

Council Report

Audit Committee Meeting – 8 February 2017

Title

Internal Audit Progress Report for the two months ending 31 December 2016.

Is this a Key Decision and has it been included on the Forward Plan?

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author(s)

David Webster, Head of Internal Audit

Tel: 01709 823282 Email: david.webster@rotherham.gov.uk

Ward(s) Affected

All wards.

Executive Summary

This report provides a summary of Internal Audit work completed during the period November to December 2016 and the key issues that have arisen from it. It also provides information regarding the performance of the Internal Audit function during the period. Performance against key indicators is generally positive. The audit plan was reviewed and amended at the half year. Delivery against the amended plan is on schedule. No adverse audit opinions were issued during the last three months.

Following the presentation of the PWC review of Internal Audit report to the Audit Committee in February 2016, Veritau Ltd was commissioned to independently review and provide commentary on Internal Audit progress reports presented to the Audit Committee in 2016/17. Veritau Ltd has reviewed the attached report and have stated "We've reviewed the report and made a number of suggestions on presentation and highlighted areas for review. Overall, the report accurately reflects the work being undertaken by the team".

Recommendations

The Audit Committee is asked to:

- i) **Note the Internal Audit work undertaken since the last Audit Committee, November to December 2016, and the key issues that have arisen from it.**
- ii) **Note the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of the performance.**
- iii) **Note the independent assurance provided by Veritau Ltd on the report.**

List of Appendices Included

Appendix 1 – Internal Audit Progress Report for the two months ending 31 December 2016.

Background Papers

UK Public Sector Internal Audit Standards and Associated Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No.

Title: Internal Audit Progress Report for the three months ending 31 December 2016

1. Recommendations

The Audit Committee is asked to:

- i) Note the Internal Audit work undertaken since the last Audit Committee, in the period November to December 2016, and the key issues that have arisen from it.
- ii) Note the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of the performance.
- iii) Note the independent assurance provided by Veritau Ltd on the report.

2. Background

- 2.1 Internal Audit produced a risk based Annual Audit Plan in accordance with the UK Public Sector Internal Audit Standards. This was received by the Audit Committee at its meeting on 27 April 2016. The Plan is regularly reviewed and monitored during the year so that it provides sufficient coverage of the key risks facing the Council.
- 2.2 The plan was the subject of a half year review. All Strategic Directors were consulted to bring it up to date and match it to the available resources, whilst ensuring that it provides sufficient coverage to enable the year end Internal Audit opinion to be reached.
- 2.3 At the end of the financial year, Internal Audit will produce an Annual Internal Audit Report, which will provide our overall opinion on the adequacy of the Council's control environment and compliance with it during the year.
- 2.4 This is the fourth progress report and summarises the main activities of the Internal Audit service for the period since the last Audit Committee, in the period November 2016 to December 2016.

3. Key Issues

- 3.1 The fourth progress report is attached at **Appendix 1** and includes the following information:
 - Progress against the Audit Plan
 - Audit work, planned and responsive, undertaken during the period
 - Management assurance on the implementation of recommendations
 - Progress against the improvement actions from the external review
 - Internal Audit performance indicators.
- 3.2 Headlines from the report include:
 - An Internal Audit Plan for 2016/17 was produced in line with the UK Public Sector Internal Audit Standards.
 - The plan was reviewed and updated at the half year. Although there is an overall reduction in audit days it is still sufficient to give the required coverage. In the context of the changes happening within the service during this year so far, this is not a disturbing position. The changes being made now will increase efficiencies in future years.
 - Despite the challenges it faces, Internal Audit is exceeding other key performance targets, and feedback on several pieces of work completed demonstrate value added by the Service. This is demonstrating some positive progress on the improvement journey.

- Management responses and action plans were in place for most recommendations made by Internal Audit during the period. Management demonstrates a conscientious response to audit recommendations and overall ensures recommendations to improve internal controls are implemented. Details of the numbers of recommendations made; agreed; implemented and outstanding are also included in the progress report.
- Most of the actions from the external review have been completed. A new annual assessment against PSIAS has been carried out and the two remaining actions will become part of the action plan from that assessment.

3.3 Internal Audit progress reports are presented to the Audit Committee at each of its meetings. Veritau Ltd has been asked to review and provide independent comment on the progress reports during 2016/17. Veritau Ltd reviewed a draft copy of the progress report and selected supporting information. Veritau concluded: "We've reviewed the report and made a number of suggestions on presentation and highlighted areas for review. Overall, the report accurately reflects the work being undertaken by the team".

4. Options considered and recommended proposal

4.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides a summary of Internal Audit work completed and the key issues arising from it for the two months ending 31 December 2016 and information about the performance of the Internal Audit function during this period.

5. Consultation

5.1 All Internal Audit reports referred to in this report have been discussed and agreed with management in the respective service areas.

6. Timetable and Accountability for Implementing this Decision

6.1 The Audit Committee is asked to receive this report at its February 2017 meeting.

7. Financial and Procurement Implications

7.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

8. Legal Implications

8.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

"each principal authority 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."

8.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”

9. Human Resources Implications

9.1 There are no direct Human Resources implications arising from this report. However, it should be noted that the Chief Internal Auditor and the Assistant Director Audit, ICT and Procurement both left the Authority on 30th September 2016 and the new Head of Internal Audit (HIA) commenced on 17th October 2016, reporting directly to the Strategic Director Finance and Customer Services. A Senior Auditor was appointed and commenced work on 3rd October 2016. Another Senior Auditor commenced work on 23rd January 2017. The contract auditor used to cover the vacancies has now finished working for the Council. For the first time this year the team has a full complement.

10. Implications for Children and Young People and Vulnerable Adults

10.1 This document constitutes a report of progress against delivery of the Internal Audit Plan 2016/17. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People's Services and Adult Social Care, and that remains the case after the review of the plan.

11. Equalities and Human Rights Implications

11.1 There are no direct Equalities and Human Rights Implications arising from this report.

12. Implications for Partners and Other Directorates

12.1 Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives, including those set out in the Corporate Improvement Plan and Children's Services Improvement Plan.

13. Risks and Mitigation

13.1 An effective Internal Audit Department helps to minimise the Council's exposure to risk.

14. Accountable Officer(s)

David Webster, Head of Internal Audit.

Appendix 1:

Finance and Customer Services Directorate

Internal Audit Progress Report for the two months ending 31 December 2016

1. Purpose of the Report

- 1.1 To provide a summary of Internal Audit work completed and the key issues arising from it for the period since the last Audit Committee, covering November and December 2016.
- 1.2 To provide information regarding the performance of the Internal Audit function during the period.

2. Introduction

- 2.1 Internal Audit produced a risk based Annual Internal Audit Plan in accordance with the UK Public Sector Internal Audit Standards (PSIAS). This was received by the Audit Committee at its meeting on 27 April 2016. The plan is regularly monitored and reviewed during the year so that it provides sufficient coverage of the key risks facing the Council.
- 2.2 At the end of the financial year, Internal Audit will produce an Annual Internal Audit Report, which will incorporate an overall opinion on the adequacy of the Council's control environment and compliance with it during the year.
- 2.3 This report summarises the main activities of the Internal Audit service for the period since the last Audit Committee, covering November and December 2016. The report is presented to the Audit Committee to enable the Committee to fulfil its responsibility for overseeing the work of Internal Audit.

3. Legislation Surrounding Internal Audit

- 3.1 The provision of Internal Audit is a statutory requirement for all local authorities that for the period under consideration is set out in the Accounts and Audit (England) Regulations 2015. These state:

“each principal authority 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.”

- 3.2 Internal Audit also has an important role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are that:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

- 3.3 In order to deliver its functions as determined by statute and professional standards, Internal Audit has unrestricted coverage and access to all employees, records and assets of the Council. It has the authority to enter any Council premises and receive prompt response, every assistance, all

information and explanation from Council employees and Council Members. Additionally, it has unrestricted access to, and the freedom to report to, the Commissioners appointed by the Government, The Chief Executive; Head of Paid Service, the Responsible Financial Officer, the Monitoring Officer and the Audit Committee as per the requirements set out in PSIAS and the Internal Audit Charter.

4. Audit Planning Process

4.1 The 2016/17 Audit Plan was produced in line with the UK Public Sector Internal Audit Standards and examined the whole audit universe, taking into account of the following:

- Analysis of the Council's risk registers
- Examination of revenue and capital budgets
- Cumulative audit knowledge and experience of previous work undertaken
- Review of both Corporate Improvement and Service Plan objectives and priorities
- Discussions with Strategic Directors and Directors
- Knowledge of existing management and control environments
- Professional judgement on the risk of fraud or error.

4.2 The 2016/17 Audit Plan was approved by Audit Committee on 27 April 2016.

5. Factors affecting audit work completion during the year

5.1 The service has faced a very significant transition period involving a restructure and a further reduction in resources available to the team to 7fte for 2016/17 (from 9fte in 2015/16). During the summer 2016 the Service operated with only 4ftes with an additional temporary contracted auditor, due to vacancies within the Team. All of the three vacant posts have now been filled; one Senior Auditor level and the new Head of Internal Audit commenced in October 2016; the other Senior Auditor commenced on 23rd January. The temporary contracted auditor has now finished working for the Council.

5.2 In addition to a shortfall in resources, various other factors have continued to impact on the delivery of planned audit work, including:

- There has been no let-up in the demand for responsive audit work on potential irregularities or in response to whistleblowing allegations (140 days used against an annual provision of 120 days).
- Work and time required to progress actions in the PWC Review of Internal Audit Action Plan, and the implementation of and the assessment of compliance with the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) Action Plan (60 days)
- Devotion of resources into ensuring progress on the delivery of recommendations contained in the Anti-Fraud and Corruption Action Plan.
- Devotion of resources to update a number of key documents that have also been presented to the Audit Committee, including the Internal Audit Charter; Strategy, and Anti-Fraud and Corruption Strategy and Policy.
- Carried forward work from the 2015/16 audit plan (85 days)

5.3 The Veritau commentary on the Quarter 1 Progress Report in July included the following paragraph about reporting on the plan.

We would also suggest that aiming for 100% completion of the audit plan by year end is probably unrealistic. Even where the majority of fieldwork can be completed by March, there will inevitably be delays in finalising work. Most services we are aware of tend to set targets of audit plan completion in the range 80 - 90% - the point at which this is measured varies (end of March or end of April). The key is to make it clear that audit work is actually an ongoing process and % completion figures of less than 100% are a reflection of this. Veritau currently works on the basis of a 93% target for completion by the end of April. Actual planning years are April to March and we manage brought forward / carried forward work as part of work scheduling arrangements.

- 5.4 In the context of the challenges facing the Service and the changes happening during this year so far, the Service has made strong efforts and reasonable progress in keeping in touch with expectations relating to the delivery of planned work.
- 5.5 The Strategic Director Finance and Customer Services and Head of Internal Audit will continue to closely manage the situation, adjusting resources wherever required to ensure the service delivers the audit plan and achieves the necessary improvements outlined in the PWC report in February 2016.

6. Half year review of the Audit

- 6.1 The 2016/17 Audit plan was reviewed and updated at the half year. The aims of the review were to ensure that the plan remained relevant to match the available resources to the plan and to ensure that the plan enables the Head of Internal to give his annual opinion on the adequacy and effectiveness of the control environment. Progress against the plan is shown in **Appendix A**. This shows the original and revised plan. There have been no further changes to the plan.

7 Audit Work Undertaken During the Period

- 7.1 Internal Audit provides an 'opinion' on the control environment for all systems or services which are subject to audit review. These are taken into consideration when forming our overall opinion on the Council's control environment.
- 7.2 As part of its improvement plans, Internal Audit has introduced a new Executive Summary and reporting format, and a new opinion assessment scale. This provides four levels of assurance for any area under examination, these being "Substantial Assurance", "Reasonable Assurance" "Partial Assurance" and "No Assurance". This approach is considered to be more informative than the previous simple "adequate" / "inadequate" opinion that was given. Audit opinions and a brief comment for all audit work concluded since the last Audit Committee are set out in **Appendix B**.
- 7.3 In addition to the planned audit assurance work, Internal Audit also carries out responsive work and investigations into any allegations of fraud, corruption or other irregularity. Details of significant responsive work carried out since the last Audit Committee are set out in **Appendix C**.
- 7.4 There were no adverse opinions issued during the period.

8. Management Response to Audit Reports

- 8.1 Following the completion of audit work, draft reports are sent to the responsible managers to obtain their agreement to the report and commitment to the

implementation of recommendations. This results in the production of agreed action plans, containing details of implementation dates and the officers responsible for delivery.

- 8.2 Confirmation of implementation of audit recommendations is sought from service managers, in most cases two months after actions have been agreed. Where fundamental weaknesses in internal control arrangements have been identified, more detailed follow work is undertaken.
- 8.3 Internal Audit has now also introduced procedures to report any lack of progress in implementing recommendations to Directorate Leadership Teams, and where relevant, the Strategic Leadership Team and the Audit Committee.
- 8.4 A list of the number of recommendations made and their current status is attached at **Appendix D**. This now includes recommendations made in 2015/16 which are still outstanding. These will continue to be followed up with management.

9. Work for Outside Bodies

- 9.1 During the period Internal Audit provided audit services on a fee earning basis to two academies. Since academies are separate legal entities to the Council, this work does not have any impact on our overall opinion of the Council's control environment.

10. Internal Audit Performance Indicators

- 10.1 Internal Audit's performance against a number of indicators is summarised below. Both the chargeable time % and the cost per chargeable day were adversely affected in the last three months by the Christmas holidays. One report was issued late – an ICT report prepared by external resource which required greater review.

| Performance Indicator | 2016/17 Target | Sept and Oct 2016 | Nov and Dec 2016 |
|---|----------------|-------------------|------------------|
| Draft reports issued within 15 working days of field work being completed. | 95% | 100% | 100% |
| Percentage of 3 star (fundamental control weakness) recommendations agreed. | 100% | 100% | 100% |
| Chargeable Time / Gross Time. | 72% | 77% | 67% |
| Audits completed within planned time | 95% | 100% | 92% |
| Cost per Chargeable Day. | £295 | £280 | £320 |
| Client Satisfaction Survey. | 100% | 100% | 100% |

11 Actions from the PwC Review

11.1 PricewaterhouseCoopers (PwC) completed a review of Internal Audit, reporting to the Audit Committee in February 2016. This was a comprehensive review and it recommended 19 actions to improve the service and ensure compliance with audit standards. Progress reports have been presented to each Audit Committee since then. At the November meeting 13 actions were reported as Green (completed) with 6 as Amber (outstanding). Those six actions are shown in **Appendix E**. Of the six

- Two are now completed (nos. 4 and 10 - green).
- Two are certain to be completed early in 2017/18 (nos.15 and 17).
- Two will be addressed in 2017/18 (nos. 5 and 9). They are now actions from the annual assessment against Public Sector Internal Audit Standards.

12 Future Development

12.1 The Council is in the process of procuring integrated internal audit software for the department. When fully implemented the software will integrate all aspects of the internal audit cycle: strategic planning; scheduling; scoping; testing; reporting; recommendation tracking; client satisfaction; time and performance management. It will entail a large amount of work initially but will greatly increase the efficiency of the team in the future. It is hoped to start the introduction of the software within this financial year.

Internal Audit Plan 2016/17

| <i>Audit Area</i> | <i>Assurance Objective</i> | <i>Original Audit Days</i> | <i>Half Year Review</i> | <i>Status</i> |
|---|--|----------------------------|-------------------------|--------------------|
| CHILDREN AND YOUNG PEOPLE'S SERVICES | | | | |
| Family Care | To ensure that children placed away from birth parents within family / friends settings are properly looked after. | 15 | 15 | |
| Sustainable Improvements: Children and Young Peoples Quality Assurance Framework | To ensure that Children and Young People's Services has an effective quality assurance framework in place. | 15 | 0 | |
| Children in Care Placements Process | To ensure that the placement process delivers children the care they need and the Council secures value for money. | 15 | 0 | |
| Direct Payments | To ensure that the Council has proper arrangements for the administration of Direct Payments | 10 | 10 | In Progress |
| Children missing | To ensure that children who go missing from home or care are properly catered for. | 15 | 5 | In Progress |
| New Children's Social Care System: Liquid Logic | To ensure that Children's Services are supported by an information system that enables them to delivery statutory functions. | 15 | 15 | Completed |
| Children's Homes | To ensure that systems are in place to ensure the proper administration of children's homes. | 5 | 5 | |
| Troubled Families Grant | To ensure that the Council claims grant properly. | 5 | 5 | Completed |
| Fostering Allowances | To ensure that payments made to foster carers are correct. | 15 | 10 | |
| Procedures for investigation of safeguarding concerns | To ensure that safeguarding concerns are properly investigated. | 10 | 10 | |

Appendix A

| <i>Audit Area</i> | <i>Assurance Objective</i> | <i>Original Audit Days</i> | <i>Half Year Review</i> | <i>Status</i> |
|---|--|----------------------------|-------------------------|--------------------|
| Schools: Financial Administration | To ensure that the finances of maintained schools are being administered properly. | 35 | 15 | |
| Early Years Childcare Provision | To ensure that payments to independent sector childcare providers are made in accordance with conditions attached to the funding. | 15 | 15 | |
| Schools Deficit Budget | To ensure that the risks associated with schools operating with, or falling into, deficit budgets are recorded, mitigated and strictly monitored. | 0 | 10 | In Progress |
| ADULT CARE AND HOUSING | | | | |
| Housing Repairs and Maintenance Contracts | To ensure that the Council has effective contract management arrangements with respect to its contracts with Mears and Willmott Dixon Partnership. | 20 | 10 | |
| Housing Capital Programme | To ensure that the Council has robust contract management arrangements for the Housing Capital Programme. | 20 | 10 | |
| Housing IHMS Phase 2 | To ensure the successful implementation of the 2 nd phase of the IHMS system. | 15 | 15 | Completed |
| Housing Rents System | To ensure the new housing rents system is fit for purpose and is operating in line with expectations. | 20 | 10 | |
| Housing Revenue Account Business Plan | Ensure that Housing Revenue Account Business Plan is delivered. | 10 | 5 | |
| Adult Social Care Direct Payments | To ensure that payments made via the direct payments system are bona fide. | 20 | 20 | |
| Adult Social Care Supported Living | Ensure that adults receive the care they need. | 10 | 10 | In Progress |
| Adult Social Care Social Care Establishments | Ensure that systems are in place to monitor the quality and effective running of residential homes, day | 20 | 20 | Completed |

Appendix A

| <i>Audit Area</i> | <i>Assurance Objective</i> | <i>Original Audit Days</i> | <i>Half Year Review</i> | <i>Status</i> |
|--|---|----------------------------|-------------------------|--------------------|
| | centres and other establishments. | | | |
| PUBLIC HEALTH | | | | |
| Public Health Commissioning Payments Process | To assess the adequacy of the processes in place for making payments to GPs, Pharmacies and other providers for Public Health commissioned services. | 25 | 15 | |
| Public Health Commissioning Contract Compliance Process | To assess the adequacy of Council's arrangements for ensuring that GP's, pharmacies and other providers carry out their work in accordance with contract | 10 | 0 | |
| Public Health Grant Spend | To assess how the public health budget has been spent across the borough and verify that it has been spent on Public Health Outcomes | 0 | 10 | Draft |
| REGENERATION AND ENVIRONMENT | | | | |
| Business Continuity Arrangements | To ensure that RMBC has effective Business Continuity arrangements in place. | 15 | 15 | In Progress |
| Contract Management | To ensure that the Council has effective management arrangements in place for both revenue and capital contracts. | 20 | 20 | In Progress |
| Licensing Administration and Licensing Enforcement | To ensure that the Licensing function is fit for purpose so as to contribute to: <ul style="list-style-type: none"> • the prevention of crime and disorder • public safety • the prevention of public nuisance • the protection of children from harm | 30 | 30 | Completed |
| Waste Disposal including operation of BDR facility at Manvers | To ensure that there are proper financial management and governance procedures in place for the new Waste Treatment facility at Manvers. | 15 | 15 | Completed |

Appendix A

| <i>Audit Area</i> | <i>Assurance Objective</i> | <i>Original Audit Days</i> | <i>Half Year Review</i> | <i>Status</i> |
|---|--|----------------------------|-------------------------|--------------------|
| Heritage Services | To ensure that the Council's Historical Sites are safeguarded from deterioration, neglect and vandalism and are safe to the public. | 10 | 10 | Completed |
| Corporate Landlord Responsibilities | To ensure that the Council's operational and non-operational estate is safe. | 20 | 10 | |
| Income Collection | To ensure that the Council has robust arrangements for income collection at its establishments. | 20 | 20 | In Progress |
| Hellaby Depot: Fleet contract / Hire of plant and equipment | To ensure that robust arrangements are in place at the Hellaby Depot for management of the fleet contract and the hire of plant and equipment. | 15 | 15 | Completed |
| Schools Catering Service Building Cleaning Service | To ensure that the Schools Catering Service and the Building Cleaning Service maintain financial stability. | 20 | 20 | |
| FINANCE AND CUSTOMER SERVICES | | | | |
| Housing Benefits and Council Tax Reduction | To ensure that the Council has proper arrangements for the administration of Housing Benefits and Council Tax Support. | 15 | 15 | Completed |
| Creditor Payments / Purchase to Pay | To ensure that the Council has proper arrangements for making payments to suppliers for goods and services | 15 | 15 | Completed |
| Creditor Payments / Purchase to Pay | To ensure that the Council has proper arrangements for making payments to suppliers for goods and services | 0 | 10 | Completed |
| Procurement | To ensure that the Council has effective arrangements to ensure value for money when buying goods and services. | 15 | 15 | In Progress |
| Council Tax | Ensure that the Council has proper arrangements for the | 10 | 10 | Completed |

Appendix A

| <i>Audit Area</i> | <i>Assurance Objective</i> | <i>Original Audit Days</i> | <i>Half Year Review</i> | <i>Status</i> |
|--|---|----------------------------|--------------------------------|--------------------|
| | collection of Council Tax. | | | |
| Debtors | To ensure that the Council has proper arrangements for the collection of debt. | 10 | 10 | Completed |
| NNDR | To ensure that the Council has proper arrangements for the collection of national non domestic rates. | 10 | 10 | Completed |
| Adult Social Care Financial Assessments | To ensure that the Council has proper arrangements for carrying out financial assessments. | 10 | 10 | |
| CIDS: Freedom of Information / Data Subject Access Requests | To ensure the Council is dealing with Freedom of Information requests and Data Subject Access requests effectively. | 10 | 10 | In Progress |
| CIDS: Information Governance | To ensure that the Council has effective information governance arrangements. | 20 | 20 | In Progress |
| Whistleblowing Procedures | To ensure that the Council listens to whistle-blowers and investigates their concerns properly. | 10 | 10 | |
| ICT: Active Directory | To ensure Active Directory arrangements are effective. | 10 | 10 | |
| ICT: Network Security | Ensure sufficient security arrangements are in place to protect the Council's network and business critical systems | 10 | 0 | |
| ICT: Asset Management | Ensure that the Council has effective arrangements to manage its ICT assets. | 10 | 10 | Completed |
| ICT: Data Security | Ensure that the Council has effective arrangements in place to protect its own data and its service users' data. | 10 | 10 (external) | |
| ICT: Business Continuity | Ensure that the Council's business critical systems can continue to operate through unforeseen circumstances. | 10 | 0 | |
| Digital Council | To ensure that the Council has effective control of its major systems developments. | 10 | 0 | |
| Corporate | To ensure that services are | 20 | 0 | |

Appendix A

| <i>Audit Area</i> | <i>Assurance Objective</i> | <i>Original Audit Days</i> | <i>Half Year Review</i> | <i>Status</i> |
|---|---|----------------------------|-------------------------|--------------------|
| Improvement Plan and Children's Services Improvement Plan | improved and there is a good understanding of improvement priorities across the organisation to ensure that the Government takes no further intervention steps and no services are permanently removed (e.g. Children's). | | | |
| Agency Workers | To ensure that value for money is obtained in the procurement of agency staff. | 15 | 15 | In Progress |
| Communications & Marketing | Ensure the Council is able to maintain and preserve required levels of sensitivity when dealing with information in relation to Communications and Marketing. | 10 | 0 | |
| Payroll | To ensure that the Council has proper arrangements for the payment of wages, salaries and expenses to employees. | 20 | 20 | Completed |
| Human Resources Policies | To ensure the Council is compliant with HR Policies and Procedures | 20 | 0 | |
| DBS Checks | To ensure that DBS checks are carried out properly where required. | 10 | 10 | Draft |
| Risk Management | To ensure that the Council has effective risk management arrangements. | 10 | 10 | Draft |
| Democratic Services: Elected Members | Ensure that the conduct of elected members meets the highest standards expected in public life (The outcome of elections could have a significant impact on the administration of the authority moving forward) | 5 | 5 | Completed |
| Annual Governance Statement / Review of Internal Control Effectiveness | To ensure that the Council has an effective system of internal control and an evidenced AGS. | 15 | 10 | |

Appendix A

| <i>Audit Area</i> | <i>Assurance Objective</i> | <i>Original Audit Days</i> | <i>Half Year Review</i> | <i>Status</i> |
|---|--|----------------------------|-------------------------|--------------------|
| ANTI FRAUD AND CORRUPTION WORK | | | | |
| Fraud NFI Datasets | Mandatory requirement. | 10 | 10 | In Progress |
| Fraud Annual Report | Corporate requirement. | 5 | 5 | |
| Fraud Proactive Anti-Fraud Activity | | 20 | 20 | In Progress |
| Fraud Advice / Guidance | Ensure that the Council limits as far as possible its exposure to fraud. | 20 | 20 | |
| GRANTS | | | | |
| Sport England 1 Sport England 2 Pot Hole Additional Highway Maintenance Disabled Adaptations Bus Operators | | 18 | 18 | Completed |
| WORK FOR EXTERNAL AGENCIES | | | | |
| Academies | Provision of paid audit service for academies | 48 | 48 | In Progress |
| AUDIT PLANNING, FOLLOW UP AND RESPONSIVE | | | | |
| Planning; Control and Reporting | Provide quarterly update reports to Audit Committee. | 50 | 50 | |
| Follow Up Work | Ensure significant recommendations made during 2015/16 are followed up | 37 | 37 | |
| Responsive | Ensure audit resources and experience, is available to provide a professional level of advice and investigatory experience in the event of any incidents of fraud or corruption. | 120 | 120 | 140 |
| TOTAL DAYS | | 1143 | 968 | |

Summary of Audit Work Completed since the last meeting

Note:- Internal Audit has introduced a new Executive Summary and reporting structure which now gives four levels of overall assurance for areas under examination. Within each area audited individual risks are assessed as being either “Substantial Assurance”, Reasonable Assurance”, “Partial Assurance” and “No Assurance”, with an overall assurance opinion taking into account the opinions of all the risks assessed.

| Audit Area | Assurance Objective | Final Report to man't | Overall Audit Opinion | Summary of Significant Issues |
|--|--|-----------------------|-----------------------|---|
| ACH | | | | |
| Social Care Establishments | Ensure that systems are in place to monitor the quality and effective running of residential homes, day centres and other establishments | 22.11.16 | Reasonable | The audit looked at a number of areas and found no fundamental concerns. Recommendations were made on the controls around clients' money and inventory. |
| Finance and Customer Services | | | | |
| ICT Asset Management | Ensure that the Council has effective arrangements to manage its ICT assets. | 18.11.16 | Reasonable | The audit found generally good control, with a few concerns around old and out of date IT equipment, and some inventory records being incomplete. |
| Debtors | To ensure that the Council has proper arrangements for the collection of debt. | 14.12.16 | Reasonable | The audit found areas of good practice around the debt recovery and write off processes. Recommendations were made to improve controls around monitoring and reporting, and the authorisation of reconciliations. |
| National Non Domestic Rates | To ensure that the Council has proper arrangements for the collection of national non domestic rates. | 18.11.16 | Substantial | The audit found that controls and processes were operating effectively. Areas of good practice included the review of exception reports, valuation and liability. |
| Regeneration and Environment Services | | | | |
| Licensing Administration and Enforcement | To ensure that the Licensing function is fit for purpose so as to contribute to: the prevention | 8.12.16 | Reasonable | The audit found reasonable assurance but with some areas where controls were not developed, or were not consistently or effectively applied. Recommendations |

Appendix B

| Audit Area | Assurance Objective | Final Report to man't | Overall Audit Opinion | Summary of Significant Issues |
|-------------------|--|-----------------------|-----------------------|--|
| | of crime and disorder; public safety; the prevention of public nuisance; the protection of children from harm. | | | were made to improve the controls. |
| Heritage Services | To ensure that the Council's operational and non-operational estate is safe. | 10.11.16 | Reasonable | The audit found that policies and procedures were adequate. Some minor recommendations were made to increase controls. |

Appendix C

Investigations / Responsive Audit Work

| Audit Area | Completion Date | Summary of Significant Issues |
|--|-----------------|---|
| Whistle blowing allegations – contracts | December 2016 | The police had already investigated these allegations and concluded that were not valid. Further investigations by Internal Audit of contract monitoring arrangements did not find any evidence to support the allegations. |
| Whistle blowing allegations - contracts | 2.12.2016 | We found no evidence to suggest that bias had been shown or the existence of inappropriate relationships between officers and suppliers that might have compromised the integrity of the process. However, we did identify some weaknesses in the controls and processes and instances where existing processes were not applied. |
| Evaluation and awarding of contracts | November 2016 | Current Council procedures were followed. However, recommendations were made to improve the procedures in the future. |
| Review of financial systems at an external site. | 14.12.2016 | All transactions were successfully evidenced to documentation. However, we were not able to examine financial records relating to non-Council activity so could not give overall assurance. |

Appendix D

| Audit | Final Report Issued | Total Recommendations | | | | | | | | 3* Recommendations | | | | | | |
|---|---------------------|-----------------------|--------|-------------|-------------|-------------|------------------------|-----------------------|--|--------------------|----------------|---------------------|---------------------|---------------------|--------------------------------|----------------------|
| | | Made | Agreed | Not Yet Due | No response | Implemented | Deferred / Outstanding | New response due date | | 3* Recs Made | 3* Recs Agreed | 3* Recs Not yet due | 3* Recs No response | 3* Recs Implemented | 3* Recs Deferred / Outstanding | 3* Recs New Due Date |
| Assistant Chief Exec | | | | | | | | | | | | | | | | |
| Whistleblowing Arrangements - RES05-1516 | 09/09/2016 | 4 | 4 | | | 2 | 2 | 31/01/2017 | | 0 | | | | | | |
| Adult Care and Housing | | | | | | | | | | | | | | | | |
| Housing: IHMS Phase 2 | 30/08/2016 | 9 | 9 | | | 5 | 4 | 31/01/2017 | | 4 | 4 | | | 2 | 2 | 31/01/2017 |
| Adult Social Care: Social Care Establishments: Ld | 06/09/2016 | 17 | 17 | | | 8 | 9 | 23/01/2017 | | 0 | | | | | | |
| Adult Social Care: Social Care Establishments: Parkhill Lodge | | 13 | 13 | 13 | | | | | | 0 | | | | | | |
| CYPS | | | | | | | | | | | | | | | | |
| Closed Childrens Homes (Laptops) - R04-1516 | 15/08/2016 | 3 | 3 | | | 1 | 2 | 20/01/2017 | | 2 | 2 | | | 1 | 1 | 20/01/2017 |
| Children Centres Administration - CYPS08-1516 | 28/04/2016 | 5 | 5 | | | 4 | 1 | 31/03/2017 | | 0 | | | | | | |
| New Children's Social Care System: Liquidlogic | 09/09/2016 | 9 | 9 | | | | 9 | 27/01/2017 | | 0 | | | | | | |
| Regeneration and Environment | | | | | | | | | | | | | | | | |
| Licensing Enforcement Follow Up | 31/08/2016 | 6 | 6 | | | | 6 | 31/01/2017 | | 3 | 3 | | | | 3 | 31/01/2017 |
| Licensing Service | 08/12/2016 | 15 | 15 | 15 | | | | | | 0 | | | | | | |
| Heritage Sites | 10/11/2016 | 4 | 4 | | | | 4 | 27/01/2017 | | 0 | | | | | | |
| Waste Treatment Facility | 07/11/2016 | 8 | 8 | | | 6 | 2 | 31/01/2017 | | 0 | | | | | | |
| Hellaby Depot: HTST Contract Monitoring | 02/12/2016 | 11 | 11 | 11 | | | | | | 0 | | | | | | |
| Finance and Customer Services | | | | | | | | | | | | | | | | |
| ICT: Asset Management | 18/11/2016 | 6 | 6 | | | 1 | 5 | 30/04/2017 | | 1 | 1 | | | | 1 | 30/04/2017 |
| Responsive | | | | | | | | | | | | | | | | |
| Confidential Waste Disposal - R05-1516 | 02/07/2016 | 4 | 4 | | | | 4 | 31/01/2017 | | 2 | 2 | | | | 2 | 28/11/2016 |
| Breathing Space | 22/07/2016 | 11 | 11 | | | 7 | 4 | 27/01/2017 | | 0 | | | | | | |
| Hellaby Whistleblowing Allegations - Taxi Camera | 09/12/2016 | 4 | 4 | 4 | | | | | | 0 | | | | | | |
| Public Health - Awarding Contracts | 25/11/2016 | 3 | 3 | 3 | | | | | | 0 | | | | | | |
| Fundamental Systems | | | | | | | | | | | | | | | | |
| Housing Rents - S010-1516 | 19/09/2016 | 4 | 4 | | | 1 | 3 | 31/01/2017 | | 0 | | | | | | |
| Debtors | 13/12/2016 | 12 | 12 | 12 | | | | | | 0 | | | | | | |
| National Non Domestic Rates | 18/11/2016 | 0 | | | | | | | | 0 | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Last Year | | | | | | | | | | | | | | | | |
| Finance and Customer Services | | | | | | | | | | | | | | | | |
| Information Governance: Freedom of Information | 19/02/2016 | 5 | 5 | | | 4 | 1 | 30/04/2017 | | 0 | | | | | | |
| Adult Care and Housing | | | | | | | | | | | | | | | | |
| Direct Payments - Key Controls | 31/03/2016 | 1 | 1 | | | | 1 | 30/04/2017 | | 0 | | | | | | |
| CYPS | | | | | | | | | | | | | | | | |
| Fostering and Adoption Allowances: Adoption Allo | 21/05/2015 | 8 | 8 | | | 6 | 2 | 20/01/2017 | | 0 | | | | | | |
| Home to School Transport - EDS | 19/01/2016 | 5 | 5 | | | 4 | 1 | 01/04/2017 | | 0 | | | | | | |
| Home to School Transport - CYPS | 20/01/2016 | 6 | 6 | | | 3 | 3 | 31/01/2017 | | 1 | 1 | | | 1 | | |
| Growth Plan | 05/04/2016 | 7 | 7 | | | 1 | 6 | 31/01/2017 | | 0 | | | | | | |
| Special Educational Needs and Disabilities | 03/12/2015 | 12 | 12 | | | 11 | 1 | 31/01/2017 | | 0 | | | | | | |
| Public Health | | | | | | | | | | | | | | | | |
| Housing Landlord Responsibilities | 24/03/2016 | 10 | 10 | | | 8 | 2 | 30/04/2017 | | 3 | 3 | | | 3 | | |

Appendix E

| Ref | Recommendation | Priority Rating | Progress | Current Status (RAG) |
|-----|--|-----------------|---|--|
| 4 | PSIAS and improvement plan An improvement plan should be developed by the CAE/CIA based on the recommendations made in this report and the improvements required to fully meet the PSIAS requirements. This should include allocations of responsibility and timescales and should be tracked to evidence improvement. | High | Completed – An action plan has been produced. Separate updates have been provided on a regular basis to the Audit Committee. The annual assessment against PSIAS has been completed and will form the basis of the improvement plan for 2017/18. | |
| 5 | Implementing change – new working practices Changes to working practices should be supported by an implementation plan and the provision of support and training if required. Staff should be able to see opportunities for personal development in the introduction of new practices – opportunities to increase coaching and supervisory skills and increase empowerment should be emphasised so that staff buy into the proposed changes. | High | A team development plan has been produced but not yet implemented. Now an action from the annual assessment. | Implementation of team development plan during 2017/18. |
| 9 | Assurance map – identifying gaps in assurance An assurance map should be developed identifying key risks not being addressed through IA work and detailing any other sources of assurance. This should be presented to the Audit Committee as part of the annual planning process. | Medium | Audit planning for 2017/18 includes an initial evaluation of assurances available in addressing the Council's key risks. To be developed further during 2017/18. Now an action from the annual assessment. | Initial evaluation made, but further development is required. |

Appendix E

| | | | | |
|-----------|---|---------------|--|--------------|
| 10 | Risk management within the Council Consideration should be given to the role of IA in improving the Council's risk management arrangements. This should be in the form of support and facilitation building on the audit teams expertise in risk and control, whilst acknowledging that overall responsibility lies with management. We have been advised that steps are being taken by the Council to review and improve its risk management arrangements. | Medium | An audit review of Risk Management has been completed. The draft report shows Reasonable Assurance. | |
| 15 | Performance information IA should review the process for management information including time recording and job analysis. This will facilitate greater control over audit productivity as well as providing a basis for performance monitoring. The CAE/CIA should look to agree a series of performance indicators with the S151 Officer and regularly report on these indicators to demonstrate performance of the IA function. | Medium | Revisions have been made to streamline the current, manual, arrangements. Further efficiencies will be achieved through the implementation of an electronic audit system (rec 17). | Amber |
| 17 | Technology The CIA/CAE should consider the benefits of introducing an automated audit system to increase consistency and improve the quality assurance process. They should also consider what immediate skills are required to deliver the current IA plan. | Medium | The supplier has been chosen after a competitive tendering exercise. Currently awaiting contract completion before implementation can commence. Implementation will take time and the benefits will not be apparent until the next financial year. | Amber |