

<b>Title of Report:</b>	<b>Internal Audit - Interim Report 2014-15</b>
<b>Report to be considered by:</b>	Governance and Audit Committee
<b>Date of Meeting:</b>	9 February 2015
<b>Forward Plan Ref:</b>	GA2950

**Purpose of Report:** To update the Committee on the outcome of internal audit work.

**Recommended Action:** To note the report.

**Reason for decision to be taken:** The report forms part of the performance monitoring framework

**Other options considered:** None

**Key background documentation:** None

**Published Works:** None

The proposals will help achieve the following Council Strategy principle:

**CSP6 - Living within our means**

The proposals contained in this report will help to achieve the above Council Strategy principle by:

Ensuring that the activity is monitored

Portfolio Member Details	
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<b>Date Portfolio Member agreed report:</b>	15 January 2015

Contact Officer Details	
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## Implications

**Policy:** none  
**Financial:** none  
**Personnel:** none  
**Legal/Procurement:** none  
**Property:** none  
**Risk Management:** none

Is this item relevant to equality? Please	tick relevant boxes	Yes	No
Does the policy affect service users, employees or the wider community and:			
• Is it likely to affect people with particular protected characteristics differently?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Outcome</b> (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)			
Relevant to equality - Complete an EIA available at <a href="http://intranet/EqIA">http://intranet/EqIA</a>			<input type="checkbox"/>
Not relevant to equality			<input checked="" type="checkbox"/>

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>
Report is to note only		<input checked="" type="checkbox"/>

# Executive Summary

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## **1. Introduction**

- 1.1 The purpose of this report is to provide an interim report to the Governance and Audit Committee as required by the Code of Practice for Internal Audit in Local Government.
- 1.2 The report highlights the results of internal audit work on the Council's systems and procedures and provides assurance on the Council's internal control framework.

## **2. Proposals**

- 2.1 The work carried out by internal audit demonstrates that the Council's main financial systems are very sound.

## **3. Equalities Impact Assessment Outcomes**

- 3.1 This item is not relevant to equality.

## **4. Conclusion**

- 4.1 The Council's overall internal control framework remains robust.

# Executive Report

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## 1. Introduction

- 1.1 The Public Sector Internal Audit Standards, as adapted by CIPFA's "Local Government Application Note" requires the Chief Internal Auditor to make a formal report annually to the Council.
- 1.2 In addition to the formal annual report the Chief Internal Auditor provides an interim report to the organisation in the course of the year. The interim report aims to address emerging issues in respect of the whole range of areas to be covered in the formal annual report. This report provides an interim view looking at the first 6 months of the year.

## 2. Opinion on the “Internal Control Framework”

- 2.1 No fundamental weaknesses were identified in Council’s internal control framework through the work carried out by Internal Audit. Where audit work identified weaknesses then management action has been taken to resolve issues identified. Overall the internal control framework remains robust.
- 2.2 The following table summarises the results of the audit work where an opinion was given, and this demonstrates that the key financial systems are very robust.

Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial System	0	0	0	2	3
Other systems	0	1	2	3	0

- 2.3 The audit that was given a weak opinion was in relation to Personal Budgets / Direct Payments in Adults Social Care. The main concerns raised by the audit were:
- (1) The Finance Service were required to chase up non receipt of financial statements from clients as well as check the types of expenditure being incurred against the client’s support plan, however we found that these processes were not being undertaken. Consequently client care assessments and individual financial reviews were not being carried out at the required frequency, therefore there was limited assurance that each direct payment made was still needed and that it was being used appropriately in accordance with the client’s care plan.
  - (2) We found that there was no system / rolling programme in place to ensure that all clients have an annual financial review, and there was no management information produced to monitor the reviews undertaken/those that need to be undertaken.
  - (3) Also, the records maintained for the financial assessments are in need of improvement to provide a comprehensive record of the process.

- 2.4 Following the audit the financial review function has been transferred from the Finance Service to Client Financial Services. We were informed by the Head of ASC Efficiency Programme that this change had been made as there had been a lack of effective monitoring and chasing of clients' monthly financial information. It was felt that transferring the function to the same team that carries out the reviews should help to ensure that the financial monitoring function is providing the necessary information to identify and prioritise the higher risk cases for review.
- 2.5 We were informed by the Head of ASC Efficiency Programme that the ASC Project Accountant and the Reviewing Officer has started looking at what sort of records and information needs to be recorded in order to be able to pull together useful management reports.
- 2.6 Internal Audit attended a meeting with the Portfolio Member in June 2014, where the Client Financial Services Manager provided an update on the implementation of the recommendations. We were informed that the Personal Budget Financial Review Assistant is now in post and a new spreadsheet has been developed to include the information required.
- 2.7 The following summarises the results of follow up work. This table demonstrates that the Council has responded effectively where weaknesses have been identified.

Type	Unsatisfactory	Satisfactory
Key Financial System	0	3
Other systems	0	5

### 3. Performance of Internal Audit

- 3.1 Delivery of the audit plan is within target in the current year. However, the team has one vacancy, with a new member of staff starting in January and also a second auditor is presently on a secondment to the Accountancy Team.

#### Appendices

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Appendix A - Listing of current audits and follow ups

Appendix B - Listing of audits and follow ups completed in the first quarter

#### Consultees

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**Local Stakeholders:** Not consulted

**Officers Consulted:** Corporate Board

**Trade Union:** Not consulted