

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 20 November 2018 to 25 February 2019.

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 20 November 2018 to 25 February 2019.
- 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 25 February 2019.
 - Any major (i.e. high risk) recommendations made in Internal Audit reports issued between 20 November 2018 and 25 February 2019; 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 25 February:

Audit Status	Number of reviews	Percentage Completion
Finalised	8	44
Draft	3	17
Fieldwork in progress	4	22
To be undertaken	3	17
Total	18	100

- 2.2 Table 1 above illustrates that 61% of the plan has been delivered to at least draft report stage as at 25 February, with a further 22% of the plan in progress. A further 3 audits (17% are currently in the process of being scheduled in.
- 2.3 All audits in progress are expected to be completed to at least draft stage by the end of March 2019. The remaining 3 audits not yet scheduled in are expected to be completed by the end of April 2019.
- 2.4 The table below shows the status of all audits on the 2018/19 plan, including the reviews carried forward from 2017/18 not yet at final report stage:

Audit Title	Audit Status	Recommendations by Priority		
		High	Medium	Low
Grants to Voluntary Organisations	Final report issued	0	2	2
Community Safety	Final Report issued	0	1	0

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Homelessness	Fieldwork in progress	-	-	-
New Vision Homes Contract Management	Fieldwork in progress	-	-	-
Building Control	Draft report issued	-	-	-
Emergency Planning	Final report issued	0	1	5
Asset Management	Start date agreed	-	-	-
Air Quality Monitoring and Management	Final report issued	0	3	3
Freedom of Information Requests	Fieldwork in progress	0	2	1
Key Financial Control Testing	Final report issued	0	1	0
Sheerwater Regeneration Governance	Draft report issued	-	-	-
Group Companies	Draft report issued	-	-	-
Business Continuity	Fieldwork in progress	-	-	-
Supplier Resilience (Advisory)	Final report issued	N/A	N/A	N/A
HR – Sickness Absence Management	Final report issued	0	2	1
IT Strategy	Planning in progress	-	-	-
SekCheck (Windows Operating System Network Management)	Final report issued	2	5	1
Flexiroute Application	Planning in progress	-	-	-

Carried Forward from 2017/18

GDPR	Draft report issued	-	-	-
Victoria Square Development	Draft report issued	-	-	-

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- 2.5 We have four categories by which we classify internal audit assurance over the processes we examine: Substantial, Satisfactory, Limited or Nil.
- 2.6 No draft or final reports issued in the period received a Limited or Nil assurance opinion.
- 2.7 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 recommendation.
- 2.8 There were no High priority recommendations raised in the reports finalised in the period.

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 closed down the recommendations on the system once implemented. The Shikari system has been phased out and a new system to track recommendations is being developed. In the interim period the implementation of recommendation is being tracked manually.
- 3.2 As at 25 February, there are 5 outstanding recommendations (i.e. recommendations are past their agreed implementation dates that have not been confirmed as implemented), of which none are classified as High priority. This is reduced from 24 in the previous period as management have provided updates by email to the Head of Internal Audit.
- 3.3 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 maintained or improved upon.
- 3.4 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.

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 on the 2018/19 plan.

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