

Title of meeting: Governance & Audit & Standards Committee

Date of meeting: 2nd November 2018

Subject: Audit Performance Status Report to 10th October 2018

Report by: Chief Internal Auditor

Wards affected: All

Key decision: No

Full Council decision: No

1. Summary

- 1.1 This is a progress report for the 2018-19 planned audit activities. To date there are no 'No Assurance' audits and no critical risks exceptions raised.
- 1.2 There are 77 Full Audits and 25 Follow ups, in the revised planned for 2018/19, totalling 102 reviews.
- 1.3 To date, 48 (47%) have been completed or are in progress as at 10th October 2018. This represents 31 (30%) audits where the report has been finalised 5 (5%) where the report is in draft and 12 (12%) audits currently in progress.
- 1.4 In addition to the planned audits there are 11 areas of on-going work and 2 continuous audits which contribute to risk assurance.
- 1.5 Areas of Assurance are shown in Appendix A.

2. Purpose of report

- 2.1 This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2018/19 to 10th October 2018 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 2018/19 to 10th October 2018.
- 3.2 That Members note the highlighted areas of control weakness from the 2018/19 Audit Plan.

4. Background

- 4.1 The Annual Audit Plan for 2018/19 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 8th June 2018 following consultation with Directors and the previous Chair of this Committee. The Plan is revised quarterly to take account of any changes in risks/ priorities, in accordance with the Strategy.
- 4.2 For 2018/19 Internal Audit will conduct 1011 days of audit work for external clients.

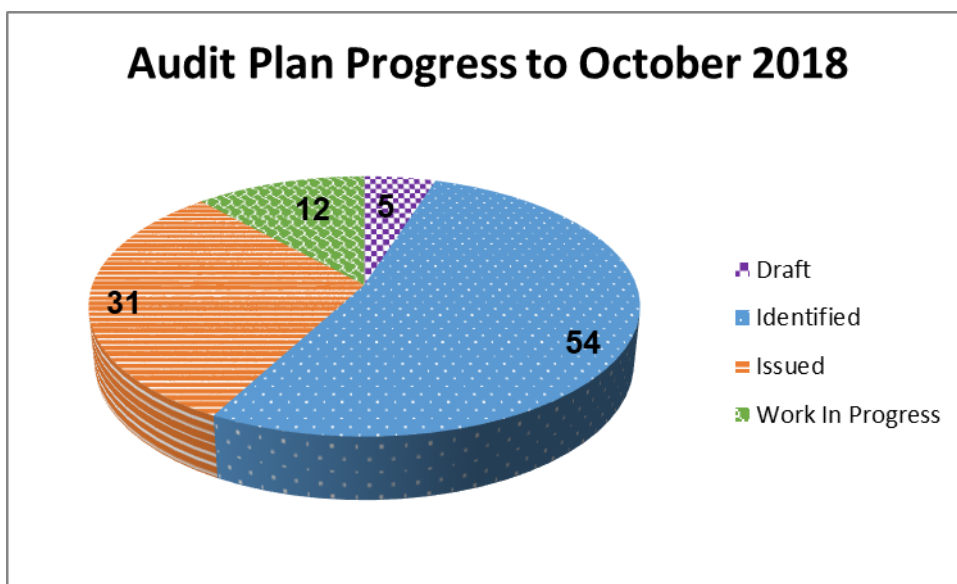
5. Audit Plan Status 2018/19

Percentage of the approved plan completed

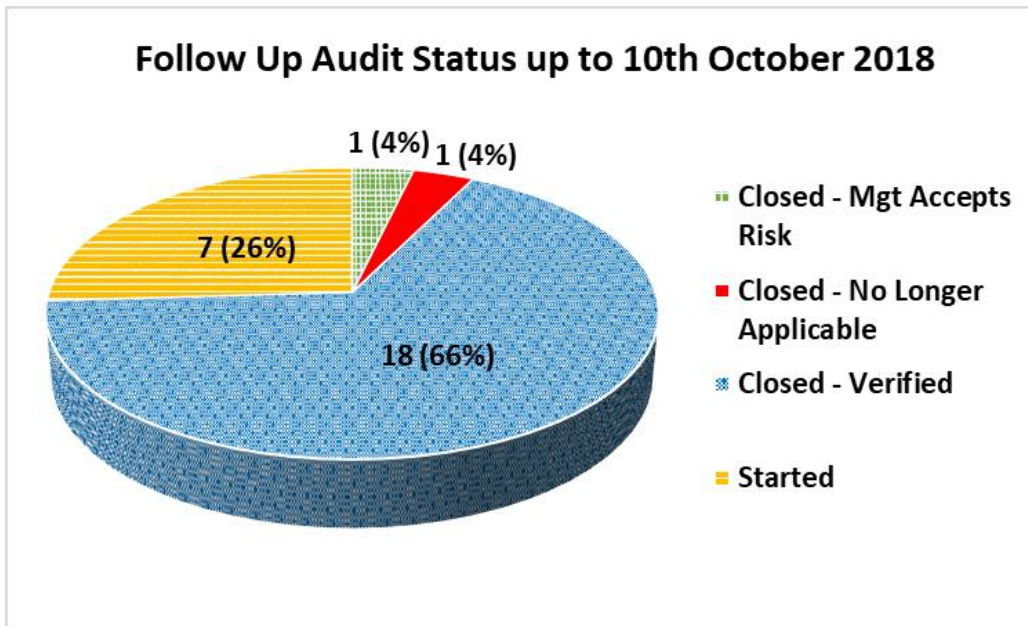
- 5.1 30% of the annual audit plan has been completed as detailed below. Appendix A shows the completed audits for 2018/19.

The overall percentage figure is made up as follows:

- 31 new reviews (30%) audits where the report has been finalised, 5 (5%) where the report is in draft and 12 (12%) audits currently in progress



- 5.2 As requested by Members of the Committee a breakdown of the assurance levels on completed audits since the last meeting 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. The table below shows the status of agreed actions relating to follow up work completed.



5.3 Directorate Codes:

- DCCD - Director of Culture & City Development
- DCC - Director of Communities & Communications
- DHNBS - Director of Housing, Neighbourhood & Building Services
- DPIP - Director of Portsmouth International Port
- MMD - Mainland Market Deliveries

Audits	Closed - Mgt Accepts Risk	Closed - No Longer Applicable	Closed - Verified	Started	Grand Total
Marketing and Tourism - DCCD		1	2		3
Merchandise, Stock, Retail - DCCD			1	1	2
City Helpdesk - DCC	1			1	2
Parking space & Garage Management - DHNBS			1	4	5
Grounds Maintenance Contract - DHNBS			3		3
Youth Centres/ Community Centres - DHNBS			8	1	9
Income Dues Brittany - DPIP			1		1
MMD Recruitment - MMD			2		2
Grand Total	1	1	18	7	27

5.4 At the last committee meeting the members requested a schedule of when the planned reviews at Mainland Market Deliveries (MMD) would be carried out and the results communicated. Below is the list of MMD audits, their audit type, status and expected reporting timeframe.

Audit	Audit Type	Status	Expected Reporting
Recruitment	Follow Up	Issued	Nov-18
Procurement	Follow Up	Draft	Feb-19
Payroll	Full Audit	Draft	Feb-19
Health and Safety	Full Audit	Fieldwork	Feb-19
Gifts and Hospitality	Full Audit	Fieldwork	Feb-19
GDPR	Full Audit	Not started	Mar-19
Budget Monitoring	Full Audit	Not started	Mar-19
Commercial Contracts	Full Audit	Not started	Mar-19

Amendments to the 2018/19 audit plan.

5.5 Since the plan was approved there have been the following changes:

- Southsea Infants has been added to the plan.
- PCMI (Portsmouth Craft Manufacturing Industry) has been removed to accommodate the inclusion of Southsea Infants. This audit will be reconsidered for the 2019/20 audit plan.
- St Swithuns has been added to the plan.
- Wellbeing has been removed to accommodate the inclusion of St Swithuns. This audit will be reconsidered for the 2019/20 audit plan.
- Email & Internet Security has been added to the plan to enable a follow up to be conducted on the high risk exception that was raised.
- Strategic Commissioning (School places) has been removed to accommodate the inclusion of Email & Internet Security. This audit will be reconsidered for the 2019/20 audit plan.
- Sea Defence & Drainage has been removed as there are no high risk exceptions to follow-up.
- Learning Disability Spend has been removed as there are no high risk exceptions to follow-up.

5.6 The net difference from these amendments is a reduction of 1 under full audits, from 78 to 77 (inclusive of grant verifications) and a reduction of 1 follow-up from 26 to 25. Overall annual audit plan for 2018/19 covers 102 reviews.

Reactive Work

5.7 Reactive Work undertaken by Internal Audit in 2018/19 includes:

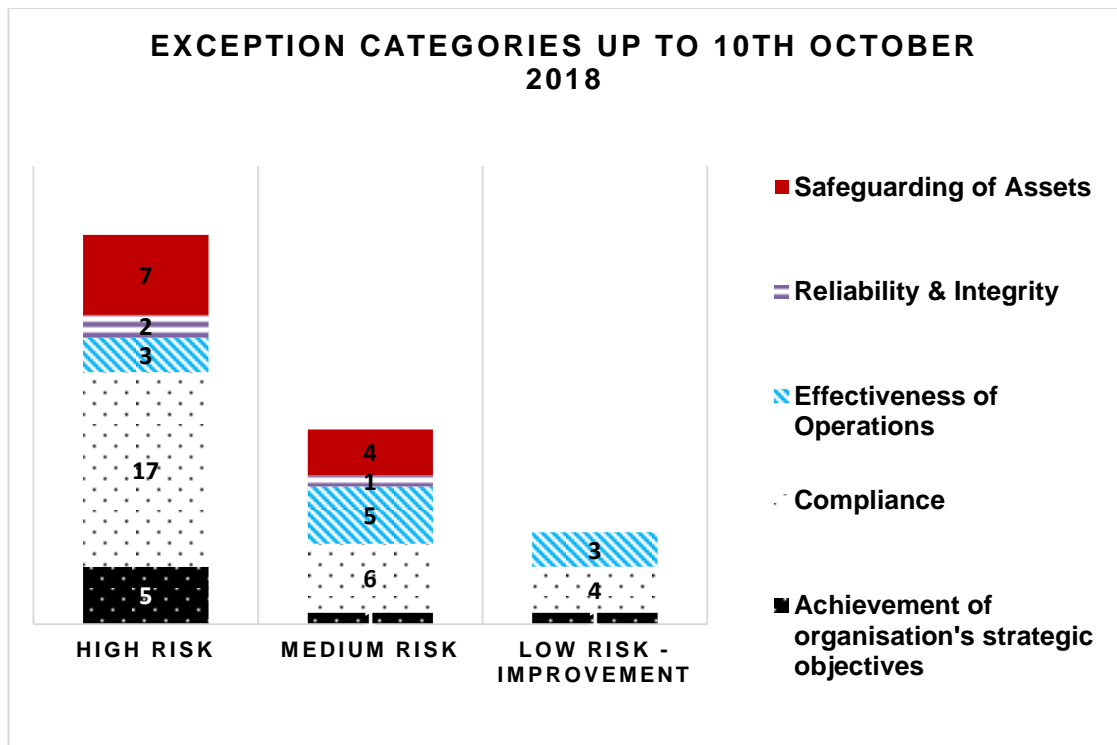
- 9 special investigations (excludes Benefit and Council Tax Support cases)
- 6 items of advice, (where the advice exceeds an hours work)

Exceptions

5.8 Of the 2018/19 full audits completed the number of exceptions within each category have been:

- 0 Critical Risk
- 34 High Risk
- 17 Medium Risk
- 8 Low Risk (Improvements)

5.9 The following table details the categories of exceptions raised to date.



Ongoing Areas

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

- Regulation of Investigatory Powers Act (RIPA) - authorisations
- Anti-Money Laundering monitoring and reporting
- Investigations
- Financial Rules Waivers
- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office
- 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

- 5.11 The following 2 areas are subject to continuous audit (i.e. regular check to controls) and feed into overall assurance;
- Key risks management in services
 - Performance Management

6. Areas of Concern

- 6.1 There are no new areas of concern.

7. Equality impact assessment (EIA)

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

8. Legal Implications

- 8.1 The City Solicitor has considered the report and is 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.
- 8.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

9. Finance Comments

- 9.1 There are no financial implications arising from the recommendations set out in this report.
- 9.2 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 to date (10th October 2018)

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	http://www.legislation.gov.uk/uksi/2011/817/contents/made

Audit Regulations	
2 Previous Audit Performance Status and other Audit Reports	Refer to Governance and Audit and Standard meetings – reports published online.
3 Public Sector Internal Audit Standards	http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards

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

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Signed by: