

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 24th July 2018

2018-19 INTERNAL AUDIT UPDATE REPORT

REPORT OF THE AUDIT & GOVERNANCE TEAM LEADER

1 PURPOSE

1.1 To update members on the work of Internal Audit for the period 30/4/18 to 30/6/18

2 RECOMMENDATIONS

2.1 That members of the Audit Committee note the information contained in this report in respect to audit work between 30 April 2018 to 30 June 2018

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 2018/19 in respect to audit reports between 30/4/18–30/6/18.

4 PREVIOUS MINUTES

Audit Committee: 31 January 2017
 27 June 2017
 19 September 2017
 30 January 2018
 29 May 2018

5 INTERNAL AUDIT UPDATE

5.1 This report provides information on the work of Internal Audit from 30 April 2017 to 30 June 2018 and provides an update on the progress of previous audit reports issued (August 2015 – April 2018)

5.2 The key focus for the team during this period was the completion of the audit plan including the fundamental systems audits.

5.3 The following internal audit update report appendices are attached:

- i) **Appendix 1** – List of final reports issued this period 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 this period of 1 day or more.
- iii) **Appendix 3** - Previous graded reports from August 2015 to April 2018 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 amber/red reports issued this period

5.4 Appendix 1 shows 7 reports were issued this period. 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
Stirchley Recreation Centre	+15%	A lot of analysis work undertaken and an extensive work programme.
School Catering	+22%	4 schools visited and testing took longer than expected to ensure that everything cross referenced.
Setting up Home Grant	+56%	Lots of additional testing and analysis undertaken to try and reconcile the allocation of grant money back to Agresso.

The reasons for the variances are as explained above and the scopes and time allocations for 2018/19 audits will be informed by this information and will be closely monitored.

5.5 From Appendix 1 there were 2 amber reports issued during this period. 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 planned and the results will be reported to the Committee in October.

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

Audit Area	Days	Explanation
My Options (Young Peoples Services)	12	30 days allocated for 3 pieces of work in the service area 2 still to complete

5.7 From Appendix 3 the position on reports which remain Red/Amber after a follow up has been undertaken are as shown in the table below

No	Area Audited	Original Grade	Revised Grade	Current position/comments
1	Wellington Leisure Centre	Amber	n/a	Follow up in progress
2	ICT – Wireless Network Management Arrangements	Red/ Yellow	n/a	Follow up to be undertaken as part of ICT 2018/19 audit plan

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.

Quality Assurance and Improvement Programme

5.9 The Audit & Governance Team Leader has continued to undertake 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 during this period

Benefits Subsidy

- 5.10 The appointment to undertake this audit work is carried out separately to the Council's main audit contract. Following a procurement exercise Grant Thornton have been awarded the contract to audit the benefit subsidy. This contract will start from April 2019 for them to audit the 2018/19 benefit work.

The Benefits Team have notified the Department for Work and Pensions as required by their 4th July 2018 deadline.

6 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 (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>In the event that an audit reveals a legal issue or concern this is referred to the Council's Legal Services Team and/or the Council's Monitoring Officer for further advice and assistance.</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, IG, Insurance & Investigations are operating within budget for 2018/19. There are therefore 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.

BACKGROUND PAPERS

Annual Audit Plan 2018/19 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

FINAL REPORTS ISSUED 30 APRIL 2018 – 30 JUNE 2018

Audit Area	Opinion	Follow Up Due	Days allocated	Days Taken	Variance %
Stirchley Recreation Centre	Yellow	November 2018	8.00	9.2	+15%
ICT Strategy and Risk Management *	Yellow	November 2018	8	8	n/a
ICT Active Directory & Single Sign on *	Yellow	November 2018	12	12	n/a
School Catering	Green	n/a	8.25	10.06	+22%
Oakengates Nursery School	Green	n/a	8.25	7.44	-0.90%
My Options Young Peoples Services – Purchasing & Procurement	Amber	October 2018	30 days for 3 pieces of work in the service area 2 still to complete	18.5	To be reported on once all work is complete
Setting up Home Grant	Amber	October 2018	7	10.91	+56%

* Work undertaken by specialist third party contractor under framework contract

**AUDIT WORK UNDERTAKEN FOR THIS PERIOD (30/4/18 – 30/6/18) FOR A PERIOD OF 1 DAY
OR MORE**

AUDIT AREA	DAYS
Advice & Consultancy including org change	3
Commercial Projects	2
Council Tax & NNDR (2018-19)	4
Direct Payments	4
Follow ups	3
John Randall	6
Ladygrove Primary School	7
My Options (Young Peoples Services)	12
Oakengates Children's Centre	7
Ombudsman Complaints	3
Planning Income	2
Red & Amber Follow up - Core Groups	1
Red & Amber Follow up - deprivation of Liberty Safeguards	3
Red & Amber Follow up - Discharge from Hospital	2
Red & Amber Follow up - My Options (Comfort Funds)	1
School Catering	2
Setting up Home Grant	7
Southall School	7
Treasury Management (2018-19)	2