TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 16th SEPTEMBER 2014

INTERNAL AUDIT UPDATE – QUARTER ONE 2014/15 AND PUBLIC SECTOR INTERNAL AUDIT STANDARDS
INFORMATION GOVERNANCE UPDATE & INFORMATION GOVERNANCE FRAMEWORK

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 2014 and implementation of the Public Sector Internal Audit Standards (PSIAS) action plan.

1.2   To update members on the work of Information Governance (IG) for April to July 2014 and provide information on the Council's Information Governance Framework.

2   RECOMMENDATIONS

2.1   That members of the Audit Committee note:
   (a)   the Internal Audit update information for quarter one;
   (b)   the progress on the implementation of the PSIAS action plan;
   (c)   the work of the Information Governance Team April – July 2014; and
   (d)   the Council's Information Governance Framework.

3   SUMMARY

3.1   The Audit Committee receives a regular update of the work of Internal Audit. This report provides the first update report for 2014/15 in respect to quarter one – April – June 2014.

3.2   The new PSIAS were effective from April 2013. A review was undertaken against the requirements to produce an action plan for compliance which was presented to the Audit Committee in January 2014. An update on implementation is provided to the Committee in this report.

3.3   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 report contains this IG update for work up to the end of July.

3.4   The Council as part of its governance arrangements has an Information Governance Framework and this report provides information to members on this framework to inform their assurance in proper information governance processes.

4   PREVIOUS MINUTES

4.1   Audit Committee 25th June 2013 - Internal Audit Quarter 4 Update report and Internal Audit & IG Annual Report 12/13
   Audit Committee 17th September 2013 – Internal Audit Quarter 1 and IG Update Report
   Audit Committee 28th January 2014 – Internal Audit Updates Quarters Two and Three 2013/14
   Audit Committee 30th June 2014 – Quarter Four Update 2013/14 and 2013/14 Internal Audit and Information Governance Annual Report

5 INTERNAL AUDIT UPDATE INFORMATION

5.1 The report provides information on the work of Internal Audit from 1st April – 30th June 2014 and provides an update on the progress of previous audit reports issued (January 2012 to March 2014).

5.2 The new structure within the Audit and Information Governance (IG) Team was effective from 1st April 2014 but there is still one vacancy as we have not managed despite two external adverts to recruit to the Auditor post which is fixed term until September 2016 (to cover for a secondment). We are currently looking at options including the use of the framework contract to address this.

5.3 The key focus for the team during quarter 1 has been the commencement of the work in the 2014/15 plan. In addition the Audit & IG Manager, at the request of the Managing Director and CFO, has been supporting Adult Social Services alongside other officers in respect to a Community Care Process review specifically focussing on the financial control processes. This work is continuing into quarter 2.

5.4 The team were also able to provide Madeley Town Council at short notice with an Internal Audit service for 2013/14 and have now secured this work (and additional income of £2,620) for the next 3 years (2014/15 – 2016/17).

5.5 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 January 2012 to March 2014 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 one.

5.6 Appendix A shows 13 reports were issued in quarter one. For the final reports issued the time taken for the areas shown in the table below varied from the allocated time by more than +/- 10%.

Area	Variance (> +/- 10%)	Reason
General ledger including assets	-20%	No significant system or process changes from the previous audit
Contracts & Payroll	-16%	No significant system or process changes from the previous audit
John Randall School	-21%	School was very prepared & no income or lettings to test
Sir Alexander Fleming School	-47%	School was very prepared & very little income

The reasons for the variances are as explained above. Time allocations for future 2014/15 audits will be reviewed based on this information.

5.7 From Appendix A there were four Amber reports issued during quarter one. Summary information is provided in Appendix D. For these four Amber reports 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 grading.

5.8   Areas of more than 10 days from Appendix B are explained below:

Audit Area	Days	Explanation
Advice & Consultancy	25	Due to restructures, reductions in budgets and the implementation of revised governance, systems and procedures service areas are continuing to seek advice and support.
Adult Social Care – Financial Process review	26	Support to Adult Social Care – special review requested by the Managing Director and CFO.
Shared Lives	11	Service transferred to new AD requested review and wide range of testing required

5.9   From Appendix C the position on reports which remain amber are as shown in the table below:

No	Area Audited	Original grade	Revised grade	Current position/comments
1.	Abacus system & concerns	Amber	Red/ Amber	Separate update to be provided to the January 2015 Committee as agreed in June
2.	Transport Post Implementation Review	Amber		Follow up in progress but has been delayed due to issues with the supplier. Update will be provided to next Audit Committee
3.	Moorfield Primary School	Red	Amber	Next review booked for September 2014.
4.	Temporary Accommodation	Amber		Follow up in progress
5.	ICT contract monitoring	Amber		Follow up in progress
6.	Cafe Go	Amber		Follow up in progress

5.10   All other areas reported on in this update 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   PUBLIC SECTOR INTERNAL AUDIT STANDARDS – UPDATE AGAINST ACTION PLAN

6.1   The Public Sector Internal Audit Standards became effective from April 2013 and the Audit Committee was presented in January 2014 with the Internal Audit Team's action plan to achieve compliance.

6.2   The action plan was updated for the External Auditors for their interim visit at the end of March 2014 and has further been updated for this Audit Committee as at end August 2014. It is attached as Appendix E.

6.3   There are 3 tasks (5, 11 and 13) which have revised completion dates due to changes in the availability of staff. These are in respect of the formal quality assurance and improvement programme, ethics and completion of the fraud checklist.

6.4   As per the action plan a further review against compliance will be completed annually to inform the External Audit interim visit and further updates will be reported to the Audit Committee as appropriate.

7   INFORMATION GOVERNANCE UPDATE – APRIL – END JULY 2014

7.1   The IG work programme for 2014/15 was presented and approved at the June 2014 Audit Committee. Appendix 1 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. IG is confident that the remaining tasks on the work programme will be completed in full by the end of 14/15.

7.2   The Council has received 399 FOI/EIR requests for the period 1/4/13 – 31/7/13. Out of 381 requests responded to (the remaining 18 requests were not due to be responded to in this period), 355 (89%) have been responded to within the 20 working day statutory period; this is against the Information Commissioners benchmark of 80%. It takes on average 9 days to respond to each request we receive.

7.3   For the same period we had received 22 Subject Access Requests (SARs) under the Data Protection Act 1998. Of the 22 received, 4 requests are on hold pending confirmation of identification and/or other information. The current response rate for subject access requests is 100% (compared to the Information Commissioners benchmark of 80%). It takes on average 22 days to respond to each request (statutory response time 40 calendar days).

7.4   Also in this period we have received and responded to 2 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/Information Governance Team Leader hears all appeals received.

7.5   During this period we received 1 complaint which had been referred by an individual (who had thought the council had refused to reply to their Freedom of Information request) to the Information Commissioners Office (ICO). The council confirmed with the ICO that they did intend to reply to the FOI request within the 20 working day statutory deadline (which we did) and therefore the complaint was resolved to the satisfaction of the ICO. In April 2014 we also responded to 1 ICO complaint (that was initially received in February 2014) where the appellant did not agree with the initial exemption applied to their request. The ICO agreed with the appellant initially but then subsequently agreed with a further exemption that we applied in response to the request for information.

7.6   There have not been any major data breaches during the period and therefore no reports to the ICO. However, 20 minor data breaches were self-reported by officers and have resulted in further improvements to the Council's already robust systems for protecting personal information and reducing further the risk of future breaches. Given the volume of transactions including personal data which are processed by the Council each year it is inevitable that some minor data breaches will occur and it is important that the Council encourages a culture where officers report any issues so that further improvements can be made and appropriate support and training can be provided to employees. The table below shows a summary by type of the minor 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	19 (95%)	5

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

Information lost or stolen	1 (5%)	0
Total	20	5

8 INFORMATION GOVERNANCE FRAMEWORK

8.1 The (IG) framework sets out the way the Council handles information. It details all the relevant information/information security policies implemented or due to be implemented that provides requirements to all employees in respect to the appropriate handling of information.

8.2 It is a requirement of the Department of Health Information Governance Toolkit, and also recognised good practice, for the Council to have an Information Governance (IG) framework. If the Council does not meet toolkit requirements it will not be able to process health related information particularly in public health and social care service areas.

8.3 Attached as Appendix F is the Council's IG Framework.

9 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	All members of Audit & IG have attended appropriate training. If any such issues arose during an audit review they would be notified to the appropriate manager.
Environmental Impact	All members of Audit & IG 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 of its system of internal control in accordance with proper practices in relation to internal control. There is also a requirement to comply with Public Sector Internal Audit Standards (which are the defined proper practice). 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. 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 planning process. Where high risks are identified then Audit Services undertakes work as a priority and maybe on a more regular basis. The IG work programme supports the corporate priorities through good information governance.
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. The IG Team provides advice and guidance on the risks and opportunities in respect to information and its security across the Council.

Financial Implications	The work undertaken has been resourced by Audit staff that are funded from the Council's base budget. Where recommendations are made by Audit Services, if possible, cost/savings implications are identified. 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 Information Governance affects all Council activities therefore both areas operates within all Council Wards.

10   <u>BACKGROUND PAPERS</u>

Annual Audit Plan 2014/15 and Charter
Public Sector Internal Audit Standards
Information Governance Work programme 2014/15

Report by Jenny Marriott, Audit & Information Governance Manager 383101 and Robert Montgomery, Information Governance Team Leader 383103.

FINAL REPORTS ISSUED QUARTER ONE – APRIL TO JUNE 2014

Audit Area	Opinion	Follow Up Due	Days allocated	Days Taken	Variance %
Clarity Live	Amber	July 2014	5.25	5.45	+4%
General ledger including assets	Yellow	As part of annual audit	28.25	22.43	-20%
Contracts & Payroll	Yellow	As part of annual audit	23.75	19.88	-16%
ICT Contingency arrangements	Yellow	October 2014	10	TIAA	*
MIS Headway	Amber	October 2014	5.0	TIAA	*
John Randall School	Yellow	November 2014	7.25	5.70	-21%
Sir Alexander Fleming School	Yellow	November 2014	7.25	3.82	-47%
Unstructured Data Storage Audit	Amber	November 2014	10	TIAA	*
Purchase Ledger	Amber	As part of annual audit	25.75	23.75	-7%
Burton Borough – Catering Review	Yellow	December 2012	Unplanned work from contingency	2.13	n/a
Leisure Central Admin	Yellow	December 2014	7	6.76	-3%
Southall Special Schools	Yellow	December 2014	7.75	7.92	+2%
Ladygrove Primary School	Yellow	January 2015	7.75	7.91	+2%

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

Area	Days
Adult Social Care - Financial Process review	25
Adults safeguarding review of policies & electronic records	9
Advice & Consultancy including org change	26
Annual Governance Statement assurance & certification	6
Alexander Fleming Primary School	3
ASC Complaint - support for Director	1
Burton Borough - Catering Review	1
Corporate Governance	6
Corporate Leisure Services review	6
Council tax / NNDR (2014 - 2015)	1
Alleged Direct Payment Fraud	3
External Audit Liaison Meetings	2
Follow ups	8
Hadley Learning Community	7
HR/Payroll	1
ICT audit contract procurement process and set up	1
John Randall School	1
Ladygrove Primary School	8
Madeley Parish Council	7
Main Accounting	1
National Fraud Initiative & Fraud Survey	2
Oakengates Children's centre Follow Up	2
P2P (Purchase Ledger)	8
Personal Budgets Support Team	3
Queenswood Primary School	8
Shared Lives	11
Southall Special School	7
Special Guardianship	4
Trading with schools	1
Troubled Families Grant	2
Voluntary Sector Contracts /Agreements	5