

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 30th JUNE 2015

2014/15 INTERNAL AUDIT QUARTER 4 UPDATE REPORT AND THE INTERNAL AUDIT & INFORMATION GOVERNANCE ANNUAL REPORT

REPORT OF THE AUDIT & INFORMATION GOVERNANCE MANAGER

1 PURPOSE

- 1.1 To update members on the work of Internal Audit during quarter four January – end of March 2015.
- 1.2 To present the 2014/15 Internal Audit & Information Governance Annual Report to the members of the Audit Committee.

2 RECOMMENDATIONS

- 2.1 That members of the Audit Committee note the Internal Audit update information for quarter four 2014/15; and
- 2.2 That members of the Audit Committee note the Internal Audit & Information Governance Annual Report for 2014/15

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 final update for 2014/15 in respect to quarter four – January – March 2015.
- 3.2 To continue to demonstrate good governance and support the Annual Governance Statement (AGS) the Council produces an Annual Report on the Internal Audit and Information Governance activities of the Council.
- 3.3 The Public Sector Internal Audit Standards are deemed as proper practice under the Accounts and Audit (England) Regulations 2011 and Accounts and Audit Regulations 2015 for Local Government. The standards state:

2450 Overall Opinions

When an overall opinion is issued, it must take into account the expectations of senior management, the board and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.

Public sector requirement

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

This report meets these requirements.

3.4 The Councils Information Governance (IG) function forms part of the responsibilities of Audit & Information Governance within the Finance, Audit and Information Governance service delivery unit. IG is a key component of good governance and consists of several aspects:

- Data Protection & Privacy
- Freedom of Information
- Information Security
- Information Sharing & Confidentiality
- Information & Records Management
- Information Quality & Assurance

During 2014/15 IG has continued to support senior managers and service delivery managers with the management of their information governance arrangements.

4 PREVIOUS MINUTES

- 4.1 Audit Committee 25th June 2013 – Internal Audit & Information Governance Annual Report 2012/13
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
Audit Committee 27th January 2015 – Internal Audit Quarters 2 and 3 Update 2014/15

5 QUARTER 4 INTERNAL AUDIT UPDATE INFORMATION

- 5.1 This report provides information on the work of Internal Audit from 1st January – 31st March 2015 and provides an update on the progress of previous audit reports issued (July 2012 to December 2014).
- 5.2 The key focus for the team during quarter four has been the completion of work from the 2014/15 plan with priority being given to the key financial systems audits relied upon by External Audit for their final accounts audits and examined during their interim visit at the end of March 2015.
- 5.3 The following internal audit update report appendices are attached:
- i) **Appendix A** – List of final reports issued in quarter four 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 four for a period of 1 day or more.
 - iii) **Appendix C** - Previous graded reports from July 2012 to December 2014 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 1 red and 2 amber reports issued in quarter four.

5.4 Appendix A shows 12 reports were issued in quarter four. 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
P2P	+12%	More testing required than anticipated
Public Health standards compliance	-80%	Reduced scope agreed with service area
Mount Gilbert School	+163%	Many issues found and additional work/time taken to explain outcomes to Head teacher and Schools Business Manager
General ledger	-33%	Work undertaken as part of previous asset audit follow up
Cash collection	-50%	Reduced scope compared to previous years and work undertaken as part of establishment visits
Haughmond Hill Catering	+60%	Issues identified and therefore took longer to identify evidence and test
Ice Rink Catering	+40%	Issues identified and therefore took longer to identify evidence and test
Ercall Wood School	-28%	School well prepared so audit went very smoothly

The reasons for the variances are as explained above. The positive variances were identified early, authorised and managed to ensure added value. 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 and one Red reports issued during quarter four. A summary of each report is provided in Appendix D. For these Amber and Red reports management actions and time scales have been agreed to implement the recommendations. The follow up for Mount Gilbert School and the two catering establishments are planned for June 2015. 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	26	Continued advice and guidance sought due to more commercial approach and staff new to roles and responsibilities due to restructures
Care provider complaint	13	Work requested by the Managing Director and Monitoring Officer
HR/Payroll	16.5	Fundamental audit
Main accounting	20	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	Follow up undertaken March 2015 and no change so further follow up now in progress.
3.	Unstructured Data Storage	Amber	Amber	Follow up undertaken in November 2014 but insufficient progress made so 2 nd follow up due February 2015. However issues have now been included in compliance work being undertaken by IG so new report will be issued by 30/06/15.
4.	Shared Lives	Red	Amber	Follow up Dec 2014 moved it to Amber and next follow up in progress
5.	Direct Payments	Amber		Follow up in progress. However an external review of the Direct Payment processes and future structure of the service to be undertaken Summer 2015.
6.	Adults Safeguarding Policies & electronic records	Red		Follow up in progress. However no evidence that vulnerable people have/are being put at risk. Since the audit a dedicated adult safeguarding team has been developed to respond to timescales and procedural requirements and a huge data cleansing exercise on electronic records has been undertaken. These changes are being reviewed as part of the follow up.
7.	Blessed Robert Johnson School	Red		Follow up in progress

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 2014/15 INTERNAL AUDIT ANNUAL REPORT

6.1 Assurance and Opinion

6.1.1 The Council's section 151 officer's statutory obligation under the Accounts and Audit Regulations 2011 to provide assurance on the systems of internal control is provided by the work of Internal Audit. This assurance forms part of the Council's assurance framework.

6.1.2 The system of internal control helps the Council to manage and control the risks which could affect the achievement of its priorities and objectives rather than eliminate them completely. Internal Audit and the other assurance processes therefore provide reasonable and not absolute assurance of the adequacy and effectiveness of the Council's framework of governance, risk management and internal control which is included within the Annual Governance Statement.

- 6.1.3 The planned Internal Audit resources following the restructure for 2014/15 were 1018 days plus 55 days (1073) specialist ICT audit provided under contract (from external providers). These resources were nearly a 5% increase on the resources for 2013/14 bringing us back to almost the same level as 2012/13 (1090 compared to 1073). The resources and the plan were agreed by the Audit Committee in June 2014. The actual resources available during the year were slightly less than planned due to a delay in recruiting to the vacant fixed term auditor post and availability of the casual Auditor but most of the deficit was made up by the use of the framework contract.
- 6.1.4 Early in 2014/15 the Internal Audit team were also requested at late notice to assist Madeley Town Council with their financial year end audit. The work was undertaken for a fee within the agreed tight deadlines and as a result a contract has been secured to undertake this work for the next 3 years.
- 6.1.5 Based on the work undertaken during the year (areas attached as **Appendix E**) and the implementation by management of the agreed recommendations, Internal Audit's annual opinion provides reasonable assurance in respect to the adequacy and effectiveness of the Council's framework of governance, risk management and internal control within the areas of the Council reviewed during the year.
- 6.1.6 Work was requested by the Managing Director in respect to the financial processes within Adult Social Care and this was undertaken jointly by the Audit & IG SDM and ASC Service Improvement & Efficiency SDM. Improvements have been made and various action plans and initiatives are in place across Adult Social Services, Commissioning and the Care & Enablement provider services to deliver the Adults Cost Improvement Plan. The Director for Care, Health and Well Being has attended the Audit Committee to provide updates on progress in respect to improvements to the Abacus system and impact on the financial position.
- 6.1.7 As in previous years Senior Management have attended the Audit Committee where requested to provide updates or explain why progress on the implementation of recommendations was not as agreed and appropriate assurances have been provided (or further information was provided to the Audit Committee members).
- 6.1.8 As in previous years this Internal Audit and Information Governance Annual Report includes information in respect to the type and number of recommendations made during the year (as requested by the Committee). This information is shown below for 2014/15 with comparisons to 2013/14 shown in brackets.

Number of Recommendations made by Type 2014/15 (2013/14)

No. of Audit Reports & Grading	Total number of recommendations	Financial Regulation)	Legal	Policy and/or Procedure	Best Practice
45(65) 2 (8) Green 24 (37) Yellow 13 (15) Amber 4 (3) Red 2 (2) no grading*	541 (808)	68 (126)	20 (56)	430 (568)	23 (58)

Gradings - Green = good; Yellow = reasonable; Amber = limited; Red = poor
 No grading* = health checks but recommendations made

6.1.9 45 audit reports were issued during 2014/15, 20 less than 2013/14 but there were 9 reports in the process of being finalised at year end in respect to 2014/15 work. These were undertaken by 3 contractors under the framework contract and the work had commenced in January 2015 (later than planned). The other reduction is attributable to the complexity of scopes, unplanned/requested work at a level higher than 2013/14 and the continued volume of advice, guidance and adhoc requests (these have included the investigation of complaints). All key areas where the External Auditor relies on the work of internal audit were completed.

6.1.10 Out of the 43 reports (excluding the no grading reports) 5% (13%¹) were green (good), 56% (59%) were yellow (reasonable), 30% (24%) were amber (limited) and 9% (4%) were red (poor). There has been an increase in percentage terms of amber and red reports – 39% 2014/15 compared to 28% 2013/14. A summary of amber and red reports with explanations have previously been reported to the Committee with detailed reports being circulated to members of the Committee prior to the meeting.

6.1.11 16% of the 14/15 recommendations were legal/financial regulation compared to 23% in 13/14. 79% of the 14/15 recommendations were policy and procedure compared to 70% in 13/14. The continued increase in policy and procedure recommendations follows the trend identified in 12/13 and 13/14 in respect to the impacts of organisational change, restructures and the lack of training/handover or understanding of staff in new/revised roles.

6.2 Public Sector Internal Audit Standards (PSIAS)

6.2.1 The Public Sector Internal Audit Standards (defined proper practice under the Accounts and Audit Regulations 2011 and 2015) were effective from 1st April 2013 and Internal Audit reviewed their compliance during 2013/14 with the standards and an action plan was developed and these actions have continued to be implemented during 2014/15. Updates were provided to the Audit Committee in January and September 2014. A recent update has been provided to the External Auditors as part of their preparatory work for the 2014/15 final accounts audit.

6.2.2 The position on the remaining actions is shown below:

No.	Standard	Comment
1.	Quality Assurance & Improvement Programme (QA&IP)	This has been developed during 2014/15 and will be fully operational during 2015/16.
2.	External Assessment	Not due until 2017/18 but will assess options during 2015/16 for presentation and agreement by the Audit Committee in January 2016.
3.	Review of: <ul style="list-style-type: none"> ethics related activities 	Not formalised but does form part of other audits. However discussions continue with the Managing Director and CFO. Target date is September 2015.
4.	Review how the Council manages fraud risks	Fraud risk register informs the proactive audit work but need to review how the Council manages the risk of fraud against best practice which was the Audit Commission Red Book but superseded by a new CIPFA code autumn 2014 and guidance due out June 2015 so date revised to December 2015.

¹ Figures in brackets are for 2013/14

6.2.3 As part of the standards it is a requirement to outline in the annual report where there is any non-compliance. Actions 3 and 4 above are the two areas out of over 120 areas within the checklist from the CIPFA Local Government Advisory Note to the Standards where we are not fully compliant but the CFO is satisfied with the mitigation and actions being taken.

6.3 Performance against External Review

6.3.1 KPMG has been the Council's External Auditors since 1st April 2007. There is continuous liaison between Internal and External Audit to ensure that Internal Audit is undertaking appropriate work upon which the External Auditor can rely and reduce the External Audit fee. Internal Audit has delivered all the work for 2014/15 and External Audit has indicated that the work is of a good standard and that they can place reliance on it however they have identified 2 minor improvement areas for 2015/16 work.

6.3.2 In order to place reliance on the work of Internal Audit the External Auditor assesses the performance of Internal Audit each year against the appropriate professional standards – the Public Sector Internal Audit Standards. They undertook their first review of Internal Audit against these standards in 2013/14 and were satisfied with the assessment, supporting evidence provided and action plan. For this year they have reviewed updated evidence for sample areas and the position of the action plan.

6.4 Improvement Activity

6.4.1 During the year to improve the team's efficiency, effectiveness and productivity we have held team meetings and development sessions. At these sessions and continually during the year we investigate and implement new/alternative ways of service delivery (practices, use of technology, procedures and standard documentation) based on our analysis, customer feedback (see 6.5), sharing best practice with other local authorities and service providers. In addition we also held a team update session with a specialist Internal Audit consultant to review our approach and processes to ensure we are focussing on the right things, adding value and being as effective as possible.

6.4.2 The Audit & Information Governance Manager is the Unitary and District representative on the CIPFA Audit Panel. This helps the team to continue to develop and have early awareness of developments in public sector Internal Audit and Governance enabling us to contribute to and influence relevant guidance. Other members of the team also attend, when relevant, regional Fraud, Contract and Unitary/Met Authority groups which assist in identifying best practice and different approaches to audit work and information exchange.

6.5 Customer Feedback

6.5.1 Internal Audit receives customer feedback in several ways:-

- a) Informal feedback from auditees during the audit
- b) Seeking feedback from auditees at draft report discussion meetings
- c) Completion of a post audit questionnaire

6.5.2 The analysis of post audit questionnaire feedback is shown in the table below compared to the last 2 years. The exceptionally high ratings of recent years have continued to improve further.

POST AUDIT QUESTIONNAIRE FEEDBACK 2014/15 compared to last 2 years

Question	2012/13 From top score 5	2013/14 From top score 5	2014/15 From top score 5	Difference 13/14 to 14/15
Pre- Audit Arrangements	4.6	4.6	4.9	+0.3
Audit Visit	4.7	4.7	4.9	+0.2
Communication	4.5	4.4	4.8	+0.4
Report	4.5	4.5	4.8	+0.3
Is audit a positive support – Yes	100%	100%	100%	0

The team's customer performance has improved in all areas during 2014/15 and the average score has increased from 88% (4.4) or more to 96% (4.8) or more. The scores received are higher than the last two years which we believe can be attributed to the improvement in audit processes and recognition of support provided by the audit process to auditees during the current difficult times. These improvements were made following self-review and feedback from previous years.

7 2014/15 INFORMATION GOVERNANCE ANNUAL REPORT

7.1 Background

7.1.1 There are a number of pieces of legislation and good practice standards that govern the IG arrangements of the Council. The work of IG is primarily based on the requirements of the Local Authority Data Handling guidelines, ISO27001 (standard for information security), Data Protection Act 1998, Freedom of Information Act 2000² and Environmental Information Regulations 2004.

7.1.2 The Local Authority Data Handling Guidelines (stated above) recommend that each local authority should appoint a Senior Information Risk Owner (SIRO). The SIRO should be a representative at senior management level and has responsibility for ensuring that management of information risks are weighed alongside the management of other risks facing the Council such as financial, legal and operational risk. At Telford & Wrekin the nominated SIRO for the period covered by this report was the Assistant Director: Finance, Audit & Information Governance with the Audit & Information Governance Service Delivery Manager designated as the Deputy SIRO.

7.2 Information Rights

7.2.1 Information rights is a collective name for 3 main pieces of legislation in respect to public sector information, these are:

- **Data Protection Act 1998** – looks at personal information relating to individuals
- **Freedom of Information Act 2000** – encompasses any information held by the Council

² Full provision of FOI Act 2000 powers were not fully introduced until 1 January 2005

- **Environmental Information Regulations 2004** – information with an environmental impact

7.2.2 The IG Team has continued to play a key role in providing assurance that the Council complies with information rights legislation during the year. The IG Team has responsibility for the administration of all information rights requests on behalf of the Council including the application of relevant exemptions in respect to requests received.

7.2.3 IG also plays a prominent part when the Council receives a subject access request (someone requesting their personal information) or a request to access social care records, e.g. a parent asking to view the contents of their child's records. The Council's Data Protection Officer (part of IG Team) gives guidance on what records should or should not be released under the Data Protection Act 1998.

7.2.4 See table below for figures relating to FOI performance for the year 1 April 2014 to end of March 2015 compared with the same period for the previous year:

	14/15	13/14	% Increase / Decrease
Number of FOI requests received	1132	1076	+5%
Average number of FOI requests received per month	94	90	+4%
% of FOI requests responded to within statutory deadline	93	95	-2%
Average time taken (days) to respond to each request	10	10	-

As can be seen from the figures in the table above, the Council's performance in responding to FOI requests within statutory deadlines has slightly reduced (down by 2%) from 2013/14 but 5% more requests were received in the year. This still compares favourably with the ICO benchmark of responding to 80% of FOI requests received within 20 working days.

In addition to the above the Council received 48 requests that were processed under the Environmental Information Regulations (EIR) 2004. 89% of these requests were responded to within the 20 day deadline. Figures for 13/14 are not comparable as IG were not recording requests accurately in respect to what constituted an FOI request or an EIR request.

7.2.5 In this period IG have received and responded to 21 appeals (4 being upheld) from requestors who were not satisfied with the response they received to their FOI/EIR request. This compares to a total of 16 appeals in 2013/14.

7.2.6 Also in this period IG received 4 referrals (covering 2 separate individuals) from the Information Commissioner (ICO) in respect to complaints made to them by FOI requestors. All 4 referrals were due to requestors not being satisfied with the Council's response to their requests in that the Council did not hold the information being requested. IG provided a response to the ICO on all 4 matters who were satisfied with the explanations provided and therefore no further action was taken. However one individual has appealed the ICO decision on one of these referrals and the Council is awaiting the outcome of this.

7.2.7 Between 1 April 2014 and 31 March 2015 the Council received 57 Subject Access Requests (SAR's), this compares to 65 requests for the same period in 2013/14. 94% of SAR's received have been processed within the 40 calendar day deadline (95% of SAR's

processed within deadline for 2013/14). This is a slight reduction in performance but still compares favourably with the Information Commissioner's benchmark of responding to 80% of SAR's within 40 calendar days.

7.3 Data Security Incidents

7.3.1 IG investigates (with the assistance of service areas) all instances of alleged data breaches that are identified and referred to them. A data breach can cover a number of different incidents from a member/employee reporting a lost mobile phone to confidential/sensitive information being communicated to an unauthorised and/or incorrect recipient.

7.3.2 Between the 1 April 2014 and 31 March 2015 there were 86 reported instances of possible data breaches (163 reported instances in 2013/14) – this is a significant decrease from 2013/14 (see below). IG (with the assistance of service areas) investigated all of these and has confirmed that 44 data breaches had occurred (83 data breaches were identified in 2013/14). These are shown below categorised by type of breach:

	Number of Cases	Number of Complaints/Referrals from Data Subjects
Information accidentally sent/made available to the incorrect recipient	37 (75 in 13/14)	29*
Accidental release of personal information verbally	4 (2 in 13/14)	1
Documents containing sensitive information left in an insecure location	1 (2 in 13/14)	0
Information lost or stolen	2 (4 in 13/14)	0
TOTAL	44 (83 in 13/14)	

**It should be noted that the majority of these were referrals and not corporate complaints*

There has been a considerable drop in the number of possible data breaches reported and subsequent confirmed data breaches identified. One of the main reasons for this is that IG has revised the definition of what constitutes a data breach to be more consistent with other bodies. Particular internal instances that would have been identified as a data breach in 13/14 are now classed as security incidents rather than a breach. An example is where a Council officer has emailed personal information to an incorrect Council officer using the Council's email system. In this example there has been no breach to 'outside 3rd parties' or use of the information as the issue has been contained internally. Where security incidents do occur reminders are issued and lessons are still learnt by the appropriate service area.

7.3.3 None of the data breaches detailed above were serious enough to meet the Information Commissioner's rationale for reporting serious breaches to them.

7.3.4 For each of the confirmed breaches IG agreed actions with the relevant management team to minimise the impact of the breach on the customer. The Council has also

changed procedures and provided training to reduce the possibility of similar data breaches occurring in the future.

- 7.3.5 Any lessons learnt from data security incidents are shared locally with appropriate employees. In addition to this the IG Team communicates half yearly lessons learnt highlighted by data breach investigations to all services across the Council – the lessons learnt from April 2014 – September 2014 are attached as **Appendix F** for information.

7.4 Information Governance Work Programme

- 7.4.1 The IG Team, in addition to the administration of information rights legislation and the investigation of data security breaches, set down a work programme to further improve the information governance framework of the Council. The 2014/15 IG work programme was agreed at the March 2014 Audit Committee. Progress to date in respect to this programme is shown attached as **Appendix G**.
- 7.4.2 The next update to the Audit Committee on Information Governance will be the 2015/16 update report, incorporating activity during April – mid August 2015 which will be presented to the September Audit Committee.

8 CONCLUSIONS FOR 2014/15

- 8.1 Despite limited resources and adhoc requests for work the Internal Audit & IG Team has performed well and made a positive contribution to the governance arrangements within the Council.
- 8.2 The statutory responsibilities of the Council's Chief Financial Officer (section 151 officer) in respect to internal audit and internal control have been met and Internal Audit has provided reasonable assurance to the Council on the Council's internal controls, governance and risk management processes for the areas reviewed in 2014/15.
- 8.3 The Internal Audit & IG Team has also continued to provide advice and guidance on governance, procedures, controls, information security and risk management.
- 8.4 However, there are numerous major changes occurring both within and outside the Council during 2015/16 which could affect the team's activities, for example :-
- a) General and Unitary elections results May 2015. This could result in changes to expectations locally and nationally of local government - it's policies and legislation;
 - b) The continued pressure on the Council's budget strategy for 2015/16 and beyond may result in further changes to the service and resources but endeavouring to ensure that Internal Audit resources are not reduced;
 - c) Further service restructures and re-engineering across the Council, revised governance arrangements and reduced supervisory levels;
 - d) The continued development of relationships with revised service delivery areas to ensure the team continues to support the authority in achieving its objectives.
 - e) Consideration of the future changes to the external audit and inspection regime;
 - f) Changes in any information rights legislation and guidance; and
 - g) The Council's key projects including Adult Social Services and Adult Care Act, Commercial Projects (including the Housing Investment programme) and Single Status.

9 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. However, it should also be noted that work undertaken as part of this report was done so under the duty contained in previous legislation namely the Accounts and Audit (England) Regulations 2011 which stated that a 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. 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 and an Annual Report to this Committee contributes towards meeting these requirements.</p> <p>Further reference to legal requirements and the implementation of those legal requirements in accordance with CIPFA guidance are contained within the main body of the report at paragraphs 3.3, 6.1.1 and 6.2.1 respectively.</p> <p>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>Audit & IG operated within budget for 2014/15 with an under spend at the end of the year due to vacant posts. Audit & IG team members will identify cost implications arising from reviews wherever possible.</p> <p>The budget for external audit of £166k was under spent for 2014/15 by £19k mainly as a result of refund received in year from the Audit Commission in</p>

	<p>respect of the 2013/14 main audit fee. 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 allocation identified to meet this. MLB 22.05.15</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.

10 **BACKGROUND PAPERS**

Annual Audit Plan 2014/15 and Charter
Internal Audit PSIAS Action Plan
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 - 2011 and 2015
Corporate Information Security Policy
Corporate Information Security Breach Procedure

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FINAL REPORTS ISSUED QUARTER FOUR – JANUARY TO MARCH 2015

Audit Area	Opinion	Follow Up Due	Days allocated	Days Taken	Variance %
Housing Benefits & Local Council Tax Support Scheme	Yellow	As part of annual audit	25	24	-2%
P2P – Purchase to Payment	Yellow	2015-16 audit	25	28	+12%
Pensions Processes & Systems	Green	August 2015	7	7.5	+0.7%
Public Health Standards Compliance	Yellow	August 2015	10	2	-80%
Mount Gilbert School	Red	June 2015	8	21	+163%
Main Accounting General Ledger	Yellow	As part of annual audit	30	20	-33%
Cash Collection	Yellow	As part of annual audit	20	10	-50%
Vacant units	Yellow	September 15	5	5	0
Haughmond Hill Catering	Amber	June 2015	5	8	+60%
Ice Rink Catering	Amber	June 2015	5	7	+40%
Ercall Wood Technology College	Yellow	September 2015	9.75	7	-28%
HR/Payroll	Yellow	As part of 2015-16 audit	18	16	-11%

AUDIT WORK AREAS WHERE SPENT MORE THAN ONE DAY

Audit Area	Days
Adult Social Care Project	1.5
Advice & Consultancy	26
Burton Borough Data Audit	2
Care Provider Complaint	13
Cash Collection	7
Charlton School Audit	7
Darby Road Complaint	2
Direct Payment case Review following referral	7
Ercall Wood School	7
Flood Plan Actions Follow Up	2
Follow ups	2
Food Hygiene Rating System	3
Governance review	1.5
Halcrow Contract	5
Housing Benefits (including Welfare Reforms)	1.5
HR/Payroll 2014-15	16.5
ICT audit contract monitoring and file review	2.5
Library Public Use Machines review	2
Main Accounting 2014-15	19
Mobile Catering	5.5
Mount Gilbert School	3.5
National Fraud Initiative	3.5
Oakengates Children's centre Follow Up	4.5
Oakengates Children's Centre – additional audit work requested following a referral	6
P2P - creditor payments (2014 - 2015)	2
PCI Compliance	1.5
Pension systems & processes (2014 - 2015)	3
Priority System Backup/Storage Review	2
Proactive Fraud work	5
Procurement - review of a sample of contracts	6
Section 17 payments	7
Shared Lives	1.5
Transport Grant (2014-15)	4
Troubled Families Grant	2
Vacant units	4
Review into potential Computer Misuse	2