



INTERNAL AUDIT SERVICE

INTERNAL AUDIT ACTIVITY - QUARTERLY UPDATE 2019/20

1. Summary of Progress against the 2019/20 plan.

- 1.1 For the period 1st June 2019 to 10th July 2019 progress against the plan for the financial year 2019/20 has been satisfactory with 16% of planned audit work either in progress or being near completion. Due to the new audit reporting cycle there is no comparative data available, however, we think that steady progress has been made to date.

Audit Plan Progress

Title	Stage of Audit	Assurance reported to A&G Committee
Sale of Council Houses		
Property Service - Legionella Checks		
Property Services - Electric	Fieldwork Completed	
Chapel Gallery		
Stripe Payment Method		
Civic Bulky Collections		
Vehicle Maintenance Contract		
Enforcement Charges	Fieldwork in progress	
Land Charges		
Members Services		
Corporate Credit Card		
Benefits		
Creditors		
Debtors		
Council Tax	Audit Brief Issued	
Council Tax Support Scheme		
NDR		
Housing Rents	Audit Brief Issued	
Payroll		
Income Management		
Treasury Management		
Main Accounting		
Recovery of Arrears		
Contracts and Procurement		
Performance Indicators		
Sustainable Organisation Review Project (SORP)		
Service Now - Customer Relationship Management		
Development Company		
Property Services Contractor Follow Up Audit Review		
ICT Audit		
Prevention of Fraud and Corruption	Fieldwork Commenced	
Annual Governance Statement		
Summary		
Work complete	0	0%
Work in progress	5	16%
Work not commenced	27	84%
Total	32	100%

- 1.2 Since the last report to the Audit and Governance Committee, five audits relating to financial year 2018/19 have been completed to final report stage. There are currently seven at Draft Report Issued stage and these will be finalised in the coming weeks. There is one audit review (GDPR) which is at fieldwork stage but nearing completion, however, it should be noted that this is a complex review which will add significant value to the Council.

2. Audit Opinions and Priorities for Recommendations

2.1 Assurance rating system

- 2.1.1 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.

2.1.2 Recommendation Priority Levels

Recommendations made in all internal audit reports are given a priority level as set out in the table below:

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact of frequency presents risk to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

- 2.3 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.
- 2.4 Internal Audit's role is to evaluate and improve the effectiveness of risk management and control processes.

- 2.5 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. Assurance reports:

Details of the final reports relating to 2018/19, issued during the period 1st June 2019 to 10th July 2019 are as follows:

Audit Title	Assurance Opinion	Recommendations		
		P1	P2	P3
Home Care Link	Limited	1	0	0
Caretaking	Limited	2	10	2
Home Finder	Substantial	0	2	1
Refuse and Recycling	Substantial	2	5	0
Housing Rents	Substantial	0	3	0

3.1 Home Care Link (Limited Assurance)

- 3.1.1 The purpose of this audit was to provide an opinion on the procedures and controls within the service and make suggestions for improvement going forward.
- 3.1.2 This in-depth review included a number of process walks and conversations with staff so as to understand their day to day roles and responsibilities. High Level process maps were compiled by the Internal Auditor and areas for improvement were documented in a detailed action plan with each individual action categorised as either High, Medium or Low.
- 3.1.3 There were a number of areas of weakness that had already been identified by Homecare Link Management and these were also detailed in the action plan for completeness. It should be noted that the areas of weakness were in relation to system processes and not in relation to the level of care given to customers.
- 3.1.4 Internal Audit's findings included issues regarding time consuming year end processes, a lack of reconciliation processes, and unmanageable peaks and troughs in respect of start of financial year correspondence. In addition, it was identified that the charging structure needed to be reviewed and the retention of records and documentation should be in line with the Councils retention policies.
- 3.1.5 The Home Care Link management team are currently working through the actions identified within the audit and are making good progress. A revisit is scheduled for September 2019 to validate the actions against the findings with the aim to meet the recommendations. The outcome of the revisit will be reported to this committee in October 2019.

3.2 Caretaking (*Limited Assurance*)

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

- Assets are properly safeguarded
- Financial risks are addressed
- Health and safety procedures are in place and adhered to
- The team are delivering an efficient and effective service
- The service complies with data protection

3.2.2 From the work carried out in relation to the systems and procedures in place for the Caretaking service a number of areas for concern were highlighted by Internal Audit. This led to a Limited Assurance audit opinion. The main areas for concern noted include the following:

- Key holding arrangements for council equipment and vehicles require improvement
- Council Contract Procedure Rules and Financial Regulations are not always being followed
- Caretaking Management do not have appropriate systems and procedures in place to monitor over time, hours worked, or breaks taken
- Appropriate budget monitoring is not undertaken by management
- Staff records do not hold appropriate information e.g. DVLA checks, working time regulation opt out forms
- There is no system, electronic or manual, in place for staff to record their working hours or holiday entitlement
- A satisfaction survey has not been provided to residents for a number of years
- Management inspections of the work undertaken by the Caretaking Team have not been undertaken for some time
- Review of the Health and Safety (H&S) gateway found incomplete H&S risk assessments and insufficient evidence in relation to Caretakers training records. The team were subject to a separate Health and Safety Audit where a number of findings and recommendations were made, these recommendations are subject to separate Action Plans and are being monitored by the Corporate Health and Safety Team.

3.2.3 As the audit opinion was limited assurance, a review of the work undertaken by the service to address the findings and recommendations in the action plan will be reviewed in no more than 6 months' time and an update will be provided to this committee.

3.3 Homefinder - (*Substantial Assurance*)

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

- Current guides and procedures are in place
- Risks are adequately documented on Pentana
- The website has the latest guidance and a privacy notice displayed

- Homefinder applications have appropriate checks and evidence on file
- Applications follow the process on how a property is allocated
- Applications are not held on the system longer than necessary and follow the data retention and disposal rules
- Properties are advertised promptly
- Staff declare any interests
- Keys are properly controlled
- A register of all vacant properties is kept
- The appropriate checks are completed on a property prior to letting
- New tenancies are input into QL and adequate documentation is retained
- Spot checks are undertaken to ensure tenants are living in the property that they have been signed up to

3.3.2 From the work carried out by Internal Audit it was noted that the service is well managed. There were issues of a minor nature identified during the review and in particular, a review is required to ensure that there is compliance with the data retention and disposal schedule in relation to successful applications.

3.4 Refuse and Recycling (*Substantial Assurance*)

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

- There is a system in place for "sign up" to the garden waste service, with controls in place for income management and measures in place to ensure the service is delivered to only those who have a valid contract in place.
- Progress on the implementation of route optimisation software is satisfactory.
- Progress on the implementation of "in cab" technology and its current and future use is satisfactory.
- Risk assessments and internal controls currently documented on Street Scenes Risk Register are adequately and accurately being tracked through the Pentana system.
- Performance against indicators and service action plans relevant to refuse and recycling are monitored and reported.
- There is a process for assessing and addressing health and safety risks for refuse operatives.

3.4.2 From the work carried out by Internal Audit it was noted that the service is generally operating satisfactorily. There are two Priority 1 recommendations, these relate to the requirement of ensuring the guidance given to operators of the In-Cab technology is in-line with current legislation; and terms and conditions for garden waste include a privacy notice as required for GDPR purposes.

3.5 Housing Rents (*Substantial Assurance*)

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

- Rent levels are reviewed annually in accordance with statutory guidelines
- Revised rents have been agreed by members
- Any changes to the rent accounts have the appropriate evidence and have been processed correctly
- Periodic reconciliations are carried out between QL and the asset register
- QL and the uplift spreadsheet property numbers agree
- Housing Benefits are informed in a timely manner of the rent increase
- Leaseholder lists are maintained and annual charges made
- Rents are reconciled to General Ledger
- Paperless DD through Allpay is fully implemented and operating as required.

3.5.2 Based on the work carried out by Internal Audit, the overall arrangements in place for Housing Rents were found to be good. However, there are some areas of improvement that can be made in respect of leaseholder service charges and keeping customers fully informed of their rent accounts where amendments have been made.

4. Performance Indicators

4.1 The Internal Audit Service have introduced a suite of Performance Indicators for 2019/20. At this point in the audit year (1st June 2019 – 31st May 2020) there is very little to report on as, at the time of writing, planned audit reviews for 2019/20 have not reached the reporting stage. The results for the period 1st June 2019 to 10th July are:

Performance Indicator	Target	As at 10 th July 2019
1. Completion of the audit plan	90% of planned audits completed to draft report stage by end of plan review period (31 May 2020)	16%
2. % recommendations confirmed fully implemented at time of formal follow up	Priority 1 – 100% Priority 2 – 80% Priority 3 – 75%	N/A
3. Timely production of draft report	80% of draft reports issued within 4 weeks of end of fieldwork	N/A
4. Timely agreement and issue of the final report	80% of final reports (including agreed management action plan) issued within 5 weeks of draft report	N/A
5. Customer satisfaction	Through key question customer satisfaction surveys – target 90% satisfaction of Very Good, Good or Average rating.	N/A

5. Other matters of note

- 5.1 The outcomes from the SORP review may have future implications on the Internal Audit Plan 2019/20 and therefore careful monitoring and horizon scanning will be required during the audit year as changes throughout the Council take effect.

6. Conclusion

- 6.1 The 2019/20 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 2019/20 plan.