

Internal Audit Progress Report

Report of the Acting Head of Internal Audit

1.0 Summary

- 1.1 This report notes the performance of the Internal Audit Section for the period 1st to 31st August 2015 against the agreed 2015/16 Annual Internal Audit Plan.
- 1.2 This report provides a summary of the key issues raised in final audit reports issued since our last report to this Committee and provides the current status on the follow-up on the agreed audit recommendations made in final audit reports.

2.0 Background

- 2.1 Each quarter a report is produced for this Committee which details the Internal Audit Section's performance against the current year of the agreed 3 year Strategic Internal Audit Plan, and summarises the results of audit work carried out.

Internal Audit Performance - 2015/16

- 2.2 The 2015/16 Annual Internal Audit Plan agreed by the Joint Governance Committee on 24 March 2015 contained 770 days and 64 items of audit work to be undertaken by the Internal Audit Service during the year.
- 2.3 Since approval, the audit plan has been revised to accommodate requests to move audits to different parts of the year and to take account of changes in requirements.

The current plan is summarised as:

Period	No of audits planned	No of days planned	% of days planned
Quarter 1 (April – June)	11	135.75	17.45%
Quarter 2 (July – September)	12	173.75	22.33%
Quarter 3 (October – December)	20	268.75	34.54%
Quarter 4 (January – March)	16	199.75	25.67%
	59	778	100

- 2.4 At 31st August, 209 days (26.9%) of the planned days had been delivered against the planned 778 days. Attached, as **Appendix 1**, is the detailed information on progress against this plan.

- 2.5 Recommendations made in audit reports are categorised according to their level of priority as follows:

Priority 1	Major issues for the attention of senior management.
Priority 2	Other recommendations for local management action.
Priority 3	Minor matters.

Final Audit Reports

- 2.6 Internal Audit's assurance opinions accord with an assessment of the controls in place and the level of compliance with these controls. During the course of an audit, a large number of controls will be examined for adequacy and compliance. The assurance level given is the best indicator of the system's control adequacy. The assurance levels and their associated explanations are:-

Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
Satisfactory Assurance	While there is a basically sound system, there are weaknesses that put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited Assurance	Weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No Assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

- 2.7 The report attached as **Appendix 2** provides a summary of key issues raised in all final reports issued since our last report to this Committee, including those with a Limited Assurance opinion. Since the previous Committee, ten reports have been finalised; of these seven were satisfactory assurance and three were Limited assurance. A total of seven P1 recommendations were raised within these reports.

Follow up of Audit Recommendations

- 2.8 In accordance with the Council's Follow-Up Protocol, Internal Audit has continued following-up the status of implementation of recommendations contained in final audit reports.
- 2.9 Follow-up audits are undertaken to ensure that all recommendations raised have been successfully implemented according to the action plans agreed with the service managers. The Follow-up Protocol requires implementation of 80% of all priority 2 and 3 recommendations and 100% of priority 1 recommendations. The performance in relation to these targets as at 31 August is shown in the tables below.

2.10 Since our last report to the Committee we attended the DMTs of three directorates to discuss the implementation of audit recommendations and are now scheduled to attend all four DMTs every quarter. We have also be requested to attend meetings with some Heads of Service to discuss outstanding recommendations and, in many instances, are receiving more prompt responses to our requests for updates.

Analysis of status of recommendations 2013/14

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	FU & Overdue	%	FU & No Response	%	Total % NOT Impl'd	FU Not Due	Total
P1	14	10	71.4%	0	0%	4	28.6%	0	0%	28.6%	1	15
P2	101	64	63.4%	22	21.8%	11	10.9%	4	3.9%	14.8%	6	107
P3	22	17	77.3%	5	22.7%	0	0%	0	0%	22.7%	0	22
Other	6	4	66.7%	0	0%	2	33.3%	0	0%	33.3%	0	6
Total	143	95	66.4%	27	18.9%	17	11.9%	4	2.8%	14.7%	7	150

Analysis of status of recommendations 2014/15

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	FU & Overdue	%	FU & No Response	%	Total % NOT Impl'd	FU Not Due	Total
P1	12	8	66.6%	0	0%	2	16.7%	2	16.7%	33.4%	16	28
P2	72	32	44.4%	0	0%	9	12.5%	31	43.1%	55.6%	47	119
P3	19	6	31.6%	0	0%	2	10.5%	11	57.9%	68.4%	15	34
Other	1	1	100%	0	0%	0	0%	0	0%	0%	6	7
Total	104	47	45.2%	0	0%	13	12.5%	44	42.3%	53.8%	84	188

2.11 Attached as **Appendices 3 & 4** are tables which summarise the current follow-up status of recommendations made in final audit reports from audits contained in the 2013/14 and 2014/15 Audit Plans. The shaded boxes indicate where changes have occurred since our last report. As reported in our last progress report to this Committee, we continue to monitor the recommendations outstanding for 2011/12 and 2012/13 audit reports for which the percentage of outstanding recommendations is now 2% and 7% respectively.

3.0 Proposals

- 3.1 That the Committee note the performance of the Internal Audit Section for 1st April to 31st August 2015 against the 2015/16 Audit Plan.
- 3.2 That the Committee note the summary of the key issues raised in final audit reports issued since our last report to this committee and the current status on the follow-up on Internal Audit recommendations made as a result of audits completed during 2013/14 and 2014/15.

4.0 Legal

- 4.1 There are no legal matters arising as a result of this report.

5.0 Financial Implications

- 5.1 There are no financial implications arising from this report.

6.0 Recommendations

- 6.1 That the Committee note the performance of the Internal Audit Section for 1st to 31st August 2015 against the 2015/16 audit plan.
- 6.2 That the Committee note the summary of the key issues raised in final audit reports issued since our last report to this Committee and the current status on the follow-up on Internal Audit recommendations made as a result of audits completed during 2013/14 and 2014/15.

Local Government Act 1972

Background Papers: None

Contact Officer:

Pat Stothard

Acting Head of Internal Audit

Town Hall, Worthing

Tel: 01903 221255

e-mail pat.stothard@mazars.co.uk

Schedule of Other Matters

1.0 Council Priority

1.1 The report does not seek to meet any particular Council priorities.

2.0 Specific Action Plans

2.1 (A) Matter considered and no issues identified.
(B) Matter considered and no issues identified.

3.0 Sustainability Issues

3.1 Matter considered and no issues identified.

4.0 Equality Issues

4.1 Matter considered and no issues identified.

5.0 Community Safety Issues (SECTION 17)

5.1 Matter considered and no issues identified.

6.0 Human Rights Issues

6.1 Matter considered and no issues identified.

7.0 Reputation

7.1 Matter considered and no issues identified.

8.0 Consultations

8.1 (A) Matter considered and no issues identified.
8.2 (B) Matter considered and no issues identified.

9.0 Risk Assessment

9.1 Matter considered and no issues identified.

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified.

11.0 Procurement Strategy

11.1 Matter considered and no issues identified.

12.0 Partnership Working

12.1 Matter considered and no issues identified.

Quarter	Audit Title	Risk Level	Authority to which audit relates			Work Complete	Draft Issued	Final Issued	Assurance level	Assurance at previous audit
			Joint	ADC only	WBC only					
1	ADC - Annual Governance Statement	H		*		Y	N/A	N/A	N/A	N/A
1	WBC - Annual Governance Statement	H			*	Y	N/A	N/A	N/A	N/A
1	Probity - Essential Users	L	*			Y	UR			
1	Fixed Penalty Notices	L	*			Y	UR			
1	New Ways of Working Implementation	H	*			Y	UR			
1	Dog Control	L	*			Y	UR			
1	AWCS	M	*			Y	Y			
1	Venues		*			Y	UR			
1	Financial Management system - input on controls for replacement system	H	*			WIP				
1	Building Control	L	*			Y	Y			
2	Performance Management	M	*			Y	Y			
2	Public Services Network	H	*			Y	Y	Y	Satisfactory	No previous comparable audit
2	Corporate Bulding Maintenance DSO	H	*			WIP				
2	Planning Services	M	*			Y	Y	Y	Satisfactory	Satisfactory
2	Use of Consultants	H	*			WIP				
2	On Street Parking Enforcement	L	*			Y	UR			
2	Communications	M	*			Y	Y			
2	Electoral Services	M	*			WIP				
2	Freedom of Information	H	*			Y	Y			
2	Probity - Electricity charges	L	*			P				
2	Empty Property Management	L	*			P				
2	Decent Homes (report 14-15 from fact finding)	H		*		P				
2	Final Accounts	H	*			P				
3	Corporate Governance	H	*							
3	Delivery of Corporate Vision & Priorities	H	*							
3	Project Management	H	*							
3	Local Development Framework	M	*							
3	Housing Rents	H		*						
3	Estates & Garage Management, Improvement & Maintenance	L		*						
3	WBC Benefits	H			*					
3	WBC Revenues (Council Tax & NDR)	H			*					
3	CenSus - Council Tax	H			*					
3	Customer Services	M	*							
3	General Ledger	H	*							
3	Creditors	H	*							
3	Debtors	H	*							
3	Probity - election claim	L	*							
3	Delivery of Digital Strategy	H	*		*					
3	Energy Management & Sustainability	L	*		*					
3	Computer Audit - Telephony	H	*							
3	Cloud Computing	H	*							
3	Programme Management	H	*							
3	Contract Management (contract to be determined)	H	*							
4	Risk Management	H	*							
4	Learning & Development	L	*							
4	Economic Development	M	*							
4	Community Infrastructure Levy	H	*							
4	WBC Leisure Trust - Contract Management	H		*	*					
4	Housing Administration & Support	L		*						
4	Public Health	M	*							
4	Cashiering	H	*							
4	Payroll	H	*							
4	Capital Expenditure & Fixed Assets	M	*							
4	Corporate Fraud Management	H	*							
4	Treasury Management	M	*							
4	Manpower Planning	M	*							
4	IT Resilience	H	*							
4	Email & Archive (Outlook & Gmail)	H	*							
4	Vertical contract audit (contract to be determined)	H	*							

KEY
P In Planning stage
WIP Work In Progress
UR Under review

Key issues from finalised audits

Appendix 2

Audit Title	Risk Level	Assurance Level & Number of Issues	Summary of key issues raised
Risk Management (2014/15)	H	Satisfactory (Fourteen Priority 2 and One Priority 3 recommendations)	No Priority 1 recommendations were raised.
Land Drainage (2014/15)	L	Satisfactory (Four Priority 2 and One Priority 3 recommendations)	No Priority 1 recommendations were raised.
Hackney Carriage & Private Hire (2014/15)	L	Satisfactory (One Priority 1, Three Priority 2 and One Priority 3 recommendations)	The Priority 1 recommendations related to the lack of data disposal and retention of expired licence files which is not in compliance with the requirements of the Councils' Data Retention Guidelines or with Data Protection legislation.
Register of Electors (2014/15)	M	Satisfactory (Three Priority 2 and Two Priority 3 recommendations)	No Priority 1 recommendations were raised.
Disaster Recovery (2014/15)	H	Limited (Three Priority 1 recommendations)	The Priority 1 recommendations relate to the continued lack of: a DR plan; identification & prioritisation of systems; and, salvage & relocation procedures
Service Desk ITIL (2014/15)	H	Limited (One Priority 1, Two Priority 2 and Two Priority 3 recommendations)	The Priority 1 recommendation related to ITIL (V2) criteria are being achieved in two of the four activity areas evaluated. Some areas for closer alignment to the ITIL framework were identified where improvements or changes could be made to achieve optimum compliance with the ITIL framework.
Payroll (2014/15)	H	Satisfactory (Six Priority 2 and Two Priority 3 recommendations)	No Priority 1 recommendations were raised.
Health & Safety (2014/15)	H	Limited (Two Priority 1 and Seven Priority 2 recommendations)	The Priority 1 recommendations relate to a lack of risk assessors and no central retention or monitoring of risk assessments.
Planning (2015/16)	M	Satisfactory (Two Priority 2 recommendations)	No Priority 1 recommendations were raised.
Public Services Network (2015/16)	H	Satisfactory (Three Priority 2 recommendations)	No Priority 1 recommendations were raised.

Follow Up of Recommendations 2013/14 Audit Plan

Audit	Joint Audit	Final Report Date	Assurance level	Recs not applicable for follow up	Total No of Recs	Number of agreed recs completed	Percentage of recs completed	Recs carried over into next audit	Percentage of recs carried over	Number of recs outstanding	Percentage of recs outstanding	Comments	Comments re P1 recommendations	Date Further Follow-up due
Director of Digital & Resources														
Finance														
Annual Governance Statement (control issue)	*	N/A	N/A	N/A	N/A					N/A	N/A	N/A		
General Ledger	*	May-14	Satisfactory	1	7	5	71%	2	29%			Recs were followed up as part of 14/15 audit - 2 were reiterated in 14/15 report		
Cashiering	*	Jun-14	Satisfactory	1	4	3	75%	1	25%			Self assessment received 7/11/14 - remaining recs were as part of 14/15 annual audit - one complete & one reiterated in 14/15 report		
Creditors	*	May-14	Satisfactory	1	2	2	100%					Recommendations followed up as part of 14/15 annual audit.		
Debtors	*	May-14	Satisfactory		3	2	67%	1	33%			Recommendation relates to review of procedures		
Capital Expenditure & Fixed Assets	*	Dec-14	Satisfactory	1	7			7	100%			Recommendations were followed up a part of annual audit. All were reiterated in 14/15 report		
Treasury Management	*	Jun-14	Satisfactory		2	2	100%					COMPLETE		
Staff expenses (inc car mileage)	*	May-14	Satisfactory		2	2	100%					COMPLETED before FU due		
Probity - Staff discounts & Concessions	*	Mar-14	N/A		5	3	60%			2	40%	2 recs still outstanding are in progress and should be implemented		Oct-15
Probity - Underbankings		N/A	N/A		N/A					N/A		N/A		
Probity audit - Stores	*	Oct-12	N/A		1	1	100%					COMPLETE - Manager requested to note bolt stock in next year end stock		
Legal Services														
Corporate Governance	*	Mar-14	Limited		10	5	50%	5	50%					
DBS checks & requirements	*	Oct-13	Satisfactory	1	3	1	33%			2	67%	Met with new Head of People on 10/9 to discuss o/s recs. She has arranged HR meeting on 8/10 to discuss with her team in order to feed back to us.		Oct-15
Legal Services	*	Dec-13	Limited	1	7	7	100%					COMPLETE		
Business & Technical Services														
Shoreham Centre	*													
Digital & Design														
Risk Management	*	Jul-14	Satisfactory		9	2	22%	7	78%					
People														
Human Resources	*													
Director of Economy														
Growth														
Bailiffs	*	Nov-14	Limited	4	3	3	100%					COMPLETE		
Director of Communities														
Housing														
Housing Rents		May-14	Satisfactory		2	1	50%	1	50%					

Property Buy Back		Mar-14	Satisfactory		2	1	50%			1	50%	Updated provided on 12/8 confirmed o/s rec (documenting procedures) will be completed by end Sept 15		Oct-15
Building Maintenance	*	May-15	Limited											
Wellbeing														
Local Strategic Partnership	*	Apr-15	Satisfactory		4					4	100%	Self Assessment sent 8/9 - awaiting update		Oct-15
Safer Communities Partnership	*	Jun-14	Satisfactory		3	2	67%			1	33%	Update provided on 15/9 confirmed o/s rec is partly implemented and being progressed		
Community Wellbeing	*	Mar-14	Limited	1	3	3	100%					COMPLETE		
Anti Social Behaviour Management	*	Jun-14	Satisfactory	2	4	4	100%					COMPLETE		
Environment														
Foreshore Service		Apr-14	Satisfactory		6	5	83%	1	17%			Over 80% complete so no further FU required. O/s rec was partly implemented.		
Cemeteries & Churchyards	*	May-14	Satisfactory		1	1	100%					COMPLETE		
Grounds Maintenance	*	May-14	Limited		5	3	60%			2	40%	Update provided at Communities DMT on 18/8 - rec will be implemented in Q4 post restructure	P1 rec discussed at Communities DMT in April & Aug - still in progress and cannot be completed till restructure complete. Further FU required.	Nov-15
Parks Income Management	*	Oct-13	Satisfactory		5	5	100%			0		COMPLETE		
Probity - Crematorium Ashes Procedure	*	Apr-14	Satisfactory		6	6	100%					COMPLETE		
Director of Customer Services														
Revenues & Benefits														
Benefits		Jun-14	Satisfactory		3	2	67%	1	33%			Rec relates to DR plans		
Revenues (Council Tax & NDR)		May-14	Satisfactory		3	2	67%	1	33%			O/s rec relates to updating procedures		
WBC - Business Improvement District		Dec-13	Satisfactory		2	2	100%					COMPLETE		
CenSus NDR		Jun-14	Satisfactory		9	6	67%			3	33%	Request for further update sent 11/8 re os recs which were due for completion 31/5	P1 rec relates to annual review of charitable & discretionary reliefs - update on 28/7 confirmed this was in progress. Will request update in Sept 15	Sep-15
Waste & Cleansing														
AWCS - Vehicle Maintenance	*	May-14	Satisfactory		2					2	100%	Recent update 29/7 confirms both are in progress (one relates to documenting procedures and the promotion of private MOT work) recs		Jan-16
Building Control & Land Charges														
Local Land Charges	*	Apr-14	Satisfactory		1	1	100%					COMPLETE		
Computer Audits														
Joint website - content & workflow	*	Nov-13	Satisfactory	1	2	2	100%					Part of OS rec cannot be implemented due to functionality of T4 system - no further FU req'd.		

Network (LAN & WAN)	*	Apr-15	Limited	1	10	4	40%			6	60%	Self Assessment issued 12/8 - update rec'd 18/8. Further FU req'd re outstanding recs most of which are not due for implementation until end of Sept 15	P1 recs relate to IOS version & security patch management (not due for implementation until Sept 15) and change & configuration/release management controls (due May 15 & partly implemented)	Oct-15
Data Centre	*	Nov-13	Satisfactory		4	3	75%			1	25%	Request for update re 2 OS recs sent 12/8 - response rec'd 18/8 confirmed one rec complete & that the outstanding rec would not be complete until end of FY 15/16		Apr-16
House on the Hill	*	Mar-14	Satisfactory	2	8	4	50%			4	50%	Update provided on 18/8/15 - work in progress on o/s recs - Further FU required.		Oct-15
					150	95	63%	27	18%	28	19%			

Digital & Design																			
Risk Management	*	Jun-15	Satisfactory		15					15	100%	Meeting held on 7/9 with CPO & Head of Digital - all recs are in progress and will not be implemented until end of year s agreed FU would be performed as part of 15/16 audit in Feb 16							
Technology & Business Solutions	*																		
People																			
Agency Staff Arrangements	*	Dec-14	Satisfactory		4					4	100%	Self assessment was issued in April but responsible officer left - Met with new Head of People on 10/9 to discuss o/s recs. She has arranged HR meeting on 8/10 to discuss with her team in order to feed back to us.	The P1 rec relates to the checking and authorisation of timesheets and not relying on the system's automatic approval. This was due to be implemented by Jan 2015 but due to staff changes in the HR section no update has yet been received						Oct-15
Sickness Recording & Monitoring	*																		
Director of Economy																			
Place & Investment																			
External Funding	*	Apr-15	Limited		9					9	100%	Self Assessment issued in Aug - response awaited	The P1 recs relate to reminding officers regarding the process for bid approval and monitoring this to ensure the appropriate approvals are obtained and reminding officers and monitoring that all funding bids are processed through the corporate process. No implementation dates were set as imminent change in officers was due to occur.						
Growth																			
Estates	*																		
Car Parks	*	Oct-14	Satisfactory		3	1	33%			2	67%	updated status received 11/8 confirmed 2 recs still in progress. Audit & Chief Cashier visit performed on 10/9 - Further FU required	The 2 outstanding P1 recs relate to investigating income variances between the NSL and Jade count since April 2014 and completing periodic reconciliations for pay & display and season ticket sales between the income received and the income accounted for in the GL. 11/8 - Interim Parking Manager confirmed that these issues are being looked into but have not yet been rectified.						Oct-15
Land Drainage	*	Jul-15	Satisfactory		5					5	100%	FU due Nov 15							
MSCP Plate Recognition Barrier System - Proj	WBC																		
Director of Communities																			
Housing																			
Housing Rents	ADC	May-15	Satisfactory		3	3	100%					COMPLETE							
Housing Maintenance	ADC	Oct-14	Satisfactory		4	2	50%			2	50%	Self Assessment issued - response rec'd confirmed 2 complete							
Void Management	ADC	Apr-15	Limited	1	9	9	100%					COMPLETE - Self Assessment response received which indicates all recommendations have been implemented.							

Housing - Homelessness, Advice & Allocation	*	Jan-15	Limited		29	14	48%			15	52%	Self Assessment issued - response rec'd confirmed an action plan is in place to ensure implementation of the recommendations & monthly monitoring meetings are held - update provided on 24 Aug confirmed 14 completed but no evidence has been provided to support this so testing will be performed by IA after restructure - Q4	The 6 outstanding P1 recs are being monitored by Head of Housing through an Action Plan.
Home Improvement Assistance	ADC												
Decent Homes - Contract Management	ADC												
Wellbeing													
Hackney Carriage & Private Hire	*	Jul-15	Satisfactory		5					5	100%	FU DUE NOV 15	
Third Party Commissioning	*												
Environment													
Beach Huts	*	May-15	Limited		12	3	25%			9	75%	Self Assessment issued in Aug - detailed response received confirmed o/s recs in progress. Further FU required.	P1 rec relates to seeking legal advice in relation to information which should be sought during private sale transactions (ID etc)
Director of Customer Services													
Revenues & Benefits													
WBC Benefits	WBC	Apr-15	Satisfactory		1					1	100%	Self Assessment issued in Sept - response awaited.	
WBC Revenues (Council Tax & NDR)	WBC	May-15	Satisfactory		5					5	100%	Self Assessment issued in Sept - response awaited.	
CenSus - Benefits	ADC												
Customer Contact & Engagement													
Complaints	*	Dec-14	Limited	2	7	3	43%			4	57%	Self Assessment follow up has been performed - One rec is not yet implemented and 3 further recs have been indicated as implemented but evidence has been requested to support their implementation. Before they are makred off as complete	On follow up the P1 rec was noted as implemented as a reminder had been sent re procedures. However, we have requested evidence of monitoring on providing responses to complainants in line with policy requirements
Register of Electors	*	Jul-15	Satisfactory		5					5	100%	FU Due NOV 15	
Computer Audits													
Disaster Recovery	*	Jul-15	Limited		3					3	100%	FU DUE OCT 15 - Draft DR System Restart Process received in Aug	
HMS Application	*												
Data Protection & Information Governance	*	Mar-15	Limited		9					9	100%	Self Assessment issued in June - response received to indicate no update available - 2 reminders for update sent since - awaiting response	The P1 rec is not due to be implemented until Dec 15.
Service Desk (ITIL)	*	Sep-15	Limited		5					5	100%	FU DUE DEC 15	
					188	47	25%	0	0%	141	75%		