

Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	16 th September 2016
Subject:	Audit Performance Status Report to 18 th August 2016
Report by:	Chief Internal Auditor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 One new critical risk exception from the 2016/17 Audit Plan has been highlighted in this report. A further audit has resulted in "No Assurance" being given. Further details can be found under Section 6 of this report.
- 1.2 There are now 140 planned audits for 2016/17 made up of 112 new reviews and 28 follow up audits. Of these, 61 (44%) have been completed or are in progress as at 18th August 2016. This represents 20 audits (14%) where the report has been finalised, 5 audits (4%) where the report is in draft and 36 audits (26%) currently in progress.
- 1.3 In addition to the planned audits there are 11 areas of on-going work and 4 continuous audits which contribute to risk assurance.
- 1.4 Areas of Assurance are shown in Appendix A. Results of completed follow up audits can be found within Appendix B.

2. Purpose of report

- 2.1 This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2016/17 to 18th August 2016 against the Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework.

3. Recommendations

- 3.1 That Members note the Audit Performance for 2016/17 to 18th August 2016.
- 3.2 That Members note the highlighted areas of control weakness for the 2016/17 Audit Plan.

4. Background

- 4.1 The Annual Audit Plan for 2016/17 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 29th January 2016 following consultation with the Chief Executive, Deputy Chief Executive, Directors and the Chair of this Committee.

5. Audit Plan Status 2016/17 to 18th August 2016

Percentage of the approved plan completed

- 5.1 44% of the annual audit plan has been completed or is in progress as at 18th August 2016. Appendix A shows the completed audits for 2016/17. Appendix B shows the completed follow up audits for 2016/17

The overall percentage figure is made up as follows:

- 16 new reviews (11%) where the report has been issued, 4 in draft form (3%) and 35 (25%) where work is in progress
- 4 planned follow ups (3%) where the report has been issued, 1 in draft form (1%) and 1 (1%) where work is in progress

- 5.3 As requested by Members of the Committee a breakdown of the assurance levels on completed audits is contained in Appendix A. Where specific parts of the control framework have not been tested on an area (because it has been assessed as low risk for example) it is recorded as NAT (No Areas Tested) within the Appendix.

Changes to the 2016/17 Audit Plan

- 5.4 One full audit has been added to the Audit Plan since the last meeting.

- 5.4.1 Local Grant Fund - Added as a condition of the grant award requires an internal audit review of the expenditure.

5.5 External Clients

Internal Audit has secured 242 days of audit work for external clients during 2016/17. 30% of the days for this work have now been completed.

5.6 Reactive Work

Reactive work completed by Internal Audit in 2016/17 includes:

- 12 corporate fraud investigations
- 14 items of advice

As well as the following unplanned reviews/work:

- Channel Shift Programme
- Copyright Audit

Exceptions

5.7 Of the full audits completed so far this year the number of exceptions within each category have been:

- 1 Critical Risk
- 31 High Risk
- 2 Medium Risk
- 1 Low Risk (Improvements)

5.8 The table below is a comparison of the audit status figures for August for this financial year and the previous two years.

	2014/15	2015/16	2016/17
% of the audit plan progressed	47%	47%	44%
No. of Critical exceptions	1	0	1
No. of High risk exceptions	17	15	31

Ongoing Areas

5.9

The following 11 areas are on-going areas of work carried out by Internal Audit;

- Regulation of Investigatory Powers Act (RIPA)- authorisations and training
- Anti-Money Laundering, includes processing of activity reports, review of the policy and staff training.
- Investigations
- Financial Rules waivers
- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Audit Commission
- National Anti-Fraud Network (NAFN) bulletins and intelligence follow up
- Counter Fraud Programme
- Policy Hub project to ensure that all Council policies are held in one place and staff are notified of the policies relevant to them
- G&A&S Committee reporting and attendance and Governance,
- Audit Planning and Consultation
- Risk Management

Continuous Audit Areas

5.10 The following 4 areas are subject to continuous audit (i.e. regular check to controls) and feed into overall assurance;

- Legionella Management

- Asbestos Management
- Key risks management in services
- Performance Management

6. Areas of Concern & Updates

New Areas of Concern

6.1 Human Resources, Legal & Performance - Assessed and Supported Year in Employment (ASYE)

- 6.1.1 A critical risk exception had been raised as part of the 2016/17 Audit with regard to the financial controls surrounding the funding provided for newly qualified Social Workers, in order for them to complete their professional training. The funding (provided externally) should be used to purchase resources for the Social Workers, as additional support such as bespoke courses or core training and to pay for the certification of 'Developing Professional Specialist Practice' from Bournemouth University once the ASYE programme has been completed. Testing was unable to identify how the funding (for the period of 2015 to date the value is estimated at £45k) is being monitored and found no management trail to confirm what the funding was being used to purchase. Without adequate records and monitoring of spend there is a financial risk that duplicate or unauthorised spending may occur causing a financial loss to the Authority.
- 6.1.2 Agreed Action: Agreed Action: Social Worker's progress through the supported year in employment is documented on a tracking spreadsheet. All financial details will be added to this to monitor funding being drawn down and how it is spent for individual social workers.
- 6.1.3 A follow up audit will be conducted in November 2016.

6.2 Children's Social Care- Single Assessment Framework

- 6.2.1 The 2016/17 audit of the Single Assessment framework resulted in a "No Assurance" opinion as 3 high risk exceptions were raised. The Authority has implemented a framework whereby vulnerable children and their families are now subject to a single assessment.
- 6.2.2 The three exceptions relate to the results of sample testing on completed single assessments. Testing found that:
- Assessments were not being completed fully i.e.
 - 4 of 25 (16%) did not contain a completed summary wheel
 - 8 of 25 (32% contained no info in the child/parent/carer comments section
 - 6 of 25 (24%) contained little information in the comments section so it was not possible to determine their view on the assessment
 - 17/25 (68%) assessments tested were not being completed within the expected 10 day timescale. Of those 12 (71%) had no evidence to show they had been reviewed at the 10 day stage and authorised for an

extension. In order to extend this timescale authorisation from a team leader is required; no evidence of authorisations could be evidenced.

- None of the 25 assessments tested were signed by the client before being scanned onto the Children's Case Management system

Failure to adequately or promptly assess the children's/family's needs could result in them not receiving the correct level of care and affect their long term outcomes.

6.2.3 Agreed Actions: Actions were agreed with management to mitigate the risks including:

- Processes have been reinforced at an all managers meeting
- The format of the assessment will be reviewed to remove any unnecessary steps
- Completion of reviews after the initial 10 day period will now be monitored and form part of the monthly team scorecard
- Letters will be sent to the client along with a copy of the assessment in order for it to be signed and returned

6.2.4 This audit will be followed up as part of the 2016/17 Audit Plan.

7. Comments on the plan to date

7.1 The 2016/17 Audit Plan is on course to be completed by 31st March 2017. The 44% of audits either completed or in progress is slightly below the 2014/15 figure of 47%. However this is due to the increased number of audits in the 2016/17 plan. One critical risk exception has been raised under the 2016/17 plan whilst the number of high risks (31) is considerably higher than the 2015/16 figure (15). This is due to a higher number of full audits (16) being completed during 2016/17 at the same stage, at this time in 2015/16 5 full audits had been completed.

8. Equality impact assessment (EIA)

8.1 The contents of this report do not have any relevant equalities impact and therefore an equalities assessment is not required.

9. Legal Implications

9.1 Legal Services have considered the report and are satisfied that the recommendations are in accordance with the Council's legal requirements and the Council is fully empowered to make the decisions in this matter.

9.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

10. Finance Comments

- 10.1 There are no financial implications arising from the recommendations set out in this report.
- 10.2 The S151 Officer is content that the progress against the Annual Audit Plan and the agreed actions are sufficient to comply with his statutory obligations to ensure that the Authority maintains an adequate and effective system of internal audit of its accounting records and its system of internal control.

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 Signed by: Elizabeth Goodwin, Chief Internal Auditor

Appendices:

- Appendix A – Completed audits from 2016/17 Audit Plan
- Appendix B - Completed follow up audits from 2016/17 Plan

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
1 Accounts and Audit Regulations	http://www.legislation.gov.uk/ukxi/2011/817/contents/made
2 Audit Strategy 2016/17	http://democracy.portsmouth.gov.uk/documents/s9962/Final%20Audit%20Performance%20Report%20to%2016th%20December%202015.pdf
3 Previous Audit Performance Status and other Audit Reports	Refer to Governance and Audit and Standard meetings –reports published online http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Committeeld=148

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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 Signed by: