



Report of the Chief Auditor

Audit Committee – 11 September 2018

Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 April 2018 to 30 June 2018

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2018 to 30 June 2018.
Policy Framework:	None.
Reason for Decision:	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2018/19.
Consultation:	Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Catherine Window

1. Introduction

- 1.1 The Internal Audit Annual Plan 2018/19 was approved by the Audit Committee on 10th April 2018. This is the first quarterly monitoring report to be presented to Committee. Further reports will be 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 1st April 2018 to 30th June 2018.

2. Audits Finalised 1 April 2018 to 30 June 2018

- 2.1 A total of 30 audits were finalised during Quarter 1. 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.

- 2.2 An analysis of the audits finalised during the 1st Quarter is shown in the following table.

Assurance Level	High	Substantial	Moderate	Limited
Number	12	17	1	0

- 2.3 A total of 247 audit recommendations were made and management agreed to implement all but one of the recommendations i.e. 99.6% against a target of 95%.

- 2.4 All recommendations made are classified as high risk, medium risk, low risk or good practice. An analysis of the recommendations agreed during Quarter 1 is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
0	44	167	35	246

- 2.5 No grants were certified in Quarter 1.

- 2.6 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 2018 and identifies the position of each audit as at 30 June 2018.

- 2.7 The following table shows brief details of the significant issues which led to the moderate rating issued in the Quarter.

Audit	Disaster Recover & Business Continuity
Objectives	To ensure that the Authority has an ICT Disaster Recovery Plan (DR Plan) in place and that the plan is regularly reviewed, tested and updated. The audit included the testing of controls established by management over the following areas within the DR Plan: Ownership and Management; Risk Assessment and Prevention; The Corporate Plan; IT User Plans; Resourcing and Training.
Assurance Level	Moderate
Reasons	
<ul style="list-style-type: none"> • Checks were carried out to confirm that the responsibility for the Councils IT Disaster Recovery Policy and Recovery Plan had been formally assigned. No Terms of Reference had been established for the Disaster Recovery Team. • It was found that the Team have not carried out regular reviews of the Disaster Recovery Plan. A review of the Disaster Recovery Plan revealed that it had not been updated on at least an annual basis. The last review was undertaken in April 2017. • Testing was carried out of the Information Asset Register to ensure that data in relation to each system, interface and its users was recorded. A sample of three system entries was selecting for checking. For the sample of systems selected it was found that: <ul style="list-style-type: none"> ○ There was no indication of the length of time that the Council could function without the system/systems. ○ Minimum resources required to get the system up and running again in respect of hardware, software and communications was not detailed. • A further sample check of these systems was carried out to confirm that the Register contained details of the systems objectives and that there were explanations detailed of how each element of the IT service will address the objectives. It was found that the objectives of the systems were recorded, however there was no information detailed as to how the IT service would address the objectives. • A review of the Councils Risk Registers to check that each system risk had been recorded revealed that risks were not listed individually in the Registers. It was noted that only a general entry had been made regarding the risk of not having a full Disaster Recovery Plan in place. • A review of the current Corporate Disaster Plan to confirm that all required information was detailed revealed that: <ul style="list-style-type: none"> ○ Full details of Risk Assessments were not recorded. ○ Recovery sites had not been established. • A sample of four key IT system users were contacted and asked to provide copies of their Business Continuity Plans, particularly in relation to Hardware and Software. For all Plans, hardware and software issues had not been addressed in the individual Business Continuity Plans. 	

- Information was requested from the Insurance Section to confirm that a policy was in place to cover a disaster situation should one occur, however to date no evidence has been received.
- It was also confirmed that no formal testing takes place in relation to the Disaster Recovery Plan.

2.8 An analysis of the details in Appendix 2 shows that by the end of June 2018, approximately 66% of the Audit Plan was either completed or in progress.

2.9 Please also note that of the 30 audits finalised in Quarter 1, 18 had been audits that were included in the 2017/18 audit plan that were ongoing at the end of the financial year and that have since been finalised in 2018/19.

2.10 The Internal Audit Section was also involved in the following work during Quarter 1:

- Additional sample testing of timesheets submitted in relation to Adult Home Care provision, at the request of the Head of Adult Services.
- Continuation of an investigation into the financial management at a Primary School.
- A review of the controls in place in relation to projects, claim completion and ledger reconciliations in the External Funding Team at the request of the External Funding Manager.

3. Follow Ups Completed 1 April 2018 to 30 June 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 Five standard follow-up visits were completed in relation to moderate assurance audit reports in 2017/18. For two of the audits, it was found that substantial progress had been made in implementing the recommendations that had been made, with all of the recommendations being fully implemented.

3.4 However, for three of the audits it was noted that some of the recommendations had not been implemented. As a result, a second

follow up visit has been scheduled for these audits in Quarter 2. Note that in all cases, some progress had been made in addressing the issues that were identified as a result of the audit, with only one or two medium risk recommendations not being fully implemented at the time of the follow up visit. None of the recommendations in question were deemed to be high risk. As a result, a second visit to confirm implementation should suffice and it is not deemed necessary for the relevant staff to be called to attend Audit Committee at this time.

- 3.5 As Committee are aware, from April 2018 the Head of Service and Service Manager are required to attend Audit Committee when a moderate audit report is issued to provide an update on the action that is being taken to address the points raised as a result of the audit. It is therefore envisaged that going forward, for all moderate reports that are issued, recommendations will be implemented in a timelier manner.

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 2018/19

Appendices: Appendix 1 Internal Audit – Monitoring Report Quarter 1 2018/19
Appendix 2 Internal Audit Plan 2018/19 – Progress to 30/06/18