



## Report of the Chief Auditor

Audit Committee – 12 June 2018

# Internal Audit Annual Plan 2017/18 Monitoring Report for the Period 1 January 2018 to 31 March 2018

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 January 2018 to 31 March 2018.
<b>Policy Framework:</b>	None.
<b>Reason for Decision:</b>	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2017/18.
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report.
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<b>Legal Officer:</b>	Sandie Richards
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## 1. Introduction

- 1.1 The Internal Audit Annual Plan 2017/18 was approved by the Audit Committee on 28<sup>th</sup> March 2017 and quarterly monitoring reports have been presented throughout the year to allow Committee to review and

comment upon the progress of the Internal Audit Section in achieving the Annual Plan.

- 1.2 This report shows the audits which were finalised in the period 1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2018.

## **2. Audits Finalised 1 January 2018 to 31 March 2018**

- 2.1 Due to the Chief Auditor's retirement at the end of March 2017, plans were put in place to allow the implementation of the Audit Section's restructure from April 2017. Competitive interviews took place resulting in the appointment of one of the Senior Auditors as the new Principal Auditor. This has resulted in the loss of one full time equivalent post from 2017/18 onwards.

- 2.2 The Internal Audit Section has seen a significant increase in the levels of sickness in the 4<sup>th</sup> quarter of 2017/18 with a total of 32.5 days sickness absence. It should be noted that 28 days of this related to one part time member of staff being on long term sick during the period. Cumulative sickness absence to date stands at 149.5 days against a projected annual budget of 80 days.

- 2.3 A total of 40 audits were finalised during Quarter 4. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed.

- 2.4 An analysis of the audits finalised during the 4<sup>th</sup> Quarter is shown in the following table.

Assurance Level	High	Substantial	Moderate	Limited
Number	13	26	1	0

- 2.5 A total of 332 audit recommendations were made and management agreed to implement all but one of the recommendations i.e. 99.7% against a target of 95%.

- 2.6 All recommendations made are classified as high risk, medium risk, low risk or good practice. An analysis of the recommendations agreed during Quarter 4 is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
1	38	204	88	331

- 2.7 In addition, the Internal Audit Section also certified the following grants in the quarter as required by the terms and conditions of the grant issued by the Welsh Government.

Grant	Amount £
Education Improvement Grant 2017/18 Q3	n/a
Suresprung Work Choice Programme	n/a

2.8 The Audit Plan is a 'living' document which is likely to change during the course of the year due to e.g. emerging risks or new priorities. However it is important that the Audit Committee can monitor progress against the Plan approved at the start of the year. To achieve this, Appendix 2 shows each audit included in the Plan approved by Committee in March 2017 and identifies the position of each audit as at 31 March 2018.

2.9 The following table shows brief details of the significant issues which led to the moderate ratings issued in the quarter.

Audit	Social Care Contracts
<b>Objectives</b>	In April 2014, Social Care contracts came under the jurisdiction of the Council's Contract Procedure Rules for the first time. The audit reviewed the progress made to date in ensuring all contracts comply with CPRs.
<b>Assurance Level</b>	Moderate
<b>Reasons</b>	
<ul style="list-style-type: none"> <li>The Contract Register states whether each contract is compliant with the Council's Contract Procedure Rules (CPRs) and the Public Contract Regulations 2015. As at December 2017, 94 contracts were shown as being non-compliant. Of these, 74 were the responsibility of Social Services and 20 for Poverty &amp; Prevention.</li> <li>Another key issue that was identified was the varying versions of terms and conditions within existing social care contracts and the different forms of contracts in being.</li> <li>A Commissioning Review has been undertaken of Domiciliary Care and Cabinet has approved the options within the paper. A project group has been established which is chaired by the Community Integration Manager. This is a major commissioning exercise and involved officers from across the Council. As a result, we were advised that it will be at least a year before a new framework agreement can be established.</li> <li>Based on the audit testing undertaken, it was found that a number of contracts are not currently compliant with CPRs or the Public Contract Regulations 2015, however a significant amount of work is ongoing to address this known weakness.</li> </ul>	

- 2.10 An analysis of the details in Appendix 2 shows that by the end of March 2018, approximately 86% of the Audit Plan was either completed or in progress.
- 2.11 The Internal Audit Section was also involved in the following work during quarter 4:
- Continuation of work on the National Fraud Initiative 2016.
  - Familiarisation with the new online school meals system 'sQuid'.
  - Investigation into the financial management at a Primary School.

### **3. Follow Ups Completed 1 January 2018 to 31 March 2018**

- 3.1 The follow up procedures operated by the Internal Audit Section include visits to any non-fundamental audits which received a moderate or limited level of assurance to confirm and test that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 months of the final report being issued and includes testing to ensure that any high or medium risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Head of Financial Services and Service Centre (Section 151 Officer).
- 3.3 Follow-up reviews were completed in relation to recommendations made following two special investigations. Testing confirmed that in both cases significant action had been taken to implement the recommendations that had been made.
- 3.4 No standard follow-up reviews were completed in relation to moderate assurance audit reports in the quarter, as these are scheduled to be completed in quarter 1 of 2018/19. A significant amount of Officer's time in quarter 4 is dedicated to the completion of the fundamental audits.

### **4 Equality and Engagement Implications**

- 4.1 There are no equality and engagement implications associated with this report

### **5. Financial Implications**

- 5.1 There are no financial implications associated with this report.

## **6. Legal Implications**

6.1 There are no legal implications associated with this report.

**Background Papers:** Internal Audit Plan 2017/18

**Appendices:** Appendix 1 Internal Audit – Monitoring Report Quarter 4 2017/18  
Appendix 2 Internal Audit Plan 2017/18 – Progress to 31/03/18