

INTERNAL AUDIT PROGRESS REPORT

Executive Summary

Financial Regulation 2.8 requires that the Chief Finance Officer shall report regularly to the Standards and Audit Committee on the work undertaken by Internal Audit. This report is accordingly submitted to the Committee for consideration.

This report covers audit activity and performance from 16 November to 14 February 2020.

Recommendations

The Committee is requested to:

RESOLVE That the report be received and progress against the 2019-20 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Reporting Person: James Graham, Head of Internal Audit
Email: james.graham@mazars.co.uk

Contact Person: Leigh Clarke, Finance Director
Ext. 3277, E Mail: Leigh.Clarke@woking.gov.uk

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1.0 Introduction

- 1.1 Financial Regulation 2.8 requires that the Chief Finance Officer shall report regularly to the Standards and Audit Committee on the work undertaken by Internal Audit. This report covers audit activity and performance from 16 November 2020.
- 1.2 The Standards and Audit Committee approved the 2019/20 Internal Audit Plan on 7 March 2019.
- 1.3 The purpose of this report is to outline the following in respect of Internal Audit Activity during the period:
 - An update on progress in delivering the 2019/20 internal audit plan;
 - A summary of any Limited/Nil Assurance reports issued and high priority recommendations raised; and
 - An update on follow up activity and any recommendations outstanding for implementation.

2.0 Internal Audit Progress

- 2.1 The table below provides a summary of progress in terms of the number of reports at draft or final stage and those in progress:

Audit Status	Number of reviews	Percentage
Finalised	4	21
Draft	6	32
Fieldwork in progress	5	26
Not yet started	4	21
Total	19	100

- 2.2 In the last Committee meeting we reported that progress was behind plan and efforts have been since been made to improve the deliver position.
- 2.3 53% of the 2019/20 plan has been delivered to at least draft report stage as at 14 February. The remaining audits are all in progress with the exception of four audits:
 - Cash Receipting – To start in March
 - Off Payroll Engagement (IR35) – To start in March
 - Asset Management – Managing Agents Regulatory Compliance – delayed until April to allow for an asset valuation exercise taking place in March.
 - Victoria Square Change Control – To start in April.
- 2.4 At present, we are expecting to be able to complete all audits by June 2020 to allow the Head of Internal Audit to prepare the annual assurance report.

3.0 Joint Waste Solutions audit

- 3.1 As part of the 2018/19 internal audit plan an entry was included regarding the Joint Waste Contract. An audit of the contract was undertaken by Surrey Heath Council's Internal Audit Service in 2019 with the objective of providing assurance to management that the joint waste contract between the four partner authorities in Surrey and the waste contractor Amey LG Ltd is being managed effectively by Joint Waste Solutions (JWS). The audit focussed on reviewing

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the mechanisms and controls that to manage performance issues rather than to report on the issues themselves.

- 3.2 In Decemeber 2019 the final audit report was received and provided a 'Substantial' level of assurance (equivalent to Satisfactory in Woking Borough Council's assurance definitions). The report acknowledged that, although there are still issues to resolve, a significant amount of progress has been made. Internal audit will continue to monitor progress.

4.0 Final Audit Reports Issued

- 4.1 We have four categories by which we classify internal audit assurance over the processes we examine: Substantial, Satisfactory, Limited or Nil.
- 4.2 Two final reports were issued in the period with one receiving a Satisfactory Assurance opinion and one being a non-assurance advisory audit. None of the reports currently at draft stage have a limited assurance opinion. The table below shows the final audit reports issued in the period.

Audit Title	Assurance Opinion	Date Issued	Recommendations by Priority		
			High	Medium	Low
Housing Allocations	Satisfactory	20/02/2020	0	2	0
Risk Management Strategy	N/A (non assurance work)	12/11/2020	N/A	N/A	N/A

- 4.3 Internal Audit categorise recommendations as High, Medium or Low priority to differentiate between the types of recommendation made. This gives management an indication on the importance and urgency of implementing the recommendations.
- 4.4 No High priority recommendations were raised in the reports finalised in the period. Details of all recommendations raised can be found in the summary reports for each individual audit provided separately to members.

5.0 Follow Ups

- 5.1 All recommendations have historically been entered onto an improvement plan in Shikari. Managers updated progress on the system and closed down the recommendations on the system once implemented. The Shikari system has been phased out and a new system to track recommendations has now been implemented. In the interim period the implementation of high priority recommendations has been tracked manually.
- 5.2 The new Action Management system is currently being populated with 2019/20 recommendations to go live in the 2020/21 financial year.
- 5.3 As at 14 February, there were no outstanding high priority recommendations (i.e. recommendations are past their agreed implementation dates) that have been confirmed as not yet implemented.
- 5.4 In addition to management updates on progress, spot checks are undertaken to confirm that recommendations are being implemented in practice. A procedure is in place to escalate recommendations that have not been implemented as agreed to CMG and finally to this committee where necessary.

6.0 Implications

Financial

- 6.1 There are minimal financial implications around the implementation of internal audit recommendations. Some audit recommendations are designed to improve value for money and financial control.

Human Resource/Training and Development

- 6.2 Some audit recommendations need officer resource to put in place.

Community Safety

- 6.3 There is a minimal impact on Community Safety.

Risk Management

- 6.4 Internal Audit identifies weaknesses in the control environment. Implementation of recommendations therefore improves the control environment and hence the management of risk.

Sustainability

- 6.5 There is minimal impact on sustainability issues.

Equalities

- 6.6 There is minimal impact on equalities issues.

Safeguarding

- 6.7 There is minimal impact on safeguarding issues.

REPORT ENDS