

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 1 OCTOBER 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 the 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 July 2019 and 6 September 2019

3 Progress on Completion of the Annual Audit Plan & Changes made to the Plan

3.1 Audit Committee members approved the 19/20 Internal Audit plan at the May committee meeting. Appendix 1 of this report shows the current progress made against the plan. There are a total of 69 jobs on the plan, 3 complete and 16 in progress/near completion.

Between the period 1/7/19 -6/9/19 there have been no changes to the plan.

4 Summary

4.1 This report provides information on the work of Internal Audit from 1 July 2019 to 6 September 2019 and provides an update on the progress of previous audit reports issued.

4.2 The key focus for the team during this period was the completion of the audit plan.

4.3 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:

Level of Assurance/Audit Opinion & Definition	
Good (Green) There is a sound system of control designed to address relevant risks with controls being consistently applied.	Reasonable (Yellow) There is a sound system of control but there is evidence of non-compliance with some of the controls.
Limited (Amber) 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.	Poor (Red) The system of control is weak and there is evidence of non-compliance with the controls that do exist.

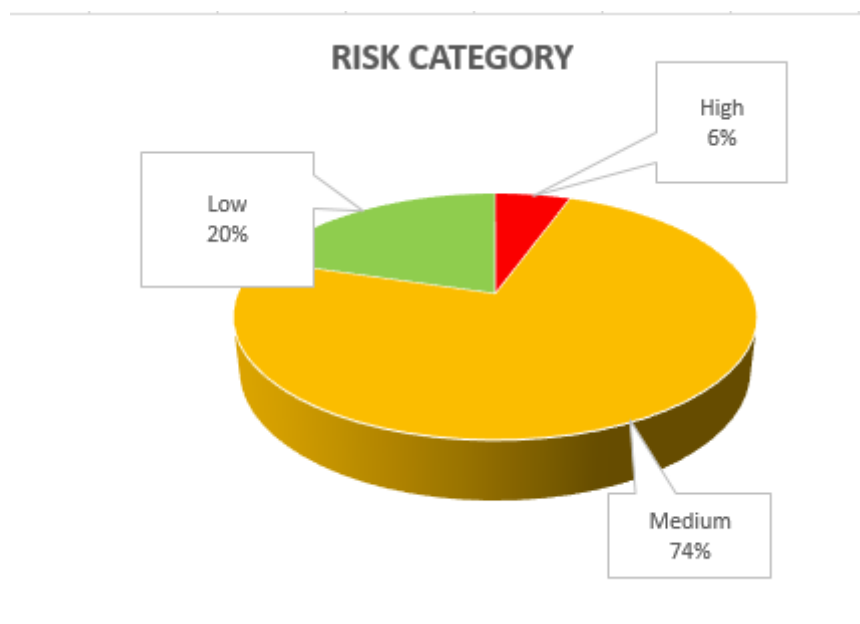
4.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

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

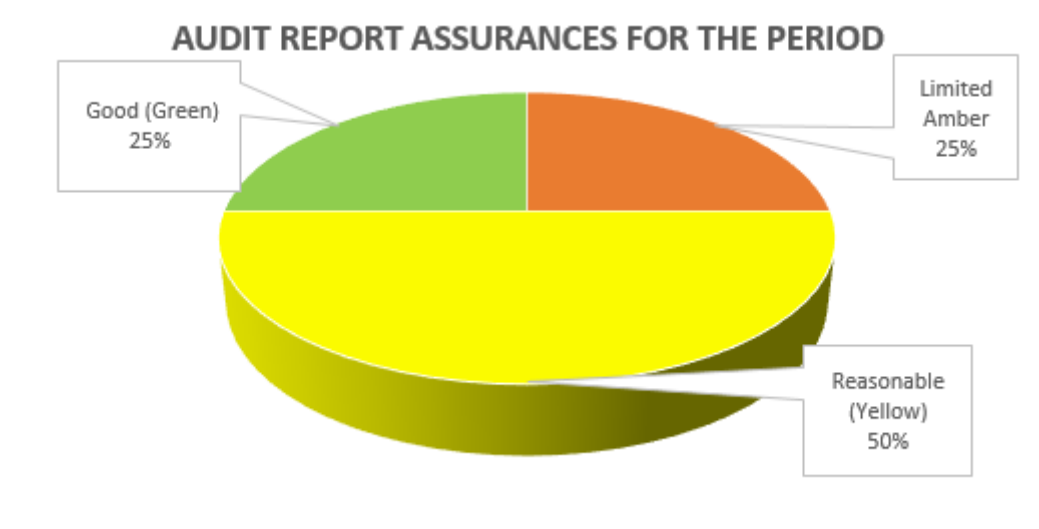
Medium risk = A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

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

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



4.6 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.



4.7 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 1/7/19 – 6/9/19 AND CURRENT STATUS					
Area	Date of Report	Original Audit Grade	Follow up undertaken	Revised Grade	Comments
Newport Pool	15/8/19	Amber	Due Nov 19	N/a	
Syrian Refugee	6/8/19	Yellow	Due Feb 20	N/a	
Horsehay Golf Centre	23/7/19	Yellow	Due Jan 20	N/a	
Benefits	5/9/19	Green	N/a – green report	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	Current status / Comments
My Options YP services – Operational	20/2/19	Red	1 st follow up undertaken May 2019.	Yellow	2 nd follow up to be undertaken November 19.
Direct Payments Children & Adults	10/12/18	Adults/ = Red FCM = Red Children = Amber	1 st follow up undertaken April 2019	Adults = Yellow Children = Yellow FCM = Amber	2 nd follow up in progress. However more in depth testing will be carried as part of the new audit to be undertaken Qtr 3. This will allow new processes to be embedded prior to the full audit.
My Options Young Peoples Services - Income	21/9/18	Amber	2 nd follow up undertaken August 19. Remained Yellow	Yellow	3 rd follow up to be undertaken Feb 2020
Queenswood Primary School	17/10/18	Yellow	1 st follow up undertaken May 19	Yellow	2 nd follow up to be undertaken November 19. Change of Head Teacher meant that implementation of some recommendations were delayed.
Phoenix Leisure Centre	11/1/19	Yellow	First follow up undertaken July 2019, now moved to a green grading.	Green	n/a
ICT Back Up & Storage	1/3/19	Yellow	Follow up to be undertaken September 19	n/a	n/a
ICT Anti –Virus	1/3/19	Yellow	Follow up to be undertaken September 19	n/a	n/a

3 rd party access wired & wireless network	30/4/19	Yellow	Follow up to be undertaken October 19	n/a	n/a
Single sign on	23/4/19	Yellow	Follow up to be undertaken October 19	n/a	n/a
General Data Protection Regulation (GDPR)	17/5/19	Yellow (Reasonable)	Follow up to be undertaken November 2019	n/a	n/a
New Social Care System - Liquidlogic	24/6/19	Yellow (Reasonable)	Follow up to be undertaken December 2019	n/a	n/a

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.

5 Unplanned work

5.1 There has been no unplanned worked between this period, however an audit has been undertaken at Oakengates Town Council, as part of a three year agreement with them.

6 Quality Assurance and Improvement Programme

6.1 Internal Audit maintains a Quality Assurance and Improvement Programme that complies with the Public Sector Internal Audit Standards (PSIAS) alongside the normal quality review process applied to all audit assignments. The Audit & Governance Team Leader undertakes an independent monthly check of 1 or 2 (number dependent on number of completed audits that month) completed audit files to ensure they comply with:

- Requirements of the PSIAS
- Rules of the Code of Ethics
- Agreed Internal Audit process and procedures
- Approved Internal Audit Charter

Only minor Internal Audit procedural issues have been found from these checks and these had been fed back to the Internal Auditors to aid continuous improvement in the service.

7 Internal Audit Adding Value

7.1 The Internal Audit function adds value to the Councils services in numerous ways. During this period checks were made on the information that feeds into the 18/19 benefit subsidy claim.

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	<p>Where Audit findings result in changes to service delivery or controls etc the financial consequences are managed as part of the implementation of such changes. Therefore, there are no financial implications of accepting the recommendations of this report.</p> <p>RP-9/9/19</p>
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
 30 January 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

Report by: Tracey Drummond Principal Auditor. Telephone 383105