

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	19 September 2018
Subject:	Internal Audit Monitoring Report
Report of:	Head of Corporate Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member Corporate Governance
Number of Appendices:	Two

Executive Summary:

The monitoring report provides the Audit Committee with the findings of the individual audit assignments undertaken for the period April to August 2018 and the status of internal audit recommendations that have been followed up in quarter two. In Appendix 1, is the internal audit opinion for each individual audit assignment completed in the period. Appendix 2 provides details of previous audit recommendations that have been followed up and by using a Red, Amber, Green (RAG) key identifies whether the recommendations have been implemented or not. All recommendations that were due for follow up, have been followed up.

Recommendation:

To consider the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.

Reasons for Recommendation:

As confirmed from the internal audit peer assessment completed during 2017/18 the work of internal audit is in broad compliance with the Public Sector Internal Audit Standards (PSIAS). These standards state that the Chief Audit Executive (CAE) must report functionally to the board. This includes reporting on internal audit's activity relative to its plan.

Resource Implications:

None arising directly from this report.

Legal Implications:

By monitoring the implementation of their recommendations, internal audit assists the council to minimise risk areas and thereby reduce the prospects of legal challenge.

Risk Management Implications:

If the CAE does not report functionally to the board then this does not comply with PSIAS.

If there are delays in response to the acceptance/implementation of internal audit recommendations then this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance remaining within the systems audited.

Performance Management Follow-up:

All recommendations made by internal audit are followed up within appropriate timescales to give assurance they have been implemented. In response to recommendations made following the independent review of internal audit, the final report template has been amended. All recommendations made from an audit can now be clearly visualised within the final report itself.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 A six monthly internal audit plan (April-September) was approved by Audit Committee on 28 March 2018. This monitoring report summarises the work of the internal audit team from April 2018 to August 2018. At the time of writing the report there are a number of audits still in progress and these will be reported to Audit Committee in December. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Head of Corporate Services) reports formally to the 'board' (Audit Committee) on the work of internal audit.

2.0 COMPLETED AUDIT ASSIGNMENTS FOR THE PERIOD

2.1 In relation to the individual audits within the approved plan, the findings of those audits completed to date can be found in Appendix 1. This provides commentary on the activity audited, the control objectives for each activity and the audit opinion for each control objective. The information presented is in a new format as discussed with Members of the Committee at a recent workshop. The internal audit process now gives clearer focus on risk. This was a recommendation from the independent internal audit peer review.

2.2 When reporting, a 'split' opinion can be given. This means an individual opinion can be given for different parts of the system being audited. This approach enables internal audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as 'good', 'satisfactory', 'limited' and 'unsatisfactory'. With regards to the opinions issued, overall the majority are of at least a satisfactory level of control. Two limited opinions have been issued in relation to the garden waste service; these relate to;

Legislative and policy compliance – the implementation of a documented retention schedule supported with a Data Sharing Agreement with Ubico.

Operational – to ensure that Ubico operatives only empty bins that are stickered - 'no sticky, no picky'. The stock control of emergency stickers was also identified as an internal control issue during the audit but this has since been rectified.

3.0 FOLLOW UP OF INTERNAL AUDIT RECOMMENDATIONS

3.1 All audit recommendations that were due to be followed up in the period have been followed up. This provides the Committee with an overview of the breadth of work undertaken and allows it to monitor the implementation of the audit recommendations. The list of these recommendations and their status can be found in Appendix 2. Of the 28 recommendations followed up during the period, 12 can be considered implemented, seven partially implemented and nine yet to be implemented. Of the recommendations not yet implemented, three are categorised as 'high'.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 All managers are consulted prior to the commencement of the audit to agree the scope and each manager has the opportunity to comment on the draft report and complete a client survey at the end of the audit.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Internal Audit Charter and Internal Audit Annual Plan.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 Internal Audit contributes to VFM through their improvement work.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: None.

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Appendices: 1 – 2018/19 audit work undertaken to date – internal audit opinions.
2 – Audit recommendations followed up (Qtr 2).