

Title of meeting: Governance & Audit & Standards Committee

Date of meeting: 1st February 2019

Subject: Audit Performance Status Report to 9th January 2019

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 is one 'No Assurance' audits and no critical risks exceptions raised.
- 1.2 There are 68 Full Audits and 24 Follow ups, in the revised planned for 2018/19, totalling 92 reviews.
- 1.3 To date, 66 (72%) have been completed or are in progress as at 9th January 2019. This represents 50 (54%) audits where the report has been finalised 1 (1%) where the report is in draft and 15 (16%) 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. No Assurance audits are shown in 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 2018/19 to 9th January 2019 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 9th January 2019.

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.

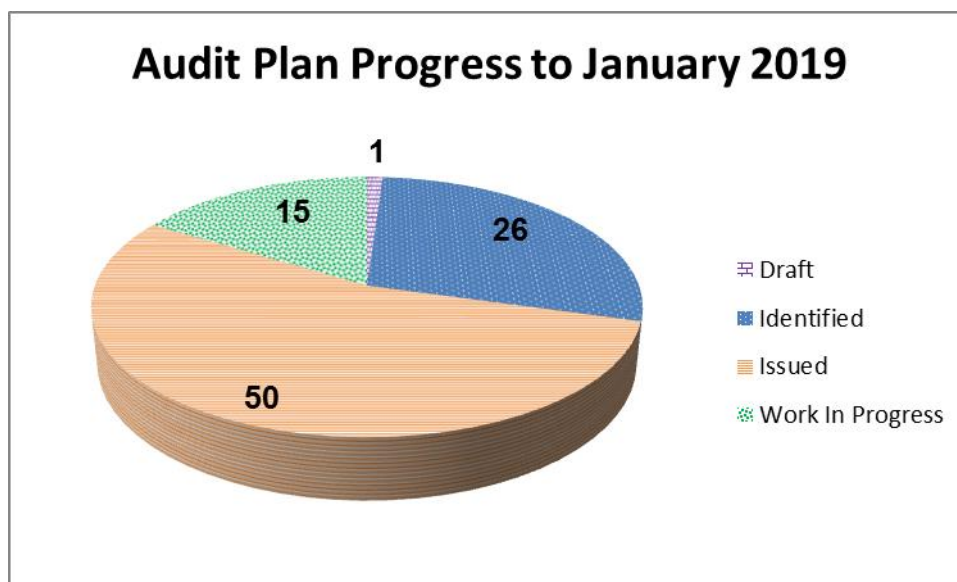
5. Audit Plan Status 2018/19

Percentage of the approved plan completed

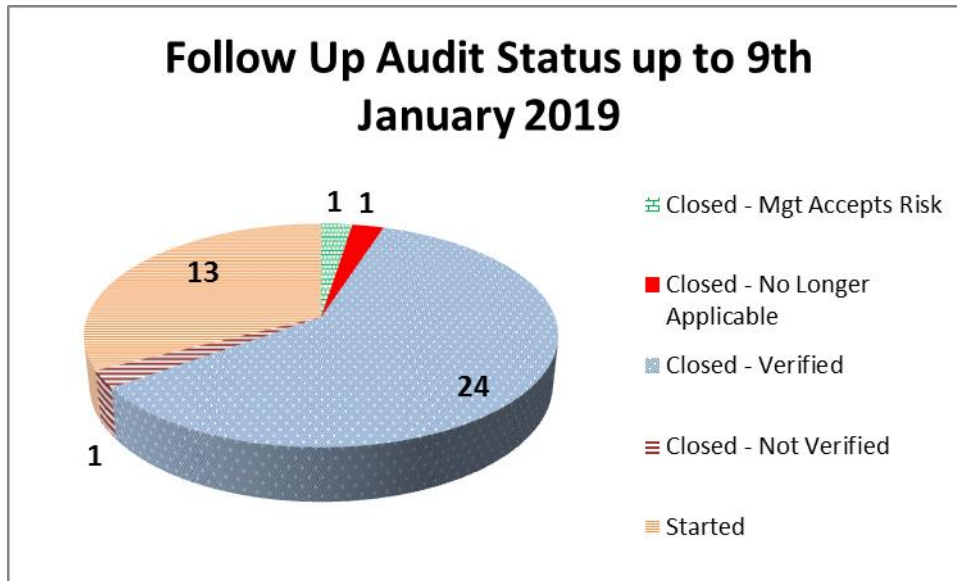
5.1 54% of the annual audit plan has been completed as detailed below. Appendix A shows the completed audits for 2018/19.

The overall percentage figure is made up as follows:

- 50 new reviews (54%) audits where the report has been finalised, 1 (1%) where the report is in draft and 15 (16%) 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
- DFIS - Director of Finance & Information Services

Audits	Closed - Mgt Accepts Risk	Closed - No Longer Applicable	Closed - Verified	Closed - Not 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
Cash Collection - DCC			2		1	3
Data Sweeps - DCC			1			1
IT Procurement, inventory & disposal - DFIS			2		5	7
Email and Internet Security - DFIS			1	1		2
Grand Total	1	1	24	1	13	40

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	Issued	Feb-19
Payroll	Full Audit	Issued	Feb-19
Health and Safety	Full Audit	Fieldwork	Mar-19
Gifts and Hospitality	Full Audit	Issued	Feb-19
GDPR	Full Audit	Fieldwork	Mar-19
Budget Monitoring	Full Audit	Not started	New Financial Year
Commercial Contracts	Full Audit	Moved to 2019/20	Feb-19

Amendments to the 2018/19 audit plan.

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

- Children with Disabilities audit has been removed to the 2019/20 audit plan to allow the service time to implement a recovery plan following an independent assessment in that area.
- Tenancy Management audit has been removed as the relevant areas for this review are covered in other audits such as Anti-Social Behaviour, Housing Rents and Repairs & Maintenance.
- Governance & Data Protection audit has been removed as this was included in the plan twice.
- Tackling Poverty Coordination audit has been removed as the relevant areas for this review are covered in other audits such as Positive Family Futures and Health & Wellbeing.
- Energy Company audit has been removed as an audit in this area is no longer required.
- Edge of Care audit is moved to the 2019/20 (quarter 1) audit plan at the request of the service, this is because a separate audit for Youth Offending is underway in the same operational area.
- Helpdesk & Desktop Management audit is moved to the 2019/20 audit plan to allow the service to complete the roll out of ITSM.
- Out of City Placements audit has been removed as there are no high risk exceptions to follow-up.
- MMD Commercial Contracts has been removed to the 2019/20 audit plan as the scoped areas have been covered under the procurement audit carried out earlier in the year.
- Contracts for Terminal Services has been removed to the 2019/20 audit plan.

- Adoption audit is replaced by Fostering following preliminary risk assessment and discussions with the service.

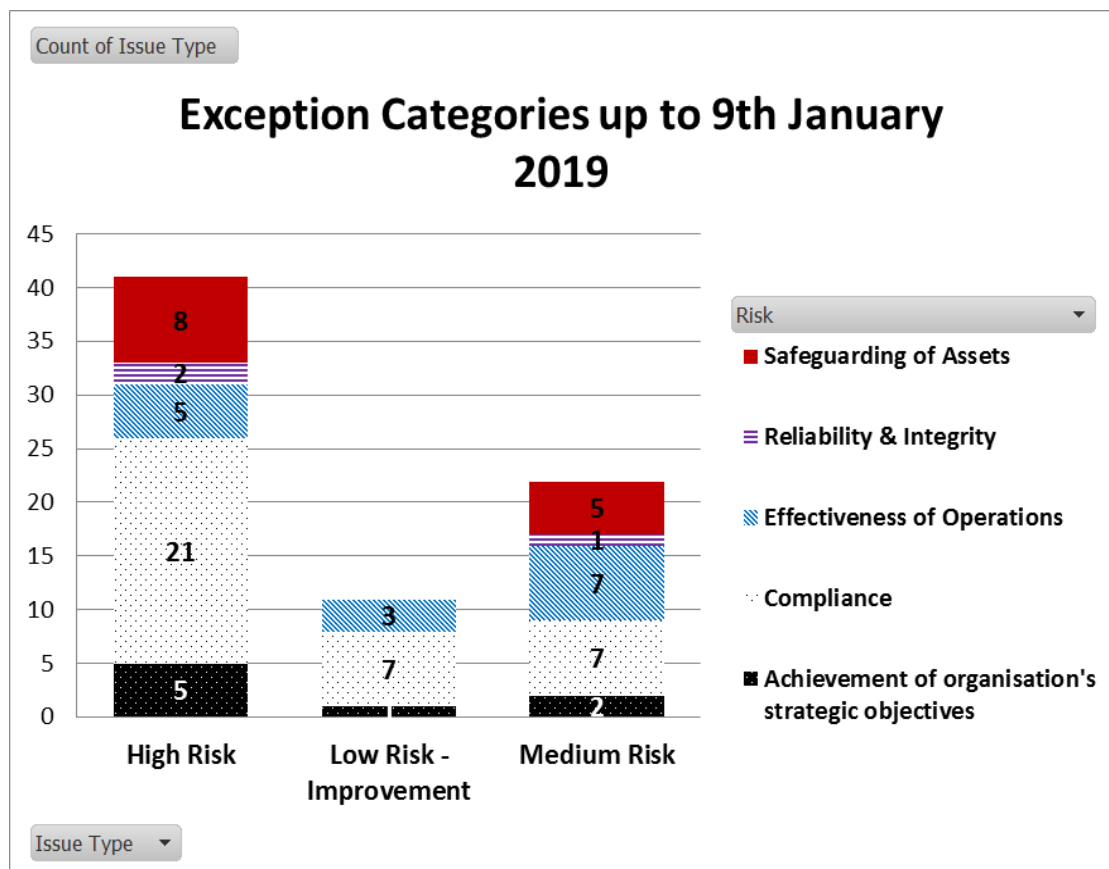
Reactive Work

- 5.7 Reactive Work undertaken by Internal Audit in 2018/19 includes:
- 13 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
 - 41 High Risk
 - 22 Medium Risk
 - 11 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 & update on previous No Assurance Audits

- 6.1 Attached in Appendix B are the areas of 'No Assurance' - MMD Gifts & Hospitality and an update on previous 'No Assurance' audits - MMD Procurement update & IT Procurement Inventory & Disposal.

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 (9th January 2019)
- Appendix B - Areas of concern & update on previous No Assurance Audits

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 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: