implemented

Of the follow up responses received we were able to identify that 32 (68%) of the 47 recommendations due for implementation on or before 28 February 2017 had been fully implemented and 10 (21%) partially implemented.

- Civic Hall and Catering – 12 recommendations; nine fully and one partially implemented, two “should” not yet done. No “must” recommendations
- Homes of Multiple Occupancy Licensing – four recommendations; two partially implemented. Two not yet done. No “must” recommendations.
- Markets – three recommendations; two done, one not yet implemented. No “must” recommendations

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 or health implications arising as a result of this report.

11. CONSULTATIONS

Directors

Contact Officer: Colin Ferguson, Head of Audit & Assurance– Ext: 5326
Date: 31 March 2017
Background Papers: Audit & Assurance Plan 2016/17, approved by Audit Committee on 12 April 2016.

