

Report of:	Chief Internal Auditor
Contact Officer:	Stephen Baddeley
Telephone No:	4415
Report Track:	Audit & Governance Committee only

AUDIT & GOVERNANCE COMMITTEE
27 SEPTEMBER 2016
INTERNAL AUDIT - QUARTER 1 REPORT FOR 2016-17

1 Purpose of Report

- 1.1 To present to the Audit & Governance Committee for information the Internal Audit Quarter 1 Report for 2016-17

2 Recommendations

- 2.1 That the Committee notes the contents of the Internal Audit Report for Quarter 1 of 2016-17.
- 2.2 That the committee approve the IT Audit Plan as set out in Appendix 5

3 Key Issues and Reasons for Recommendation

- 3.1 At the end of the quarter one audits had been completed at least to draft report stage and a further five audits were in progress. No Limited Assurance Audits have been issued in the quarter.
- 3.2 The IT Audit plan has been determined and is presented to committee for approval.

4 Relationship to Corporate Priorities

- 4.1 The system of internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities.

5 Report Detail

- 5.1 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-

up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.

- 5.2 Appendix 1 shows the performance of the section which whilst below target at the end of quarter is not of significant concern due to the amount of work-in-progress. When this is taken into account there are no major concerns in relation to the completion of the audit plan by the end of the year
- 5.3 The table below gives a summary of the level of assurance for each of the audits completed in the quarter. More detailed information on each of the reports issued is contained in Appendix 2.

Number of Audits	Assurance	Definition
0	Substantial ✓	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively. No action is required by management.
1	Partial ▲	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	Limited ✘	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.

- 5.4 Appendix 3 lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.
- 5.5 Appendix 4 contains the details of the follow-up audits issued in the quarter. One follow-up report has been issued in Quarter 1 but the area remained partial assurance.
- 5.6 Appendix 5 contains the IT Audit Plan for 2016-17 which was not presented with the main audit plan which was approved by the committee in March. The IT Audit Plan has been derived from a risk assessment exercise and has had input from the Head of Technology. The IT Audit plan is presented for approval in accordance with the terms of reference for the Audit & Accounts Committee.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

None

6.8 Equality & Diversity

None

6.9 Best Value

None

7 Appendices to the Report

- Appendix 1 – Audit Performance
- Appendix 2 – Audits Completed in Quarter 1
- Appendix 3 – Audits In progress
- Appendix 4 – Audit Follow-ups completed in the Quarter
- Appendix 5 – IT Audit Plan for 2016-17

Previous Consideration

None

Background Papers

- Audit Plan File
- Audit Time Recording System
- Internal Audit Reports

Appendix 1 - Audit Performance

Breakdown of the Planned Delivery of the Audit Plan by Quarter

Target Completion	Quarter %	No of Audits for Quarter	Cumulative %	Cumulative Total Number of Audits
Quarter 1	10	3	10	3
Quarter 2	25	8	36	11
Quarter 3	26	9	61	20
Quarter 4	39	13	100	33

Cumulative Performance Information at the end of the Quarter

	Planned Audits	Actual Audits			
		Complete	% Of Completed	Work In Progress	% WIP & Complete
Audit Plan	3	1	33%	5	200%
Commentary	Although the number of completed audits is below the target for the quarter when the work in progress is taken into account, there are no concerns at present in relation to the completion of the audit plan.				

Appendix 2 - Audits Completed in Quarter 1

Audit	Head of Service	Status	Number of Recommendations	Assurance	Comments & Key Issues
Equality & Diversity	Governance	Final	8	Partial 	Due to significant changes in legislation, there is a need to revise and re-issue the Council's Equality & Diversity Policy and to introduce appropriate framework to implement and ensure compliance with the policy. Whilst some work has been carried out the changes have been delayed for a number of reasons. A draft policy has been produced and is due to be approved later in the year, once implemented the operational framework will be established.

Appendix 3 - Audits in Progress

Audit	Head of Service
Civil Contingencies (Emergency Planning & Business Continuity)	Governance
Licensing & Hackney Carriages	Environmental Health
Private Sector Housing Grants	Environmental Health
Housing Maintenance	Housing & Waste Management
Fairer Charging Service	Financial Management

Appendix 4 - Audit Follow-ups Completed in the Quarter

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Leisure & Culture Major Projects	Environmental Health	Partial 	0	0	1	1	Partial 	No officer has formal delegation for corporate project management and therefore there is no one to develop and implement a corporate methodology. This is not to say that individual departments and projects do not use a project management process but that there is no consistency or approved methodology for various sized projects. Internal Audit will not follow this up again as Management has accepted the risks involved in not defining a corporate approach.

Appendix 5 – IT Audit Plan for 2016-17

Review	Days	Comments
IT Governance Input	8	This is not an audit but continued support to assist the Head of Technology to identify and develop the IT Governance Framework
High level IT Security Framework	12	A high level review of the key elements of the IT Security Framework
Account Management	8	A review of the arrangements in IT to hold account management meetings with user departments to manage relationships and identify service user requirements and address any issues.
Policy Management and Implementation	8	A review of the arrangements to manage IT policies and to ensure that they are effectively implemented.
Service Management including Service Desk	8	A review of the operation and management of the Technology service including the use of the Service Desk system to manage and monitor the work of the team.
BACS	10	A review of the software and operation of the BACS system used to collect Direct Debits and make payments.
Follow Up / Contingency	6	A small reserve to deal with ad hoc queries or emerging issues identified in the year.
TOTAL	60	