

# Audit Committee

26<sup>th</sup> March 2019



**Report of:** Chief Internal Auditor

**Title:** Internal Audit Activity Report for the period of 1<sup>st</sup> April 2018 to 28<sup>th</sup> February 2019

**Ward:** N/A

**Officer Presenting Report:** Jonathan Idle – Chief Internal Auditor

## Recommendation

The Audit Committee note the Internal Audit Activity for the period of 1<sup>st</sup> April 2018 to 28<sup>th</sup> February 2019.

## Summary

This Activity Report provides the Committee with an accumulative summary view of the work undertaken by Internal Audit (IA) in the period of 1<sup>st</sup> April 2018 to 28<sup>th</sup> February 2019, together with the resulting conclusions, where appropriate. Additionally, the report provides the Committee with oversight of grant certification work completed on behalf of the Council, the Internal Audit recommendation implementation rate for the period together with further details of recommendations that remain outstanding subsequent to a follow up review, and as with previous Activity Reports, enhanced reporting in terms of individual summaries for a number of audit reviews completed in the period. This is the fourth planned activity report for the municipal year of 2018/19.

## Significant Matters Arising:

- Key messages arising from this report at Section 2 of Appendix A;
- Update on Audit Plan Progress, paragraph 3.1 and Section 5 of Appendix A
- Status of the Council Control Framework, based in IA work to date, Paragraph 3.2 and Section 5 of Appendix A
- Update on the Internal Audit Proactive Fraud/irregularity Prevention, Detection and Investigation Activity at Paragraph 3.3 of Appendix A
- Recommendation implementation rate, Paragraph 3.4 and Section 6 of Appendix A
- Value of Grants Certified by the Service in the period, Paragraph 3.5 of Appendix A
- Resources within Internal Audit, Paragraph 3.6 of Appendix A
- Summaries of completed Internal Audit reviews - Appended to Appendix A

**1. Policy**

Audit Committee Terms of Reference

**2. Consultation**

Internal – Corporate Leadership Board including S151 Officer, Cabinet Member for Governance, Resources and Finance.

External – N/A

**3. Context**

3.1 This is the fourth IA Activity report to the Audit Committee, covering IA work up to February 2019. The Activity reports are designed to provide the Committee with a summary view of the work completed by the Service throughout the year. The activity reports have been provided to the Committee on an accumulative quarterly basis covering all of the IA activities, with the exception of the November Audit Committee when a separate Counter Fraud Update report was provided. The purpose of the Activity reports is to:

- Provide an overview of the work of Internal Audit to date, and the level of assurance that can be derived from that work, in terms of the control framework within the Council.
- Present the assurance work completed and in progress by the Internal Audit team during the period, together with the conclusions we have drawn from that work.
- Update the Committee on the Internal Audit recommendations implementation rate and other performance indicators for the team.
- Spotlight audit review outcomes, both positive and negative, to management and the Audit Committee for their consideration and action, where appropriate.

This Fourth Activity Report in 2018/19 can be found at Appendix (A), with the key points to note provided below:

3.2 Key points arising from the Activity Report:

- 46% of reviews resulting in a ‘Reasonable Assurance’ Audit Opinion. This is compared to 63% of reviews that had concluded this level of assurance last year;
- Recommendation implementation rate currently at 90% implemented or partially implemented, compared to 88% in 2017/18;
- 24 grants with a total value of circa. £24m certified to date;
- Pro-active fraud/irregularity activity has identified approximately £778k of recoverable savings to date;
- Tenancy Property recoveries stand at 29 properties which can be reallocated to those in need.

#### 4. Proposal

- 4.1 The Audit Committee considers the accumulative work of the Internal Audit Team (IA), during the period of 1<sup>st</sup> April 2018 to 28<sup>th</sup> February 2019, and the results thereof, raising challenge where appropriate.

#### 5. Other Options Considered – N/A

#### 6. Risk Assessment

The work of Internal Audit minimises the risk of failures in the Council's internal control, risk management and governance arrangements, reduces fraud and other losses and increases the potential for prevention and detection of such issues. Areas of significant risk are detailed in the report.

#### Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
    - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
    - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
  - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
    - tackle prejudice; and
    - promote understanding.
- 8b) No Equality Impact anticipated from this report.

**Legal and Resource Implications**

**Legal – N/A**

**Financial – N/A**

**Land – N/A**

**Personnel – N/A**

**Appendices:**

**Appendix A – Internal Audit Activity Report for period of 1<sup>st</sup> April 2018 to 28<sup>th</sup> February 2019**

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

None.