

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 15th SEPTEMBER 2015

2015/16 INTERNAL AUDIT QUARTER 1 UPDATE REPORT AND INFORMATION GOVERNANCE UPDATE REPORT TO END JULY 2015

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 2015.
- 1.2 To update members on the work of the Information Governance team from April – July 2015.

2 RECOMMENDATIONS

- 2.1 That members of the Audit Committee note the Internal Audit and Information Governance update information for the first part of 2015/16.

3 SUMMARY

- 3.1 The terms of reference of the Audit Committee include:
“The approval (but not direction) of and monitoring of progress against, the Internal Audit Charter and Plan”. The Audit Committee receives regular updates on the work of Internal Audit. This report provides the first update for 2015/16 in respect to quarter one – April – June 2015.
- 3.2 The Councils Information Governance (IG) function forms part of the Council’s Information Security framework and good governance. The terms of reference of the Audit Committee include information governance which consists of several aspects:
 - Data Protection & Privacy
 - Freedom of Information
 - Information Security
 - Information Sharing & Confidentiality
 - Information & Records Management
 - Information Quality & Assurance

This report provides an update to members on the activities of the Information Governance Team during April – end July 2015.

4 PREVIOUS MINUTES

- 4.1 Audit Committee 30th June 2014 – Internal Audit & Information Governance Annual Report 2013/14
Audit Committee 16th September 2014 – Internal Audit Quarter 1 Update 2014/15 and Public Sector Internal Audit Standards
Information Governance Update & Information Governance Framework 2014/15
Audit Committee 27th January 2015 – Internal Audit Quarters 2 and 3 Update 2014/15

5 QUARTER 1- INTERNAL AUDIT UPDATE INFORMATION

- 5.1 This report provides information on the work of Internal Audit from 1st April – 30th June 2015 and provides an update on the progress of previous audit reports issued (October 2012 to March 2015).
- 5.2 The key focus for the team during quarter one has been the commencement of the 2015/16 plan. In addition the outstanding IT audits from 2014/15 were completed. Several larger audits were started which are currently in the process of being finalised. We also started to plan and undertake some of the key financial systems audits and the specification for the 2015/16 IT audits were developed. Productive resources were affected during the quarter by the election, preparations for and the office move (we are now located in A wing, Ground Floor Darby House) and the continued induction of our new Auditor who joined us in mid-March.
- 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 October 2012 to March 2015 with their current status. (Members should note that once reports have reached a green status and have been reported to members they are excluded from future reports).
 - iv) **Appendix D** – Summary of the 2 amber reports issued in quarter one.
- 5.4 Appendix A shows 14 reports were issued in quarter one, several being the ICT audits outstanding from 2014/15. 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
Flood debrief lessons learned	- 51%	Testing took less time than planned
Charlton School	+ 12%	New Auditor attended visit therefore extra time spent due to familiarisation with programme and processes.
Section 17	+ 59%	Audit covered a wide area and there were several delays due to staff availability
Newport Pool	+ 33%	Updated scope and programme and New Auditor attended visit therefore extra time spent due to familiarisation with programme and processes

The reasons for the variances are as explained above and the scopes and time allocations for future 2015/16 audits have been informed by this information and will be closely monitored.

- 5.5 From Appendix A there were two Amber reports issued during quarter one. A summary of each report is provided in Appendix D. For these Amber reports management actions and

time scales have been agreed to implement the recommendations. Internal Audit is confident that management will implement the recommendations to provide appropriate assurance and improved controls.

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

Audit Area	Days	Explanation
Advice & Consultancy	31	Continued advice and guidance sought due to more commercial approach and staff new to roles and responsibilities due to restructures
Adult Social Care Payments	17	Transferred to the Payments team in 2014/15 and audit undertaken following this and system upgrade
ASS Financial Assessment Processes	11	Agreed as part of the Adult Social Care work from 2014/15
Newport Pool	14	Had not been undertaken for a while and induction for new Auditor.
Procurement including use of the Government Procurement Card (GPC)	25	Checklist developed to review compliance with procurement procedures for various contracts across each AD's service areas and review of GPC expenditure
Treasury Management	11	Fundamental audit

5.7 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	Red/ Amber	Amber	Update agreed to September 2015 meeting
2.	Moorfield Primary School	Red	Amber	Due to the absence of the School Business Manager the planned follow up was cancelled. To be re-arranged when the school return from the summer break.
4.	Shared Lives	Red	Green	Follow up complete and moved to a green
5.	Direct Payments	Amber		Follow up in progress. However an external review of the Direct Payment processes and future structure of the service is currently being undertaken
6.	Adults Safeguarding Policies & electronic records	Red	Green	Follow up complete and moved to green
7.	Holy Trinity Academy (formerly Blessed Robert Johnson School)	Red	Yellow	2 nd follow up to be undertaken October 2015

5.8 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 INFORMATION GOVERNANCE UPDATE APRIL – JULY 2015

- 6.1 The IG work programme for 2015/16 was presented and approved at the June 2015 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. IG is confident that the remaining tasks on the work programme will be completed in full by the end of 15/16.
- 6.2 The Council has received 222 FOI requests for the first quarter of 2015/16. Out of 194 requests responded to (the remaining 28 requests were not due to be responded to in this period), 194 (87%) have been responded to within the 20 working day statutory period; this is against the Information Commissioners benchmark of 80%. It takes on average 11 days to respond to each request we receive.
- 6.3 The Council has also received 39 EIR requests in the same period. Out of 36 requests responded to (the remaining 3 requests were not due to be responded to in this period), 33 (92%) 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 14 Subject Access Requests (SARs) under the Data Protection Act 1998. All 7 requests (100%) responded to (the remaining 7 were not due to be responded to in this period) were completed within the 40 calendar day statutory period (compared to the Information Commissioners benchmark of 80%).
- 6.4 Also in this period we have received and responded to 1 appeal from a requestor who was not satisfied with the response they received to their information request – this appeal was not upheld. 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.
- 6.5 During this period we were still dealing with 1 ICO complaint that dates back to 2014/15 (this matter has previously been reported to the Audit Committee). The ICO did not uphold the complaint in question but the complainant has now appealed the ICO's decision to the First Tier Tribunal. We are awaiting the tribunal's decision on this matter and will update the Audit Committee during the next IG update report.
- 6.6 The Council takes its responsibility for protecting personal and sensitive information very seriously and therefore encourages an open culture where employees are encouraged to report all actual and potential data breaches in order that we can put measures in place to reduce potential issues in future. In this period we identified 8 data breaches. None of these met the Information Commissioners rationale for reporting serious breaches to them. IG is continuing to work with all service areas where breaches have occurred to ensure they improve procedures and that disciplinary action is taken where appropriate. The table below shows a summary by type of the confirmed data breaches and the number of subsequent formal complaints received. Lessons learnt from security incidents during the first half of the year will be shared across the Council in early October.

Category/Type	Number of cases (%)	Number of Formal Complaints received from Data Subjects
Information accidentally sent/made available to the incorrect recipient	8 (100%)	1

7 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	All members of the Audit & IG Team have attended equal opportunities/ diversity training. If any such issues arose during any work the appropriate manager would be notified.
Environmental Impact	All members of the Audit & IG Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager.
Legal Implications	<p>The Accounts and Audit Regulations 2015 (Part 2, paragraph 5) state that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The information set out in this report illustrates the work that has been undertaken to meet the appropriate statutory requirements.</p> <p>There is also a requirement to comply with the Public Sector Internal Audit Standards. Undertaking the audits as set out in the report and providing updates to this Committee contributes towards meeting these requirements. 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.</p> <p>Compliance with the Information Rights legislation mentioned in this report is mandatory. When assessing compliance, the ICO will consider approved policies and procedures of the authority</p>
Links with Corporate Priorities	All aspects of the Audit & IG teams work support good governance which underpins the achievement of the Council's objectives and priorities.
Risks and Opportunities	<p>All aspects of the Audit & IG teams work supports managers and the Council to identify and manage their risks and opportunities.</p> <p>The role of IG includes reviewing information security arrangements in place to manage IG risks within service areas. IG reports produced assist the Council in improving systems and controls (reducing IG risks) and therefore the delivery of services and achievement of objectives.</p> <p>If the Council does not comply with the information rights legal requirements there is the risk of the Council being issued with a fine by the ICO of up to £500,000. Service areas supported by the IG Team have and are continuing to implement mitigation to avoid this but there is still risk associated with this.</p>
Financial Implications	<p>Financial monitoring is currently showing that Audit & IG are operating within budget for 2015/16. Audit & IG team members will identify cost implications arising from reviews wherever possible.</p> <p>It should be noted that if the ICO found that the Council was not complying with the information rights legal requirements and a fine was imposed there is no budget identified to fund this. MLB 24.08.15</p>
Ward Implications	The work of the Audit & IG team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards.

8 BACKGROUND PAPERS

Annual Audit Plan 2015/16 and Charter
Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013
CIPFA Local Government Application Note – April 2013
Accounts and Audit Regulations – 2015
Corporate Information Security Policy
Corporate Information Security Breach Procedure

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FINAL REPORTS ISSUED QUARTER ONE – APRIL TO JUNE 2015

Audit Area	Opinion	Follow Up Due	Days allocated	Days Taken	Variance %
Digitisation report	Yellow	September 2015	*	*	*
ICT Change /Release Management including upgrade of SharePoint 2013	Yellow	October 2015			
Free School Meals ICT system	Yellow	October 2015			
Recruitment	Yellow	Nov 15	*	*	*
Flood debrief lessons learned	N/a	Nov 15	4.5	2.19	- 51%
Charlton School	Amber	September 15	9.75	11	+ 12%
Section 17	Amber	Nov 15	9.5	15.15	+ 59%
ICT Strategy	Yellow	September 2015	*	*	*
ICT Incident and Capacity Management	Yellow	September 2015	*	*	*
Flood Damage Grant (Review of Processes)	Green	n/a	2.88	3.14	+ 9%
Newport Pool	Yellow	December 2015	10.38	13.83	+ 33%
Information Governance Review	Yellow	December 2015	*	*	*
Application Audit – Agresso	Green	n/a	*	*	*
Application Audit – Care First	Green	n/a	*	*	*

* Work undertaken by specialist third party contractor under framework contract

AUDIT WORK UNDERTAKEN FOR QUARTER ONE FOR A PERIOD OF 1 DAY OR MORE

Audit Area	Days
Adult Social Care Payments	17
Advice & Consultancy including org change	31
AGS assurance & certification	10
ASS - Review of Prototype	1
Bank Project Assurance	1.5
Holy Trinity Academy (formerly BRJ) Follow Up	1.5
Care Leavers Grant & Process	3
Care Provider Complaint	5
Charlton Secondary School	4
Community Fit Programme	1
Council Tax & NNDR (2015-2016)	3
Direct Payments	8.5
Downing House	1
External IT Audit quality assurance & 15/16 Procurement	3
Facilities Management - Help Desk Review	2
Financial Assessment Process Review	11
Flood Damage Grant	3
Other Follow ups	2
Food Hygiene Rating System	1
Fraud Response Plan	1
Halcrow Contract	2
KPMG - Interim visit	2
Leaving Care Process	9
Madeley Parish Council	1
Mount Gilbert Follow Up	2
National Fraud Initiative	2
Newport Pool	14
Oakengates Children's centre Follow Up	3
Payment Card Industry Compliance	1
Pot Hole Grant	2
Procurement including GPC	25
Review of Audit Processes & Procedures	1
Scott & Linden Centre	8.5
Section 17 payments	1
St Georges Primary School	9.5
Transport Processes Review - Adults	7
Treasury Management (2015-2016)	11
Windmill Primary School	1.5
Wrockwardine Wood Junior School	8