| TELFORD & WREKIN COUNCIL |
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| AUDIT COMMITTEE 17th SEPTEMBER 2013 |
| INTERNAL AUDIT AND INFORMATION GOVERNANCE UPDATE REPORT 2013/14 |
| REPORT OF THE AUDIT & INFORMATION GOVERNANCE MANAGER |

## 1    PURPOSE

1.1    To update members on the work of Internal Audit during quarter one – April – June 2013 and the work of Information Governance for April to July 2013.

## 2    RECOMMENDATIONS

2.1    That members of the Audit Committee note the information in this Internal Audit and Information Governance update report.

## 3    SUMMARY

3.1    The Audit Committee receives a quarterly update of the work of Internal Audit. This report includes the update report for quarter one 2013/14 – April to June 2013.

3.2    The Audit Committee receives an update report in September of each year in respect to Information Governance activity and then an annual report in the following June. This is the IG update.

## 4    PREVIOUS MINUTES

4.1    Audit Committee 25th September 2012 – Internal Audit Quarter 1 and IG Update Report
Audit Committee 29th January 2013 – Internal Audit Update Report – Quarters Two & Three 12/13
Audit Committee 25th June 2013 - Internal Audit Quarter 4 Update report and IG Annual Report 12/13

## 5    INTERNAL AUDIT QUARTER ONE UPDATE (APRIL - JUNE 2013)

5.1    The report provides information on the work of Internal Audit from 1st April – 30th June 2013 and provides an update on the progress of previous audit reports issued (July 2011 to March 2013).

5.2    The key focus for the team during quarter 1 has been the commencement of the work from the 13/14 annual plan and completion of a few audits carried forward from the 12/13 plan.

5.3    The following internal audit update report appendices are attached:
    i)    **Appendix A** – List of final reports issued in quarter one with our grading – red, amber, yellow or green. This report also includes budgeted time, actual time and percentage variance.
    ii)    **Appendix B** – List of all work undertaken for quarter one for a period of 1 day or more.

iii) **Appendix C** - Previous graded reports from July 2011 to March 2013 with their current status. (Members should note that once reports have reached a green status and have been reported to members that are excluded from future reports).

iv) **Appendix D** – Summary of the amber reports issued in quarter 1.

5.4 Appendix A shows 13 reports were issued in quarter 1. For the final reports issued the areas shown in this table below varied from the allocated time by more than +/- 10% for the reasons highlighted.

| Area | Variance (> +/- 10%) | Reason |
|---|---|---|
| Pupil Tracking | -25% | Well organised staff enabled the auditor to make time savings when carrying out the agreed scope. |
| Temporary Accommodation | -43.5% | Part of the benefits audit which was reported to the previous meeting. |
| Newdale Nursery School (FirstSteps System) | -20% | Well organised staff that were able to provide evidence without delay. |
| John Fletcher of Madeley Primary School | -10% | Well organised staff that were able to provide evidence without delay. |
| Continuing Health Care & Joint Funding | -46% | Scope reduced due to many areas of the work being responsibility of Health not the Local Authority and also works being undertaken by Scrutiny. |
| CareFirst System | -22% | Well organised staff that were able to provide evidence without delay. |
| St Patricks Catholic Primary School | -27% | Well organised staff that were able to provide evidence without delay. |
| Stirchley Recreation Centre | +21% | File review undertaken by the Principal Auditor as development and also some work had to be taken over by another member of staff due to sickness. |
| Homelessness Threshold | +19% | Audit covered a wide area and there were some delays due to staff availability. Additional work was undertaken following feedback from management. |

The reasons for the positive and negative variances are as explained above. Time allocations for 2013/14 will be reviewed based on this information.

5.5 There were three amber reports issued during quarter 1 –Temporary Accommodation, Electronic Client Record and John Fletcher Primary School. Summary information is provided in Appendix D. For these audits management actions to implement recommendations have been agreed and Internal Audit has follow up work planned or in progress. Internal Audit is confident that management will implement the remaining recommendations to provide appropriate assurance and improve the controls and grading.

5.6 Areas of 10 days or more from Appendix B are explained below:

| Audit Area | Days | Explanation |
|---|---|---|
| Advice & Consultancy | 22 | Due to restructures, reductions in budgets and the implementation of revised governance, systems and procedures service areas are continuing to seek advice and support. |

| Contract Life Cycle | 11 | Looking at whole process and budget for review is 20 days. Work still on-going. |
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5.7 From Appendix C there are currently five original amber reports that remain amber as at 30th June 2013 – the Abacus review (see paragraph 5.8 below), Term /Service Contracts, Newport Infants School, Car parking and Arthog and one original red report that remains red – Corporate Parenting. Follow ups are in progress for Corporate Parenting and Arthog and the Term/Service contracts recommendations are being reviewed as part of the Contract Life Cycle review which is also currently underway. The follow ups for Newport Infants and Car Parking are due in September.

5.8 Following the attendance of the Assistant Director: Adult Care & Support at the March 2013 Audit Committee it was agreed that the Abacus follow up would be rescheduled to August 2013 with a further update as required to this Committee. Progress on the implementation of the upgrade has been delayed and additional potential issues were identified by Finance in respect to payments to providers and charging. Further audit work has been undertaken and a draft audit report has been produced which incorporates the follow up of the outstanding recommendations and new recommendations. As this report is in the process of being finalised alongside the service area allocating additional resources to implement an improvement plan there will be an update by the Assistant Director to the January 2014 Audit Committee.

5.9 Due to the accommodation moves and ICT workloads it was agreed with ICT management not to undertake ICT follow ups for the period September 2012 to March 2013 (although new audits areas were reviewed). Audit has now completed the rescheduled follow ups and members should note the information below (full details can be found in Appendix C):

   a) 3 areas have moved to a grading of green – ICT Change Management, Software Licensing and Server Virtualisation;
   b) In 3 areas new audits have been scheduled/commenced so the follow up of recommendations previously made will form part of these reviews – ICT Back Up & Recovery, ICT Procurement and ICT Infrastructure Contract and Project Review;
   c) That the grades for ICT release management and ICT governance have remained the same.

5.10 All other areas reported on in this Internal Audit update section of the report but not highlighted to members are either improving or the follow ups are in progress or planned. Internal Audit is confident and has been assured by management that controls have and will continue to improve in all areas where recommendations have been made. There are no other issues to bring to the attention of the Committee at this time.

**6    INFORMATION GOVERNANCE UPDATE – APRIL – END JULY 2013**

6.1 The IG work programme for 2013/14 was presented and approved at the March 13 Audit Committee. Appendix E of this report details each task on the programme and a summary of the progress to date on completing each of these. IG has made good progress in respect to completing agreed tasks to date. The majority of tasks that were due for completion have either been completed on time or are within acceptable extended timescales. The completion deadline for task number 10, the publication scheme review, has been significantly revised as we are awaiting updated guidance from the Information Commissioners office. IG is confident that the remaining tasks on the work programme will be completed in full by the end of 13/14.

6.2 The Council has received 333 FOI/EIR requests for the period 1/4/13 – 31/7/13. Out of 297 requests responded to (the remaining 36 requests were not due to be responded to in this period), 294 (99%) have been responded to within the 20 working day statutory period; this is against the Information Commissioners benchmark of 80%. It takes on average 8 days to respond to each request we receive.

6.3 For the same period we had received 23 Subject Access Requests (SARs) under the Data Protection Act 1998. Of the 23 received, 1 request is on hold pending confirmation of identification and/or other information. The current response rate for subject access requests is 89% (compared to the Information Commissioners benchmark of 80%). It takes on average 26 days to respond to each request (statutory response time 40 calendar days).

6.4 Also in this period we have received and responded to 7 appeals from requestors who were not satisfied with the response they received to their information request. In our responses to information requests we provide requestors with details on how they can make an appeal in compliance with relevant information rights legislation. The Audit & Information Governance Manager hears all appeals received.

6.5 In this period we have had 29 confirmed data breaches. One of the incidents met the Information Commissioners rationale for reporting serious breaches to them but whilst this assessment was being made the circumstances of the incident changed and it was not reported. IG is continuing to work with all service areas where breaches have occurred to ensure they improve procedures and that appropriate disciplinary action is taken. The table below shows a summary by type of the confirmed data breaches and the number of subsequent formal complaints received.

| Category/Type | Number of cases (%) | Number of Formal[1] Complaints received from Data Subjects |
|---|---|---|
| Information accidentally sent/made available to the incorrect recipient | 27 (93%) | 0 |
| Information lost or stolen | 2 (7%) | 0 |
| Total | 29 | 0 |

## 7    **OTHER CONSIDERATIONS**

| AREA | COMMENTS |
|---|---|
| Equal Opportunities | All members of Audit & Information Governance have attended equal opportunities/ diversity training. If any such issues arose during an audit or risk review they would be notified to the appropriate manager. |
| Environment al Impact | All members of Audit & Information Governance are environmentally aware and if any issues were identified they would be notified to the appropriate manager. |
| Legal Implications | The Accounts and Audit (England) Regulations 2011 state that the Council must undertake an adequate and effective internal audit of its accounting records and |

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[1] Formal complaint = a formal complaint made, logged and processed through the Council's Complaints procedure

| | of its system of internal control in accordance with proper practices in relation to internal control. There is also a requirement to comply with CIPFA's Code of Practice for Internal Audit in Local Government.<br><br>In the event that an audit reveals an issue which requires a recommendation concerning a legal matter this can also be referred to the Council's Legal Services Team for further advice and assistance.<br><br>A person dissatisfied with the Council's response to an FOI or DPA request can complain to the ICO who can investigate and if necessary take enforcement action against the Council. As previously reported, the ICO can issue Monetary Penalty Notices for breaches of data protection. |
|---|---|
| Links with Corporate Priorities | The audit plan is linked to corporate priorities through the risk management process. Where high risks are identified then Audit Services undertakes work on a more regular basis. |
| Risks and Opportunities | The role of internal audit includes a review of the controls in place to manage the risks within service areas. The reports produced assist the Council in improving systems and controls (mitigating risks) and therefore the delivery of services and achievement of objectives.<br>Internal Audit staff under the supervision of the Assistant Director Finance, Audit & IG annually review the Council's risk management process and have concluded that it is operating effectively. |
| Financial Implications | Where recommendations are made by Audit Services, if possible, cost/savings implications are identified.<br>There are no specific budgets identified to cover fines from the ICO. |
| Ward Implications | Internal Audit is responsible for the internal audit of all the Council's activities and at all Council locations and therefore operates within all Council Wards. |

## 8    BACKGROUND PAPERS

Annual Audit Plan 2013/14 and Charter
Information Governance Work programme

Report by Jenny Marriott, Audit & Information Governance Manager 383101

**FINAL REPORTS ISSUED QUARTER ONE – APRIL TO JUNE 2013**

| Audit Area | Opinion | Follow Up Due | Days allocated | Days Taken | Variance % |
|---|---|---|---|---|---|
| Pupil Tracking | Yellow | September 2013 | 4.5 | 3.4 | -25% |
| Temporary Accommodation | Amber | Part of Annual Benefits audit | 37.5 | 21.32 | -43.5% |
| Licensing | Yellow | October 2013 | 5.75 | 5.7 | -1% |
| Newdale Nursery School (FirstSteps System) | Yellow | August 2013 | 8.25 | 6.6 | -20% |
| Electronic Client Record | Amber | October 2013 | 5 | 5.1 | +2% |
| John Fletcher of Madeley Primary School | Amber | September 2013 | 6 | 5.4 | -10% |
| Continuing Health Care & Joint Funding | Yellow | November 2013 | 10 | 5.4 | -46% |
| Lightmoor & Reflexions Overpayment | N/a | October 2013 | Additional work requested by CFO+ | 3.6 | N/A |
| CareFirst System | Yellow | September 2013 | 5 | 3.9 | -22% |
| St Patricks Catholic Primary School | Yellow | November 2013 | 7.25 | 5.3 | -27% |
| Stirchley Recreation Centre | Yellow | December 2013 | 7.75 | 9.4 | +21% |
| Homelessness Threshold | Yellow | January 2014 | 8 | 9.5 | +19% |
| ICT Service Desk | Yellow | January 2014 | * | * | * |

\* Review undertaken by Deloittes under specialist IT audit contract.
+ Additional work so days taken from contingency

**QUARTER ONE - AREAS WHERE WORK UNDERTAKEN HAS BEEN FOR ONE DAY OR MORE**

| AUDIT ACTIVITY | DAYS |
|---|---|
| Abacus Additional Review | 3 |
| Advice & Consultancy | 22 |
| Annual Governance Statement assurance & certification | 8 |
| Asset Register Review | 2 |
| CAMHS - Needs of children outside the area | 1 |
| Children's assessment framework | 1 |
| Children's Commissioning | 4 |
| Children's Placements | 3 |
| Continuing Healthcare | 1 |
| Contracts Life Cycle | 11 |
| Disabled facilities grant | 7 |
| DOLS mental health | 3 |
| Education liaison/dev groups | 2 |
| Electronic Client Records | 1 |
| External Audit Liaison Meetings | 3 |
| Follow ups | 7 |
| Governance | 1 |
| High Ercall Primary School | 7 |
| Holmer Lake Primary School | 4 |
| Homelessness Thresholds | 3 |
| ICT audit contract procurement process and set up | 2 |
| Integrated Benefits System | 1 |
| Iworld Review | 4 |
| John Fletcher of Madeley Primary School | 1 |
| Licensing | 1 |
| Lightmoor /Reflextions Overpayments | 1 |
| Madeley Nursery | 5 |
| Markets follow up | 1 |
| Moorfield Primary School | 7 |
| NNDR | 2 |
| PI Verification | 1 |
| Postal Systems | 4 |
| Protocol system - review | 3 |
| Public Health Transfer | 4 |
| Service User Journey | 9 |
| Ski Centre | 1 |
| Social Fund - Local Crisis assistance | 1 |
| Speak Up review | 2 |
| St Patricks RC Primary School | 5 |
| Stirchley Recreation Centre | 9 |
| Trading Standards | 4 |
| Transport Post Implementation Review | 6 |
| Uniform system review | 3 |