

REPORT TO:		Audit Committee	
DATE:		19 September 2016	
PORTFOLIO:		Cllr Gareth Molineux - Resources	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		AUDIT REPORTS & KEY ISSUES – PROGRESS REPORT FOR THE PERIOD JULY – SEPTEMBER 2016	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 To inform members of the Audit Reports issued during the period July – September 2016 and bring to the attention of the Committee what the key issues were.

2. **Recommendations**

- 2.1 I recommend that Audit Committee:
- notes the content of this report for informational purposes.

3. **Reasons for Recommendations and Background**

- 3.1 This report covers the period July to September 2016 with the audit areas and any key issues detailed at Appendix 1.
- 3.2 Members should be aware that the number of audit reports that are issued each quarter is subject to variation dependent on the size of the audit and any non-routine audit work, such as investigations, that the Team may be involved in. Therefore, for the purpose of the quarterly reporting, only the audit reports fully completed, issued and agreed will be included.
- 3.3 Any investigations that may be carried out will not be included as a matter of routine in this report, particularly if they relate to a specific individual or individuals.
- 3.4 There is a target of 98% of the audit plan to be completed by the end of the current financial year in terms of audit days completed. As the audit team complete timesheets

which then feed into the audit plan, it is possible to state the progress to date and the projected end of year position if that date is extrapolated out. Therefore:-

Position as at end of August 2016 = 37.34% of the plan completed
 Projected out-turn position for 2016/17 = 89.63% of the plan completed

3.5 The position at the end of August 2016 can be broken down as follows:-

Month	% of the Plan Completed that Month
April 2016	8.30%
May 2016	6.64%
June 2016	6.25%
July 2016	7.76%
August 2016	8.39%

3.6 The projected out-turn position for the year is based on the 5 month period April 2016 to August 2016 and assumes that the output remains at a constant during the remaining 7 months of 2016/17. Clearly with 7 months of the financial year remaining, the projected out-turn is only an indication and is unlikely to be the actual final out-turn position.

4. Alternative Options considered and Reasons for Rejection

4.1 Not applicable as the report is for informational purposes only.

5. Consultations

5.1 No consultations required as this report is based on data and information held by the audit team based on the work completed.

6. Implications

Financial implications (including any future financial commitments for the Council)	There are no financial implications arising from this report
Legal and human rights implications	There are legal or human rights implications arising from this report.
Assessment of risk	Risks are taken into consideration during the audit process itself, there is no direct risk implication from this report.
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as</i>	This report is produced for information awareness of the progress of the Audit Team against the annual Internal Audit Plan. The

<i>an appendix to the report.</i>	Audit Planning process has had an equality impact assessment which remains valid and it is not necessary to update this with a Customer First Analysis at this time. The individual audit assignments may, in some cases, feed into the needs of equality and diversity issues within individual service areas of the Council.
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**7. Local Government (Access to Information) Act 1985:
List of Background Papers**

7.1 No background papers were necessary for the preparation of this report.

APPENDIX 1

AUDIT COMMITTEE – 19th September 2016

Summary of the main issues arising from audits carried out July – September 2016

Safeguarding:-

Audit Assurance Opinion Issued:- Substantial assurance

The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However, some weaknesses in associated policy awareness can put the achievement of particular objectives at risk.

- The draft Safeguarding Policy had not been finalised at the time of the audit. It was agreed that this would be updated and once approved would be on the Hyntranet available for all staff.
- Safeguarding should be a standard part of the induction training given to new staff and it was agreed that the induction programme would include specific training on the Safeguarding Policy. In addition it was agreed that there would be refresher courses made available to staff.

Data Security & Storage:-

Audit Assurance Opinion Issued:- Substantial assurance

The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However, some weaknesses in associated policy awareness can put the achievement of particular objectives at risk.

- The audit found that a number of the ICT policies and procedures were a number of years old. It was agreed with management that these would be reviewed to ensure that up to date procedures are available to all staff thus reducing the risk of following old procedures.
- Management at one satellite location of the Council agreed to investigate the addition of a keypad lock on a specific door to prevent the possibility of un-authorized access to that area and in particular to the server.

Council Constitution & Regulations:-

Audit Assurance Opinion Issued:- Substantial assurance

The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently.

However, some weaknesses in associated policy awareness can put the achievement of particular objectives at risk.

- The audit found that some of the procedures had no dates on them making it difficult to know if they were the latest version or not. Dates will be added in future.
- The Financial Procedure Rules link had the 2010 version at the time of the audit but the current version is 2015/16. It was agreed this would be uploaded to the website link so the latest version is shown on the link.

Data Protection:-

Audit Assurance Opinion Issued:- Substantial assurance

The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However, some weaknesses in associated policy awareness can put the achievement of particular objectives at risk.

- As new General Data Protection Regulations (GDPR) will be in force by mid-2018 it was agreed with Management that there should be a review of all policies and procedures that link into Data Protection to ensure that these will continue to be fit for purpose when the new regulations come into force.
- The Retention & Disposal Schedule has not been reviewed since February 2008, therefore it was agreed with Management that this would take place to ensure that it reflects current needs for the Council and is in keeping with Data Protection principles.
- The Audit found a general view from a number of Officers that there should be regular briefings / training to reinforce the requirements in relation to Data Protection. It was agreed with Management that refresher training would be examined as well as using Newsround and Hyndsight to reinforce the message.
- The Audit made reference to the open aspects of the Licensing Team's Office area, the secure storage and potential for lack of confidentiality for some telephone conversations. The Licensing Manager stated that he will bring all these issues to the attention of the Head of Service to look at what changes could be made.

Markets:-

Audit Assurance Opinion Issued:- Substantial assurance

The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However, some weaknesses in associated policy awareness can put the achievement of particular objectives at risk.

- The audit highlighted the need for clarity in respect of VAT and Service Charges in the way they are recorded for each trader which would help debt recovery. Management

have made changes to the recording in completion statements when a lease is completed.

- Some cancelled receipts had not clearly been marked and the top copy should be retained to prevent unauthorised proof of payment. In addition, credit card payments should be clearly marked on the receipt to assist in the event of queries and aid reconciliation of income. These issues have been raised with the necessary staff.
- The audit highlighted that there is still not a system in place to identify that all traders have renewed their public liability insurance when their old policy expires. Whilst Markets do carry out checks these are annual which leaves the risk of traders failing to have the required insurance cover in place not being discovered until the next annual check. Management has stated that a spreadsheet will be created detailing each trader and insurance expiry date and then a diary will be introduced to coincide with the spreadsheet so that all traders are checked soon after their insurance expiry that a renewed policy is in place.