

1 PURPOSE

- 1.1 To update members on the work of Internal Audit during quarter one – April – June 2017
- 1.2 To update members on the work of the Information Governance Team from April – July 2017

2 RECOMMENDATIONS

- 2.1 That members of the Audit Committee note the information contained in this report in respect to the work of Internal Audit & Information Governance for quarter one 2017/18 against the PSIAS.

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 update for 2017/18 in respect to quarter one – April- June 2017.
- 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 includes information governance which consists of several aspects:
 - Data Protection & Privacy
 - Freedom of Information
 - Information Security
 - Information Sharing & Confidentiality
 - Information & Records Management
 - Information Quality & Assurance
- 3.3 This report provides an update to members on the activities of the Information Governance Team from April – end July 2017.

4 PREVIOUS MINUTES

- 4.1 Audit Committee 27th June 2017– 2016/17 Internal Audit Quarter 4 Update Report and Internal Audit Plan 2017/18 and Information Governance Work Programme
Audit Committee 20th September 2016 – Internal Audit Quarter 1 (16/17) update and IG update to July 2016.
Audit Committee 31st January 2017 – Internal Audit Update report Quarter 2 and 3

5 QUARTER 1 - INTERNAL AUDIT UPDATE

- 5.1 This report provides information on the work of Internal Audit from 1st April – 30th June 2017 and provides an update on the progress of previous audit reports issued.
- 5.2 The key focus for the team during the quarter was the commencement of the 2017/18 audit plan and completion of the few audits outstanding from 2016/17 audit plan. The Audit & Governance Team have been restructured, with effect from 12 June 2017.
- 5.3 Work continued on agreeing the longer term arrangements for IT and general audit provision for 18/19 onwards. This is due to the current extended framework contract ending on 31st August 2017. Staffordshire County Council are undertaking a repeat procurement for the framework which now includes other local authorities which should assist in securing even better value for the Council as one of the members. Tender presentations are being held in Staffordshire on the 25 August 2017.
- 5.4 The following internal audit update report appendices are attached:
- i) **Appendix 1** – 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 2** – List of all work undertaken for quarter one for a period of 1 day or more.
 - iii) **Appendix 3** - Previous graded reports from April 2014 to March 2017 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 4** – Summary of the 5 amber reports issued in quarter one
- 5.5 Appendix 1 shows 18 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
Children in Care Personal Savings	+61.04%	This audit involved seeing more officers within the service area and also across the Authority than anticipated. This also caused delays on the issue of the audit report.
Central Leisure & Administration	+28.75%	New area of audit and time taken to agree the draft report.
Nuplace	+136.75	This was a completely new area to audit which resulted in more research and testing was more complex than originally envisaged.
St Patricks RC Primary School	+25%	The School Business Manager had been on maternity leave and the school had a number of issues with cover whilst she was off this resulted in additional work during the visit.
Contract Review - Information And Advice Services Between Borough Of Telford & Wrekin And Telford & Wrekin Citizens Advice Bureau (My Choice)	-15.3%	Files were very well organised which helped with audit.

The reasons for the variances are as explained above and the scopes and time allocations for 2017/18 audits will be informed by this information and will be closely monitored.

5.6 From Appendix 1 there were 5 Amber reports issued during quarter one. A summary of each report is provided in Appendix 4. For these Amber reports management actions and time scales were agreed to implement the recommendations. Follow ups are either in progress or planned and the results will be reported in the Committee in January 2018.

5.7 Areas of more than 10 days from Appendix 2 are explained below:

Audit Area	Days	Explanation
Advice & Consultancy	13	The organisation continues to change and do things differently but there is the desire to get controls, processes and procedures right hence service areas are seeking help and advice.
Cash Collection (2017-2018)	12	This audit is ongoing and currently within budget

5.8 From Appendix 3 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.	Control of Privileged Users	Amber	Amber	2 nd follow up to be undertaken January 2018
2.	Setting up Home Grant	Amber	Amber	New audit to be undertaken 2017/18
3.	Transport Adults	Amber	Amber	New audit to be undertaken 2017/18
4.	Children's Arrangement Orders	Amber	Amber	3 rd follow up in progress during September 2017

5.9 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.

Quality Assurance and Improvement Programme

5.10 The Audit & Governance Team Leader has undertaken quarterly spot checks of audit files to review compliance to the PSIAs alongside the normal quality review process applied to all audit assignments. No issues were identified in quarter 1.

6 INFORMATION GOVERNANCE UPDATE APRIL-END OF JULY 2017

6.1 The IG work programme for 2017/18 was presented and approved at the June 2017 Audit Committee. Appendix 5 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 17/18.

6.2 The Council has received 371 FOI requests in this period. Out of 332 requests responded to (the remaining 39 requests were not due to be responded to in this period), 294 (88%) have been responded to within the 20 working day statutory period; this is against the Information

Commissioners benchmark of 90%. It takes on average 11 days to respond to each request we receive.

- 6.3 The Council has also received 17 EIR requests in the same period. Out of 15 requests responded to, 12 (80%) have been responded to within the 20 working day statutory period; this is against the Information Commissioners benchmark of 90%. It takes on average 11 days to respond to each request we receive.
- 6.4 For the same period we had received 13 Subject Access Requests (SARs) under the Data Protection Act 1998. Out of 7 requests responded to 5 (72%) responded to (the remaining 6 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 90%).
- 6.5 Also in this period we have received and responded to 5 appeals from requestors who was not satisfied with the response they received to their information request. Out of these 5 appeals, 1 was withdrawn, 1 was not upheld and the remaining 3 are currently being processed. 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 & Governance Team Leader hears all appeals received.
- 6.6 During this period we have continued to process an ongoing complaint that was made to the ICO by a requester who was unhappy with responses given to their information requests. The matter is currently being dealt with by the First Tier Tribunal and an update on this will be presented to the Audit Committee as part of the next IG update report. Also during the period the ICO provided a decision notice on a complaint made to them during 16/17. The ICO decision notice stated that the Council had acted correctly and had processed the request for information in accordance with legislation.
- 6.7 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 5 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.

Category/Type	Number of cases (%)	Number of Formal Complaints received from Data Subjects
Information accidentally sent/made available to the incorrect recipient	4 (80 %)	1
Inappropriate access of an information system	1 (20%)	1
TOTAL	5	2

- 6.8 The Information Governance Team, in conjunction with Organisational Development & Delivery, have devised a number of guidance notes and training modules to assist in equipping the Council in complying with the new General Data Protection Regulations (GDPR) from May 2018.

7 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	All members of the Audit 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 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 sets out the detailed requirements for local authorities in relation to keeping adequate accounting records and control systems, preparing, approving and publishing a statement of accounts, and making various documents available for public inspection, and objection and questioning by local electors. The authority “must ensure” that it has (and reviews) a “sound system of internal control”: Regulation 3. It “must undertake an effective internal audit”: Regulation 5. There is a new requirement to prepare and publish a “narrative statement”, commenting on the authority’s financial performance and economy, efficiency and effectiveness in the use of resources over the year.</p> <p>The information set out in this report illustrates the work that has been undertaken to meet the appropriate statutory requirements.</p> <p>The Public Sector Internal Audit Standards (PSIAS) is mandatory across the whole of the public sector. The purpose of the PSIAS is defined as follows:</p> <ul style="list-style-type: none"> • define the nature of internal auditing within the UK Public Sector; • set basic principles for carrying out Internal Audit in the UK Public Sector; • establish a framework for providing internal audit services in respect of organisational processes and operations; • facilitate the development of an effective Quality Assurance and Improvement Programme and; • define a mandatory Code of Ethics. <p>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 5.1.1, 6.1 and 6.3 respectively. 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 at paragraph 6.3 is mandatory. When assessing compliance, the ICO will consider approved policies and procedures of the authority.</p> <p>Each NHS organisation is required to have a Caldicott Guardian under Health Service Circular HSC 1999/012 dated 22 January 1999. The Circular applies to all organisations which have access to patient records, including acute trusts,</p>

	<p>ambulance trusts, mental health trusts, primary care trusts, strategic health authorities, and special health authorities such as NHS Direct.</p> <p>Caldicott Guardians were subsequently introduced into social care with effect from 1 April 2002, under Local Authority Circular LAC (2002)2 dated 31 January 2002. Caldicott Guardians play a key role in ensuring that the NHS, Councils with Social Services Responsibilities and partner organisations satisfy the highest practical standards for handling patient identifiable information under a framework which complies with the requirements of the Data Protection Act 1998; they actively support work to enable information sharing where it is appropriate to share; and advise on options for lawful and ethical processing of information.</p> <p>NHS and Social Care Caldicott Guardians are required to be registered on the publicly available National Register of Caldicott Guardians. The UK Council of Caldicott Guardians, an elected body made up of Caldicott Guardians from health and social care, meets four times per year and has a published strategy, currently for 2011-2016. The Health & Social Care Information Centre [HSCIC] publishes guidance and resources for Caldicott Guardians. SD 19.04.2017</p>
Links with Corporate Priorities	All aspects of the Audit teams work support good governance which underpins the achievement of the Council's objectives and priorities.
Risks and Opportunities	All aspects of the Audit teams work supports managers and the Council to identify and manage their risks and opportunities.
Financial Implications	Financial monitoring is currently showing that Audit & Governance are operating within budget for 2017/18. Audit and Governance team members will identify cost implications arising from reviews wherever possible. There are no financial implications arising from adopting the recommendations of this report.
Ward Implications	The work of the Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards.

8 **BACKGROUND PAPERS**

Annual Audit Plan 2016/17 and Charter

Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK

Public Sector 2013 and updated January 2017

CIPFA Local Government Application Note – April 2013

Accounts and Audit Regulations – 2015

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FINAL REPORTS ISSUED QUARTER ONE– APRIL – JUNE 2017

Audit Area	Opinion	Follow Up Due	Days allocated	Days Taken	Variance %
Newport Infant	Yellow	Quarter 3	8	7.37	-7.87%
Children in Care Personal Savings	Amber	Quarter 2	5.75	9.26	+61.04
Donnington Wood Infant	Yellow	Quarter 3	8	8.72	+9%
Tibberton Primary	Amber	Quarter 2	8	8.3	+3.75%
ICT Disaster Recovery	Yellow Amber	Quarter 3	*	*	*
Central Leisure & Administration	Amber	Quarter 2	8	10.3	+28.75%
Purchase ledger	Yellow	2017-18	*	*	*
Nuplace	Amber	Quarter 2	8	18.93	+136.75
St Patricks RC Primary School	Yellow	Quarter 3	8	10.0	+25%
Moorfield Primary	Yellow	Quarter 3	8	7.97	-0.4%
Records Management	Yellow	Quarter 3	*	*	
Insurance arrangements	Green	N/A	*		
GPC	Not graded	Quarter 3	Not Planned	6.9	
Contract Review - Information And Advice Services Between Borough Of Telford & Wrekin And Telford & Wrekin Citizens Advice Bureau (My Choice)	Yellow	Quarter 3	10	8.47	-15.3%
Hollinswood Primary	Yellow	Quarter 4	8	8.26	+3.25%
Holmer Lake Primary	Yellow	Quarter 4	8	7.96	-0.5%
Customer Contact Centre	Yellow	Qtr 3 (December)	8	7.6	-5%
Newport Infant	Yellow	Quarter 3	8	7.37	-7.87%

* 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
Benefits 2017/18	1
Cash Collection (2017-2018)	12
Corporate Governance (AGS)	9
Council Tax / NNDR	1
Council tax / NNDR (2017 - 2018)	1
Customer Contact Centre	1
Deprivation of Liberties Safeguards	1
Discharge from Hospital	1
Dothill Primary School	1
External Audit Liaison Meetings / External Inspections	1
External IT Audit Contract Monitoring & File Review	1
External IT Audit Procurement	2
Follow up - Supervision Policy review (16/17)	5
Follow ups	6
General Ledger - Fixed Asset Module	2
General Ledger 2017/18	1
HR & Payroll 2017/18	8
Headway replacement system (Arcus)	1
High Ercall Primary School	8
Hollinswood Primary School	8
Holmer Lake Primary School	8
Insurance	1
Intermediaries / Agency Workers (HMRC Toolkit requirements)	3
Leisure - Central Admin	1
Madeley Nursery	1
Madeley Parish Council	2
Moorfield Primary	1
My Choices	1
My Options	2
National Fraud Initiative	1
Oakengates Town Council	1
Off Contract Agency Workers	4
Pride in the High Street & Monitoring	2
Procurement inc GPC	1
Property Services/Facilities Management/BIT Op's review	1
Purchase Ledger 2017/18	1
Review of Contracts	3
Risk Management 2017/18	2
Sales Ledger 2017/18	1
Ski Centre	4
Sports Development (Active & Creative Communities)	1
St Patricks RC Primary School	9
Trading to External Providers	1
Transfer of Facilities (Markets,Community C. & Libraries)	3
Treasury Management (2017 - 2018)	3
William Reynolds Primary School	6

Information Governance (IG) Work/Compliance Programme 2017/18

No	Task	Completion date	Position at end of July
1	Administer FOI/EIR/DPA requests, appeals and associated correspondence from the ICO.	Ongoing	Ongoing
2	Continue the provision and promotion of additional services to schools within and outside the area to generate agreed income.	Ongoing	Ongoing
3	Keep the T&W commercial website up to date to support the above.	Ongoing	Ongoing
4	Investigate instances of possible data breaches and ensure appropriate improvements within services and processes are made.	Ongoing	Ongoing
5	Support service areas to address any information security risks that arise.	Ongoing	Ongoing
6	Support information sharing/production of sharing agreements.	Ongoing	Ongoing
7	Support service areas in the completion of Privacy Impact Assessments for new systems/applications and those for priority existing applications.	Ongoing	Ongoing
8	GDPR Action Plan – implement IG actions and refresh plan.	Ongoing	Ongoing
9	Review arrangements on Information Asset Owners including Information Asset Registers.	End of April 17	Arrangements reviewed and further work being undertaken with ICT.
10	Agree and deliver an IG training and awareness programme.	Agree programme (with SIRO) – End May 17 Deliver programme throughout 17-18	Ongoing
11	Review compliance with ICO Privacy Notices Code of Practice (for GDPR).	End of June 17	Complete
12	Review compliance with Privacy Impact Assessments Code of Practice (for GDPR).	End of August 2017	Ongoing
13	Report to the Audit Committee on progress against the work programme and any issues arising.	September 2017 June 2018	Ongoing
14	Review compliance with Subject Access Code of Practice (for GDPR)	End of November 2017	Not started

15	Implementation of classification scheme.	End of December 2017	Not started
16	Review compliance with the Anonymisation Code of Practice (for GDPR)	End of January 2018	Not started
17	Review compliance with Data Sharing Code of Practice (for GDPR)	End of March 2018	Not started
18	Review and update the Corporate Information Security Policy (CISP)	End of March 2018	Not started
19	Create outstanding policies from the IG security framework and disseminate changes across the Council.	End of March 2018	Not started
20	Complete N3 connection assessment for central government.	End of March 2018	Not started
21	Implement findings of the IG related audits	As required in each audit report	Ongoing