

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	24 July 2019
<b>Subject:</b>	Internal Audit Monitoring Report
<b>Report of:</b>	Chief Audit Executive (Head of Corporate Services)
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member Corporate Governance
<b>Number of Appendices:</b>	3

## **Executive Summary:**

The monitoring report is the final report of audits concluded within the 2018/19 financial year. The report also provides an overview of audit recommendations followed-up since the last report to Audit and Governance Committee. Appendix 1 is the internal audit opinion for each individual audit assignment completed in the period. Appendix Two provides details of 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. Appendix 3 provides an overview on the status of the Internal Audit Plan.

## **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:**

The Public Sector Internal Audit Standards (PSIAS) 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 or implementation of internal audit recommendations, this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance within the systems audited.

**Performance Management Follow-up:**

All internal audit recommendations are followed-up within appropriate timescales to give assurance they have been implemented. Where a recommendation has not been implemented and it has missed two agreed implementation dates then a responsible Officer must attend Committee to answer any questions that arise.

**Environmental Implications:**

None.

**1.0 INTRODUCTION/BACKGROUND**

- 1.1** Internal audit work to a six month audit plan. This monitoring report summarises the work of the Internal Audit Team since the last monitoring report that was presented to Committee on 28 March 2019. 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 and Governance Committee) on the work of internal audit.

**2.0 COMPLETED AUDIT ASSIGNMENTS FOR THE PERIOD**

- 2.1** The majority of audit opinions in relation to the 2018/19 Audit Plan have been reported during the course of the year to the Audit and Governance Committee. This report is therefore a ‘mop-up’ of 2018/19 related activity. Any 2018/19 related audits that have yet to be completed will be reported during 2019/20. Days were allocated in the six month audit plan approved by Audit and Governance Committee on 28 March 2019 for outstanding work to be carried forward.
- 2.2** Appendix 1 sets out the internal audit opinion for the final audit assignments completed in 2018/19. 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. Appendix 3 provides an overview on the status of the Internal Audit Plan.
- 2.3** When reporting, a ‘split’ opinion can be given. This means an individual opinion is given for each risk category identified. 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 audit of the project management framework, an element of this framework has been concluded as ‘limited’. This relates to ensuring there is consistent application of supporting documentation, such as risk registers.

**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 Members to monitor the implementation of the audit recommendations. The list of these recommendations and their status can be found in Appendix 2. Of the 10 recommendations followed-up during the period, seven have been implemented, two partially implemented and one yet to be implemented.

- 3.2** In relation to the recommendations partially implemented or yet to be implemented, revised implementation dates have been agreed. As detailed on the summary sheet, previous implementation dates have not been met. With regards to the recommendation relating to a full review of the commercial waste service, this has been discussed in some detail at Overview and Scrutiny Committee. The original audit recommendation was significant enough to be included within the Council Plan. As such, progress on delivering the action is included within the performance tracker document which is presented at Overview and Scrutiny Committee on a quarterly basis. A report on the strategic direction of the service has been programmed into the Committee's work programme for January 2020.

**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. The status of audit recommendations are reported on a regular basis to Corporate Management Team.

**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.

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**Background Papers:** None

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**Appendices:** Appendix 1 – Completed audit opinion  
Appendix 2 – Audit recommendations followed-up  
Appendix 3 – Status of Audit Plan 2018/19