

**TELFORD & WREKIN COUNCIL**

**AUDIT COMMITTEE 23 July 2019**

**INTERNAL AUDIT UPDATE REPORT**

**REPORT OF THE AUDIT & GOVERNANCE TEAM LEADER**

**1 Purpose**

To update members on the progress made against the 2019/20 Internal Audit plan and to provide information on recent work of Internal Audit.

**2 Recommendations**

Members of the Audit Committee to note the information contained in this report in respect to Internal Audit work undertaken between 1 May 2019 and 30 June 2019.

**3 Summary**

- 3.1 This report provides information on the work of Internal Audit from 1 May 2019 to 30 June 2019 and provides an update on the progress of previous audit reports issued.
- 3.2 The key focus for the team during this period was the completion of the audit plan.
- 3.3 The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report issued at year-end. All audit reports issued during the year are given an overall audit opinion based on the following criteria:

<b>Level of Assurance/Audit Opinion &amp; Definition</b>	
<b>Good (Green)</b> There is a sound system of control designed to address relevant risks with controls being consistently applied.	<b>Reasonable (Yellow)</b> There is a sound system of control but there is evidence of non-compliance with some of the controls.
<b>Limited (Amber)</b> Whilst there is a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.	<b>Poor (Red)</b> The system of control is weak and there is evidence of non-compliance with the controls that do exist.

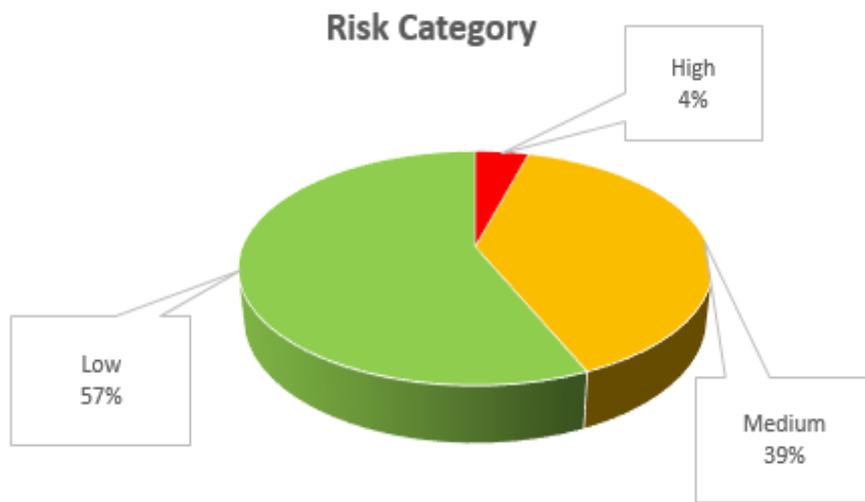
3.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

**High risk =** A fundamental weakness which presents material risk to the system objectives and requires immediate attention by management.

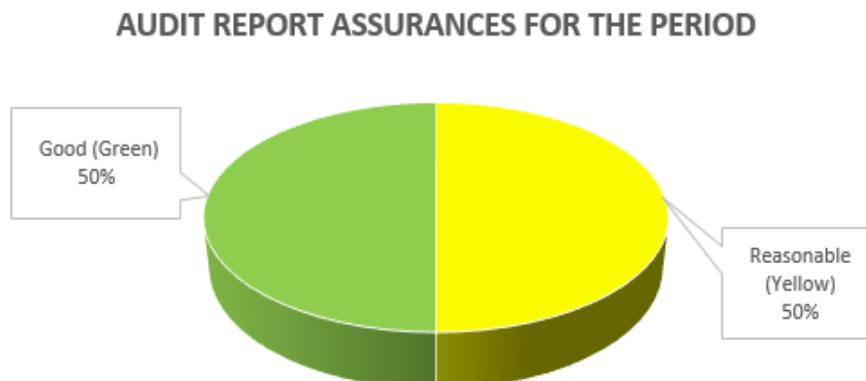
**Medium risk =** A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

**Low risk =** A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

3.5 The chart below shows the number of high, medium and low risk recommendations made for the reports issued during this period.



3.6 The level of assurance (based on table 3.3 above) for audit work undertaken in this period and for the corresponding status at the audit follow up stage is detailed below.



3.7 The information in the above pie charts is broken down in the summary table below. Please note audits in grey text will not be followed up due to the associated audit opinion and level of risk.

AUDIT REPORTS ISSUED BETWEEN 1/5/19 – 30/6/19 AND CURRENT STATUS					
Area	Date of Report	Original Audit Grade	Follow up undertaken	Revised Grade	Comments
General Data Protection Regulation (GDPR)	17/5/19	Yellow (Reasonable)	November 2019	TBC	
Sales Ledger (18/19)	20/5/19	Yellow (Reasonable)	Included in 19/20 audit	TBC	
New Social Care System - Liquidlogic	24/6/19	Yellow (Reasonable)	December 2019	TBC	
Telford Land Deal	13/5/19	Green (good)	n/a	n/a	
Madeley Town Council	14/5/19	Green (good)	n/a	n/a	
Benefits	7/6/19	Green (good)	n/a	n/a	

Detailed below is the status of any reports previously issued and reported to Audit Committee. Members should note that once reports have reached a green status and have been reported to members they are excluded from future Audit Committee reports.

PREVIOUSLY ISSUED REPORTS & CURRENT STATUS					
Area	Date of Report	Original Audit Grade	Follow up undertaken	Current Grade	Comments
My Options YP services – Operational	20/2/19	Red	1 <sup>st</sup> follow up undertaken May 2019.	Yellow	2 <sup>nd</sup> follow up to be undertaken November 19.
Direct Payments Children & Adults	10/12/18	Adults/ = Red FCM = Red Children = Amber	1 <sup>st</sup> follow up undertaken April	Adults = Yellow Children = Yellow FCM = Amber	2 <sup>nd</sup> follow up to be undertaken July 2019. Then full audit in qtr 3 or 4. As previously reported the Assistant Director – Customer & Neighbourhood Services is working on an action plan with the FCM team to address outstanding issues
Discharge From Hospital	16/3/18	Amber	2 <sup>nd</sup> follow up undertaken May 19 changed to	Yellow	No further follow up to be undertaken.

			yellow grading		
My Options Young Peoples Services - Income	21/9/18	Amber	1 <sup>st</sup> follow up undertaken January 19	Yellow	2 <sup>nd</sup> follow up to be undertaken August 19.
Queenswood Primary School	17/10/18	Yellow	1 <sup>st</sup> follow up undertaken May 19	Yellow	2 <sup>nd</sup> follow up to be undertaken November 19. Change of head meant that implementation of some recommendations were delayed.
Permit for Utilities working on the highways	14/11/18	Yellow	1 <sup>st</sup> follow up undertaken May 2019	Yellow	No further follow up undertaken
Phoenix Leisure Centre	11/1/19	Yellow	Follow up to be undertaken July 19	TBC	
ICT Back Up & Storage	1/3/19	Yellow	Follow up to be undertaken September 19	TBC	
ICT Anti –Virus	1/3/19	Yellow	Follow up to be undertaken September 19	TBC	
3 <sup>rd</sup> party access wired & wireless network	30/4/19	Yellow	Follow up to be undertaken October 19	TBC	
Single sign on	23/4/19	Yellow	Follow up to be undertaken October 19	TBC	

Internal Audit is confident and have 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.

#### **4 Changes to the audit plan**

4.1 During this period there have been no changes to the 19/20 audit plan.

#### **5 Unplanned work**

5.1 Between the 1 May 2019 and 30 June 2019 the Audit Team undertook school fund audits. A new School Fund Auditor started on the 28 May 2019 and are now working on clearing any outstanding school fund audits.

## 6 Quality Assurance and Improvement Programme

- 6.1 The Audit & Governance Team Leader has continued to undertake quarterly spot checks of audit files to review compliance to the Public Sector Internal Audit Standards (PSIAS) alongside the normal quality review process applied to all audit assignments. No issues were identified during this period.

## 7 Internal Audit Adding Value

- 7.1 The Internal Audit function adds value to the Council's services in numerous ways. Recently from its work compiling the Annual Governance Statement (AGS), Internal Audit have worked with the Commissioning, Procurement & Brokerage SDM to highlight particular services where improvement was required in a number of procurement related activities. The Commissioning, Procurement & Brokerage SDM now intends to provide targeted training and awareness in these areas. This therefore closes the 'governance circle' for this area of Council activity.

## 8 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 2019/20. 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.

### Previous minutes:

30 May 2019  
29 January 2019  
2 October 2018  
24 July 2018  
29 May 2018

**Background Papers:**

Annual Audit Plan 2019/20 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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