STANDARDS AND AUDIT COMMITTEE – 29 NOVEMBER 2018

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 13 September to 19 November 2018.

Recommendations

The Committee is requested to:

> **RESOLVE That** the report be received and progress against the 2018-19 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.

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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 13 September to 19 November 2018.

1.2   The Standards and Audit Committee approved the 2018/19 Internal Audit Plan on 8 March 2018.

1.3   The purpose of this report is to outline the following in respect of Internal Audit Activity during the period:

- A description of key audit issues and also of non-audit activity undertaken during the year;

- Details of reports issued during the period;

- A list of reports in progress as at 20 November 2018.

- Any major (i.e. high risk) recommendations made in Internal Audit reports issued between 13 September and 20 November 2018; and

- An update on all recommendations that remain outstanding for implementation.

2.0   Internal Audit Activity

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, as at 20 November:

Audit Status	Number of reviews	Percentage Completion
Finalised	5	26
Draft	2	11
Fieldwork in progress	4	21
To be undertaken	7	37
Deferred to 18/19	1	5
Total	**19**	**100**

2.2   Table 1 above illustrates that 37% of the plan has been delivered to at least draft report stage as at 7 September, with a further 21% of the plan in progress. A further 7 audits (37% are currently in the process of being scoped and scheduled in.

2.3   One audit has been deferred to 2019/20 (HMO Selective Licensing). All other audits are expected to be completed to at least draft stage by the end of March 2018.

2.4   The table below shows the status of all audits on the 2018/19 plan, including the reviews carried forward from 2017/18:

Audit Title	Audit Status	Recommendations by Priority		
		High	Medium	Low
Grants to Voluntary Organisations	Final report issued	0	2	2
Community Safety	Draft Report issued	-	-	-

Homelessness	Planning in progress	-	-	-
HMO and Selective Housing Licensing	Deferred to 2019/20	-	-	-
New Vision Homes Contract Management	Planning in progress	-	-	-
Building Control	Planning in progress	-	-	-
Emergency Planning	Final report issued	0	1	5
Asset Management	Planning in progress	-	-	-
Air Quality Monitoring and Management	Draft report issued	-	-	-
Freedom of Information Requests	Fieldwork in progress	-	-	-
Key Financial Control Testing - AP, AR, GL, Payroll, Treasury, Ctax, NNDR	Final report issued	0	1	0
Sheerwater Regeneration Governance	Fieldwork in progress	-	-	-
Group Companies	Fieldwork in progress	-	-	-
Business Continuity	Planning in progress	-	-	-
Supplier Resilience (Advisory)	Final report issued	N/A	N/A	N/A
HR – Sickness Absence Management	Fieldwork in progress	-	-	-
IT Strategy	-	-	-	-
SekCheck (Windows OS Network Management)	Final report issued	2	5	1
Application Audit (TBC)	Planning in progress	-	-	-

Carried Forward from 2017/18

GDPR	In Progress	-	-	-
Commercial Property Estate	Final Report Issued	0	4	1
Victoria Square Development	In Progress	-	-	-

2.5   One final report issued in the period received a Limited or Nil assurance opinion - SekCheck (Windows OS Network Management).

2.6   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 urgency of implementing the recommendation.

2.7   There were two high priority recommendations raised in the period that both related to the SekCheck (Windows OS Network Management) report.

3.0   Follow Ups

3.1   All recommendations have historically been entered onto an improvement plan in Shikari. Managers updated progress on the system and close down the recommendations on the system once implemented. The Shikari system is in the process of being phased out and, as such, managers no longer receive reminders on outstanding recommendations or have access to provide updates.

3.2   As at 20 November, there are 24 outstanding recommendations (i.e. the recommendations are past their agreed implementation dates), of which one is classified as high priority. This increase from 12 in the previous period is due to managers not being able to provide updates. A new system for recording recommendations and capturing updates is being developed and an update will be provided at the next Standards and Audit Committee meeting.

3.3   The one high priority recommendation not yet confirmed as implemented is as follows:

Audit:	Audit: Health and Wellbeing 2017/18
Recommendation	Action plans should be developed for Mental and Emotional Wellbeing; Independence, Isolation and Resilience; and Enabling Healthy Choices so that People Can Live Well. Assurance should be gained that the Woking priority areas map completely to the Surrey priority areas and that all action relating to each area is included in the action plan.
Management Response	We will be discussing with our partners how to take this forward as it would be inappropriate for a WBC member of staff to take the lead in these subject areas. We will revisit the priorities and see if any refinement can be made to simplify comparison. The SCC priorities changed in January 2018, our priorities were set well before this based on their previous documentation. There will always be some difference in priorities as the WBC priorities allows local priorities to be addressed which may be different in Woking due to our population make up.
Implementation Date	31/10/2018

3.4   New recommendations will be agreed as the draft reports detailed in Table 2 are finalised. It is important that these are implemented within the agreed timescales to ensure that the position reported in 3.2 above is improved upon.

3.5   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.

4.0   Implications

Financial

4.1   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

4.2   Some audit recommendations need resource to put in place.

Community Safety

4.3   There is minimal impact other than the Community Safety internal audit which is in progress.

Risk Management

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

Sustainability

4.5   There is minimal impact of sustainability issues.

Equalities

4.6   There is minimal impact of equalities issues.

Safeguarding

4.7   There is minimal impact of safeguarding issues.

REPORT ENDS