
INTERNAL AUDIT QUARTERLY UPDATE

1.0 Summary of Progress against the 2018/19 plan.

Progress against the plan to date is satisfactory with 64% of audits commenced or completed, compared to 66% in the same period for 2017/18, and 62% for the same period in 2016/17.

AUDIT PLAN PROGRESS

Title	Position
General Data Protection Regulations	Work in progress
Contract and Procurement	Work in progress
Off Street Parking	Work in progress
Main Accounting	Work not commenced
Treasury Management	Work not commenced
Payroll	Work in progress
Property Management	Work not commenced
Home Care Link	Work completed
Business Rates	Work completed
Anti-fraud review	Work completed
Insurance	Work completed
Risk Management	Work not commenced
Sheltered housing	Work not commenced
Housing Rents	Work not commenced
Performance indicators	Work in progress
ICT	Work not commenced
Benefits	Work in progress
Creditors	Work in progress
Debtors	Work in progress
Cashiers - Income Management	Work not commenced
Council Tax	Work in progress
Right to Buy Sales	Work completed
Caretaking	Work in progress
Homefinder	Work in progress
Commercial waste	Work not commenced
National Fraud Initiative	Work in progress
Annual Governance Statement	Work completed
Money Laundering Reporting Officer	Work not commenced
Summary	
Work complete	6
Work in progress	12
Work not commenced	10
Total	28

It should be noted that 3 audits are now planned to be deferred into 2019/20 following discussions with service managers. This is because the Service Now and Sustainable Organisation Review initiatives are at too early a stage to warrant a review at this time, and the Bulky Household Waste Service has recently been reorganised.

2.0 Assurance rating system

- 2.1 This report records the levels of assurance provided by Internal Audit's work. The following categories are used to record the level of assurance.

Full assurance: there is a sound system of internal control designed to secure objectives and controls are being consistently applied.

Substantial assurance: there is a generally sound system of internal control in place designed to secure objectives and controls are generally being applied consistently. Some weaknesses in the design or operation of the controls put the achievement of particular objectives at risk.

Limited assurance: weaknesses in design or inconsistent application of controls put the achievement of objectives at risk.

No assurance: weak controls or significant non-compliance with controls could result (or have resulted) in failure to achieve objectives.

- 2.2 No system of internal control can eliminate every possible risk and increasing the level of control in a system frequently increases costs. Balancing risk appropriately against the costs of control is management's responsibility.
- 2.3 Internal Audit's role is to evaluate and improve the effectiveness of risk management and control processes.
- 2.4 It is important to recognise that the scope of the work in each area examined defines the limits of the assurance which can be provided and to give context to the assurance provided work is summarised in the reports set out below.

3.0 Assurance reports:

3.1 Insurance

The Insurance section has two members of staff who are responsible for arranging the insurance of the Council's assets, administering the Council's tenant home contents insurance scheme, and undertaking investigation into claims submitted to the Council.

3.1.1 Objectives

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Adequate cover is in place for the council's assets
- A register of insurance policies is maintained
- Insurance is procured in line with contract procedure rules

- An adequate claims register is maintained and there are procedures in place for dealing with claims
- Claim patterns and trends are reviewed so procedures and policies can be implemented to reduce claims
- The tenants home contents scheme is managed and promoted effectively

3.1.2 Observations

Review and testing found that there were no significant issues within the areas that were considered.

The insurance section works closely with Insurance brokers to ensure that adequate cover is place for all the Council's assets and operations. A proactive approach is taken to obtaining the best deals on insurance cover and the team work closely with the Procurement Executive to ensure compliance with contract procedure rules.

A register of all potential insurance claims is held and maintained. The team thoroughly investigate any claim made against the Council to ensure that they are genuine and to assess whether the Council is liable. Trends and patterns on insurance claims are investigated to ensure that procedures can be reviewed and updated to mitigate claims risks.

The tenant home contents scheme is administered effectively and initiatives are undertaken to promote this scheme to tenants. Consideration is currently being given to whether a new insurance provider should be procured for this scheme.

3.1.3 Assurance

This Internal Audit work provides **substantial assurance** that appropriate controls are in place in this service area.

3.2 Right to Buy (RTB) Sales

The Right to Buy Team are responsible for managing applications from tenants who wish to purchase their council house. It has been 6 years since the last internal audit review of this service area.

3.2.1 Objectives

The main purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Current legislation and regulations are being applied and that the service has the appropriate procedures in place
- Applications meet relevant timeframes and checks are completed to ensure the Council's legal obligations are being met.
- Controls are in place to safeguard the Council's interests as the application progresses
- Access is limited both electronically and on paper files to the appropriate staff, that the service has appropriate backup of systems, and has

appropriate entries in the corporate catalogue, and changes necessary for compliance with GDPR have been made to privacy notices

3.2.2 Observations

The audit found that legislation and regulations are followed as the RTB application progresses through the process. Substantial checks are carried out on the eligibility for the RTB discount and checks are made that there are no outstanding arrears or works to be completed. The process also highlights that a RTB has been received so that planned programmed works can cease.

It was identified that arrangements for fraud checks could be developed and it was recommended that a tenancy fraud policy and checklist should be introduced to ensure that all checks are being undertaken to protect the Council's interests. A number of other minor recommendations were made concerning updating procedures and processes.

3.2.3 Assurance

This Internal Audit work provides **Substantial assurance** that appropriate controls are in place on Right to Buy Council House sales.

4.0 **Other matters of note.**

4.1 Update on the Management of Electronic Records

Following on from the more comprehensive update to the last meeting, the Council is pursuing comprehensive testing of improved governance arrangements with live data in Property Services, engaging with the ICT contractor for this purpose, and will update further on the position once this has been undertaken.

5.0 **Conclusion**

- 5.1 The 2018/19 Internal Audit Plan is designed to fulfil the Council's duty under the Accounts and Audit Regulations 2015 to 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. Good progress is being made in delivering the 2018/19 plan, which is expected to be substantially completed by the year end.