



Internal Audit Progress Report

“Providing assurance on the management of risks”

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This report summarises the results of all audit work since the previous report to the Committee.

Summary of completed assurance work

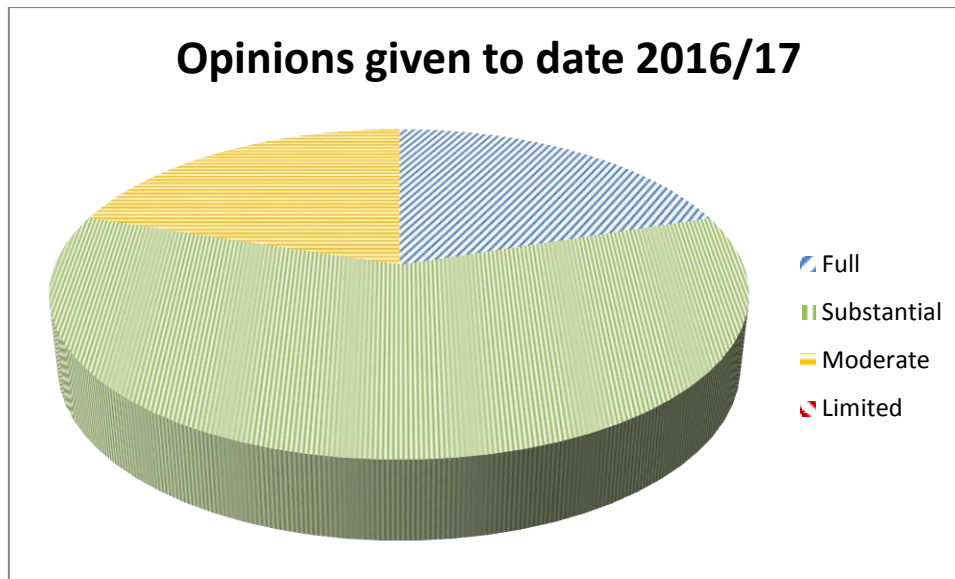
The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits will be given one of four levels depending on the strength of controls and the operation of those controls. The four categories ranging from the lowest to highest are Limited, Moderate, Substantial and Full. The opinion reflects both the design of the control environment and the operation of controls.

Table 1 summarises the results of the assurance work completed during the period showing the opinion given.

Table 1: Summary of completed audits.

Audit		Level of Assurance
1	Children’s Recovery Plan	Full
2	Learning and Achievement	Substantial
3	Residential Placements	Moderate
4	Safeguarding	Substantial
5	Adults – Financial Assessments	Substantial

The proportion of audits completed to date in 2016/17 given each level of opinion is illustrated in the following chart:



The following audits are nearing completion with draft reports issued and management comments awaited:

- Financial and Commercial Management Skills
- Transport Infrastructure
- Section 106
- School Visit – Fort Royal
- Commissioning & Placement process
- IT – User access
- IT – Infrastructure
- IT Commissioning

In addition, the following 2015/16 audits reported to Committee in the Internal Audit Annual Report dated 21 July 2016 have now been issued as final reports:

- Pensions Administration
- Pensions Investments
- Pensions Governance
- SEN(D) Transport
- Foster Payments
- Controls around Purchase Orders/ Payments
- Payroll
- Transactional HR, Payroll & Finance: Contract Management

Recommendations are categorised according to the risks they are intended to mitigate. Categorising recommendations also assists managers in prioritising improvement actions. The current categories used, in increasing order of importance, are: Merits Attention, Significant and Fundamental.

Each audit report includes an action plan which includes target dates for implementing the agreed recommendations. Managers are accountable for implementing these action plans. The appendices, which are based on information provided by the relevant managers summarise progress on implementing agreed audit recommendations.

Appendix A summarises all the outstanding recommendations arising from the 2015/16 audit plan and shows that in total only 18 are still to be implemented. Appendix B summarises all recommendations arising from the 2016/17 plan. Unsurprisingly many recommendations made during the year have not yet reached their agreed implementation date.

Summary of non-assurance work

Counter Fraud

The size and complexity of the County Council means that some irregularities are inevitable and therefore, in addition to planned assurance work, a number of special investigations are in progress or have concluded during the year and a summary of the significant issues arising from these completed investigations are reported below:

- Internal Audit was asked to investigate an officer who had failed to declare relevant interests at the appropriate time. The investigation concluded that there was a case to answer but the officer resigned prior to the Disciplinary Hearing taking place.
- Investigations to support HR into allegations of a Children and Family Support Worker claiming for hours not worked has now resulted in the employee leaving the Council's employment.

An allegation of a Company fraudulently claiming grant funding from the Council is still being investigated by the Police.

Internal Audit continues to act as the lead co-coordinator for the National Fraud Initiative (NFI), all data was successfully uploaded by the required deadline. The matching results are expected to be issued to the Council in February 2017.

Certification

The period saw a number of grant claims requiring certification i.e.

- Bus Service Operators Grant (BSOG)
- Local Transport Plan – Structural Maintenance
- Local Transport Plan – Integrated Block
- Local Growth Fund
- Growth Hub

These were all satisfactorily audited by the required deadlines.

Advice

Internal audit is most efficient when its advice is utilised to ensure that appropriate controls are incorporated at an early stage in the planning of policy or systems development. This work reduces the issues that will be raised in future audits and contributes to a stronger control environment. During the period the service has provided an input to various corporate projects and this work is consistently welcomed by managers.

Internal Audit has continued to provide a range of advice since the last report to the committee including:

- E-Market Place (Your Life Your Choice).
- Superfast broadband payment claims and on-going assurance processes.
- Attendance at the monthly Procurement Board, the Corporate Information Governance Group and the Corporate Risk Management Group.
- Transport contracts.
- Place Partnership Limited (PPL).

In addition a summary of the issues raised during various Commissioning audits has been issued to the Head of Commercial.

Reports for Publication

The following final reports will be published following consideration by the Chief Financial Officer of whether they would require redaction prior to publishing. It should be noted that to date only Internal Audit reports where an opinion has been given have been published.

- Pensions Administration
- Pensions Investments
- Pensions Governance
- SEN(D) Transport
- Foster Payments
- Controls around Purchase Orders/ Payments
- Payroll
- Children's Recovery Plan
- Learning and Achievement
- Residential Placements
- Safeguarding
- Adults – Financial Assessments
- Transactional HR, Payroll & Finance: Contract Management

This list includes the 2015/16 reports finalised since the Annual Audit Report.

Published reports can be accessed by the following link:

http://www.worcestershire.gov.uk/info/20003/council_democracy_and_councillor_information/1076/internal_audit

Appendix A - 2015/16 Audits with outstanding recommendations

		Number of Recommendations					
	Audit	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Outstanding
Adult Services							
	Care Act Implementation	1	0	0	0	1	0
Economy and Infrastructure							
	Highways Maintenance Contract	2	0	0	1	0	1
	Highways Customer and Community	3	0	0	2	1	0
	Flood Management	3	0	0	0	0	3
Children, Families and Communities							
	SEN(D) Transport	5	0	0	2	3	0
	Child Academic Improvements in Care Homes	10	0	0	4	0	6

		Number of Recommendations					
	Audit	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Outstanding
	Foster Payments	6	0	0	5	1	0
	Foster Carers - the Foster Carer Journey	4	0	0	3	1	
	Direct Payments - Children	9	0	0	4	0	5
	St James CE Primary School	17	0	0	14	0	3
Commercial & Change							
	Job Evaluation	2	0	0	0	2	0
	Business Ownership of Systems and Assets	2	0	0	1	1	0
	Payroll	4	1	0	0	3	0
Finance							
	Controls around Purchase Orders/Payments	5	0	0	1	4	0

		Number of Recommendations					
	Audit	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Outstanding
Pension Fund							
	Pensions admin	3	0	0	0	3	0
	Pensions Investment	2	0	0	1	1	0
	Pensions Governance	2	0	0	0	2	0
Total		80	1	0	38	23	18

Appendix B - 2016/17 audit recommendations

		Number of Recommendations					
	Audit	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Outstanding
Children, Families and Communities							
	Children's Recovery Plan	0	0	0	0	0	0
	Learning & Achievement	1	0	0	0	1	0
Adult Services							
	Residential Placements	8	0	0	6	2	0
	Safeguarding	1	0	0	1	0	0
	Financial Assessments	1	0	0	0	1	0
Total		11	0	0	7	4	0