

AUDIT COMMITTEE

28 MARCH 2019

REPORT OF ACTING AUDIT AND GOVERNANCE MANAGER

A.1 REPORT ON INTERNAL AUDIT – December 2018 to February 2019

(Report prepared by Craig Clawson)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide a periodic report on the Internal Audit function for the period December 2018 – February 2019

EXECUTIVE SUMMARY

- A total of four audits have been completed since the previous update in January 2019. Fieldwork has been completed on another audit with the actions and overall opinion yet to be agreed.
- Consultative reviews are still ongoing; Digital Transformation Programme, Office Transformation Programme, Project Management and PCI DSS Compliance. There have been no material changes since the last audit committee to report.
- No significant issues were identified in the period

RECOMMENDATION(S)

That the Internal Audit Plan progress to date be noted.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Provision of adequate and effective internal audit helps demonstrate the Council's commitment to corporate governance matters.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The Internal Audit function is operating within the budget set.

Risk

Review of the functions of the Council by Internal Audit assists in identifying exposure to risk, and its mitigation.

LEGAL

The Council has a statutory responsibility to maintain adequate and effective internal audit.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Internal Audit activity assists the Council in maintaining a control environment that mitigates the opportunity for crime.

During the course of internal audit work issues regarding equality and diversity, and health inequalities may be identified and included in internal audit reports.

There is no specific effect on any particular ward.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Public Sector Internal Audit Standards require the Acting Audit and Governance Manager, to make arrangements for reporting periodically to senior management (Management Board) and to the board (Audit Committee).

INTERNAL AUDIT PLAN PROGRESS

A total of four audits have been completed since the previous update in January 2019. Fieldwork has been completed on another audit, Inventory Management; with the actions and overall opinion yet to be agreed.

Based on the audits completed, days spent on audits currently in fieldwork phase and consultancy days used for service support the percentage of the plan complete is forecast at 82%. Targeted percentage complete for this period is around 90%.

As previously reported at January 2019 Audit Committee, even though we are behind target it is anticipated that all key audits will be completed within the next six weeks in order to provide an overall assurance opinion in the Annual Governance Statement in May 2019 and the Head of Internal Audit Annual Report due to be reported in July 2019.

All four audits reported this period have received a satisfactory level of assurance, with no significant issues to be reported.

Consultative reviews are still ongoing; Digital Transformation Programme, Office Transformation Programme, Project Management and PCI DSS Compliance. There have been no material changes since the last audit committee to report.

Although there have been no significant developments to report regarding the above consultative reviews there are some events within audits undertaken worth reporting.

Inventory Management

As mentioned at previous Audit Committee meetings, Internal Audit is pro-actively working to support services in delivering objectives and improving service delivery rather than report on an exception basis alone. The scope of this review was to assess Inventory Management and Stock Control across the organisation. Internal Audit has taken the opportunity to develop a common sense guide to inventory which also includes the risks around not completing specified tasks. We have also developed some inventory control spreadsheets that can be used by all departments to promote a consistent approach to inventory control across the Council. This will be distributed to all managers with inventory and stock control responsibilities in the coming weeks.

Health and Safety

Health and Safety processes have been significantly strengthened since the previous audit; this includes both service driven Health and Safety processes when using third parties and the internal Corporate Health and Safety management processes.

To support the service in managing day to day Health and Safety issues and actions, Internal Audit have commissioned its audit management software supplier (Pentana Audit) to create another database for Health and Safety to record incidents, retain photographs and evidence, produce statistical data and potentially even use it to export reports all under one system in a way that is much more sophisticated than Microsoft Excel can allow.

Quality Assurance

The Internal Audit function issues satisfaction surveys for each audit completed. In the period under review 100% of the responses received indicated that the auditee was satisfied with the audit work undertaken.

Resourcing

Internal Audit is currently without two Officers within its establishment. One Auditor has now gone on maternity leave. The capacity of the Internal Audit Team is currently 2 fte with an apprentice supporting where she can.

In terms of the 2018/19 Internal Audit Plan, we believe we can deliver the outstanding audits with the current resource level in order to provide an assurance opinion in May. However, with regards to the 2019/20 Internal Audit Plan, if our Senior Auditor continues to remain on an extended period of long term sick leave then we will need to recruit some short term resource to support the team. This may be through the use of agency staff or via short term secondment.

Outcomes of Internal Audit Work

The standards require the Acting Audit and Governance Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report five audits have been completed. The Public Sector Internal Audit Standards require the reporting of significant risk exposures and control issues.

Assurance	Colour	Number this Period	Total for 2017/18 Plan	
Substantial		2	8	
Adequate		2	8	
Improvement Required		0	2	
Significant Improvement Required		0	0	
No Opinion		0	0	

For the purpose of the colour coding approach, both the substantial and adequate opinions are shown in green as both are within acceptable tolerances.

There have been no significant Issues arising from audits completed in the period under review receiving an 'Improvement Required' opinion and requiring reporting to Committee.

Update on previous significant issues reported

Facilities Management (FM)

There were three significant actions required from the crematorium reported at the previous Audit Committee. One is still outstanding;

- *A fire evacuation testing process is to be introduced that adheres to Health and Safety regulations while considering the sensitivity of the services provided to the public. Liaise with Health and Safety to establish an acceptable approach.*

A fire evacuation procedure has been produced by the Bereavement Services Manager, however; further liaison will be undertaken with Health and Safety to ensure that there is consistency with fire evacuation plans undertaken elsewhere across the Council.

Bank Account

The following action was required from the S151 Officer reported at the last Audit Committee;

- *The Head of Finance, Revenues & Benefits Services will distribute an email reminding staff of the correct process to follow when submitting credit card payment details and if the lack of supporting documentation continues, their use of the Corporate Credit Card will be withdrawn.*

This action is now complete and reminders have now been sent to all corporate credit card holders to share with their respective teams.

For reporting purposes, the number of significant findings identified with outstanding actions are listed below;

Status	Number	Comments
Overdue more than 3 months	0	
Overdue less than 3 months	1	Relates to Crematorium Fire Evacuation Procedures
Not yet due	4	

BACKGROUND PAPERS FOR THE DECISION

Audit Reports

APPENDICES

Appendix A – Internal Audit Plan 2018/19 Progress Report