
Internal Audit Interim report 15-16 - Summary Report

Committee considering report:	Governance and Ethics Committee
Date of Committee:	Governance and Ethics Committee on 8 February 2016
Portfolio Member:	Councillor James Fredrickson
Date Portfolio Member agreed report:	07 January 2016
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Forward Plan Ref:	GE3007

1. Purpose of the Report

- 1.1 To update the Committee on the outcome of internal audit work carried out during the first half of 2015-16
- 1.2 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 in order to present an opinion of the Council's internal control framework.
- 1.3 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. Recommendation

- 2.1 To note the report and consider the explanations provided by the Heads of Service respect of the follow up audits where we considered that progress on implementation of agreed actions was unsatisfactory.

3. Implications

- 3.1 **Financial:** none
- 3.2 **Policy:** none
- 3.3 **Personnel:** none
- 3.4 **Legal:** none
- 3.5 **Risk Management:** none
- 3.6 **Property:** none
- 3.7 **Other:** none

4. Other options considered

4.1 None

5. Executive Summary

5.1 A summary of the internal audit work that is currently underway is at appendix A. Details of completed work is at appendix B.

5.2 The following table summarises the results of the audit work where an opinion was given.

Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial System	0	0	0	1	0
Other systems	0	0	4	2	0

5.3 The following summarises the results of follow up audits.

Type	Unsatisfactory	Satisfactory
Key Financial Systems	0	1
Other systems	2	4

5.4 Two follow audits were given an unsatisfactory opinion. These were:

- (1) Archiving of Council Records – (Strategic Support & ICT)
- (2) Personal Budgets – Direct Payments – (Adult Social Care)

5.5 Archiving of Council Records

- (1) **Internal Audit comment** - A follow-up progress meeting was held with the Chief Executive on 15th September 2015, at which time we were informed by the Information Security Officer that further progress has been made on the work being undertaken to check the accuracy of the storage records held for each location. Once this exercise has been completed, then the next stage will be involvement by the Records Management Group, to agree an approach to reviewing the records in storage, so that records are only retained where this is necessary. Internal Audit will carry out a further follow up review at a later stage to assess the progress made.
- (2) **Heads of ICT and Strategic Support comment** – Considerable progress has been made. An updated process has been put in place for managing archiving at the MJF store, which will now be documented. In addition, work is underway with Services to confirm destruction dates and arrange destruction of records where this is overdue.

- (3) (3) It has also been determined that we cannot rely of the information being supplied by Reading Records and we are currently of the view that the service is expensive and inadequate. We are arranging to conduct and full physical 'stock check', with the expected outcome of destroying old records wherever possible and transferring any remaining records to MJF.
- (4) (4) It is anticipated that the results of the stock check exercise and destruction programme will result in significant revenue savings
- (5) (5) Whilst this corporate issue rests with the Head of ICT and Support Services and Head of Strategic Support archiving is the responsibility of all Heads of Service. This report has identified the challenges of keeping on top of what is deemed to be a corporate issue when those services are having their head count and budgets reduced.

5.6 Personal Budgets – Direct Payments

- (1) **Internal Audit comment** - From the total of 11 agreed recommendations, we found that 3 have been fully implemented, 2 partially implemented and one is work in progress. The remaining 5 recommendations have not been implemented. We found that some of the significant weaknesses we identified have not been addressed.
- (2) **Head of Adult Social Care comment** - we have made further significant progress on the Direct Payments audit.
 - (a) We now have a regular performance updates - a report is now to ASC management team meeting each month so that the Service Managers are sighted on any issues and the amount of money recouped.
 - (b) Our ICT colleagues have helped us amend the spreadsheet to meet Audit's requirements
 - (c) Outcomes of the audit are being sent in all cases
 - (d) Letters have been amended
 - (e) ASC now check to ensure all reviews are up to date

5.7 The Head of ICT in respect of Archiving, and the Head of Adult Social Care in respect of Direct Payments, will attend the Governance and Ethics Committee to give an update on progress with implementing agreed recommendations and provide assurance to the Committee.

6. Conclusion

6.1 No fundamental weaknesses were identified in Council's internal control framework through the work carried out by Internal Audit. Overall the internal control framework remains robust.

7. Appendices

7.1 Appendix A – Current Internal Audit work

7.2 Appendix B – Completed Internal Audit work first half of 15-16