STANDARDS AND AUDIT COMMITTEE – 19 SEPTEMBER 2019

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 1 April to 30 August 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.
Reporting Person:	James Graham, Head of Internal Audit Email: james.graham@woking.gov.uk
Contact Person:	Leigh Clarke, Finance Director Ext. 3277, E Mail: Leigh.Clarke@woking.gov.uk
Date Published:	11 September 2019

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 1 April to 31 August 2019.

1.2 The Standards and Audit Committee approved the 2019/20 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:

- An update on progress in delivering the 2019/20 internal audit plan.
- A summary of any Limited/Nil Assurance reports 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, as at 31 August:

Audit Status	Number of reviews	Percentage
Finalised	0	0
Draft	3	16
Fieldwork in progress	2	11
Not yet started	14	73
Total	**19**	**100**

2.2 16% of the 2019/20 plan has been delivered to at least draft report stage as at 31 August, with a further 11% of the plan in progress. For a further 6 audits (32%) terms of reference have been prepared and start dates agreed.

2.3 All audits in the 2019/20 plan are expected to be completed to at least draft stage by the end of March 2020.

3.0 Final Audit Reports Issued

3.1 We have four categories by which we classify internal audit assurance over the processes we examine: Substantial, Satisfactory, Limited or Nil.

3.2 Five final reports were issued in the period with three receiving a Limited Assurance opinion and two receiving a Satisfactory Assurance opinions. None of the reports currently at draft stage have a limited assurance opinion.

3.3 The table below shows the final audit reports issued in the period. This includes the work carried forward from 2018/19:

Audit Title	Assurance Opinion	Date Issued	Recommendations by Priority		
			High	Medium	Low
New Vision Homes Contract Management 2018/19	Limited	18/06/2019	1	9	0
Homelessness Reduction Act 2018/19	Limited	07/09/2019	2	3	0
Sheerwater Regeneration Governance 2018/19	Satisfactory	09/07/2019	1	2	0
Business Continuity 2018/19	Limited		2	3	0
Victoria Square Development 2018/19	Satisfactory	27/08/2019	0	4	2

3.4 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.

3.5 Six High priority recommendations were raised in the reports finalised in the period as per the table below. Details of these recommendations can be found in the summary reports for each individual audit provided separately to members.

Audit Title	Recommendation	Target Date
New Vision Homes Contract Management	A new Housing Strategy should be developed and should reflect the work of New Vision Homes. Once completed, the strategy should be used to help shape the services provided by New Visions Homes.	31/12/2019
Homelessness Reduction Act	A checklist of documents required to be retained on SharePoint should be created and uploaded on SharePoint as the officers' point of reference to ensure all required documents are retained. Sample checks should be undertaken by the Senior Housing Options Officer to ensure all relevant documentation has been retained and where issues are identified, further training or guidance should be arranged.	31/12/2019
Homelessness Reduction Act	Following Prevention, Relief or Main Duty being provided, a review of the claimant's PHP should be undertaken at least every 6 weeks (and in many cases more frequently) to ensure that the plan provided is appropriate for their current circumstances. Completion of regular reviews of PHPs should be monitored by the Senior Housing Options Officer.	31/10/2019
Sheerwater Regeneration Governance	A Risk Register for the project should be developed and reviewed regularly by the Governance Bodies. All risks identified, both operational and strategic, should be recorded on the Risk Register and given a rating for the likelihood and impact of the risk occurring. All risks should also be assigned a risk owner for monitoring and implementation purposes. Controls to mitigate the risks as well as any progress against them and due dates for further actions needed should all be documented in the Register. An Issues Log for the project should be developed, kept up to date and reviewed regularly by the Governance Bodies. All issues identified should be recorded in the Log, together with details regarding the person the issue was assigned to, current status, actions taken to resolve the issue, due dates assigned for actions, and the priority / severity of the issue.	31/12/2019

Business Continuity	The Business Continuity Plan should be fully completed to cover all relevant elements of the business continuity process. Once completed, the plan should be presented to the Corporate Management Group for their review and approval. Once approved, the Business Continuity Plan should be made available to all relevant officers. Consideration should be given to placing the plan on the Council's intranet.	31/10/2019
Business Continuity	Action Cards should be produced for all critical functions classified as 'Disaster'. The action cards should be reviewed on an annual basis or whenever there is a change.	30/11/2019

4.0 Follow Ups

4.1 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.

4.2 As at 31 August, there are 2 outstanding high priority recommendations (i.e. recommendations are past their agreed implementation dates that have not been confirmed as implemented) as follows.

Audit Title	Recommendation	Implementation Date	Progress Update
Health and Wellbeing 2017/18	Action plans should be developed for the following priority areas: • Mental and Emotional Wellbeing; • Independence, Isolation and Resilience; and • Enabling Healthy Choices so that People Can Live Well. As part of the exercise to develop action plans and review existing action plans (recommendation 4), 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.	31/10/2018	Woking's Health and Wellbeing priorities now in line with those of the County. New action plan drafted. Lead officers now identified. The next step will be to add Key Performance Indicators (KPIs) to each priority.
IT Disaster Recovery 2017/18	Plans and procedures should be created to document the Council's approach to IT disaster recovery and the recovery arrangements that have recently been put in place including data back up and recovery.	31/12/2018	No update received

4.3 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.

5.0 Implications

Financial

5.1 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

5.2 Some audit recommendations need officer resource to put in place.

Community Safety

5.3 There is a minimal impact on Community Safety.

Risk Management

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

Sustainability

5.5 There is minimal impact on sustainability issues.

Equalities

5.6 There is minimal impact on equalities issues.

Safeguarding

5.7 There is minimal impact on safeguarding issues.

REPORT ENDS