

Report of the Chief Auditor

Audit Committee – 30 August 2016

INTERNAL AUDIT ANNUAL PLAN 2016/17 MONITORING REPORT FOR THE PERIOD 1 APRIL 2016 TO 30 JUNE 2016

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2016 to 30 June 2016.
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2016/17
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
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Finance Officer:	Paul Beynon
Legal Officer:	Tracey Meredith
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 The Internal Audit Annual Plan 2016/17 was approved by the Audit Committee on 19 April 2016 and quarterly monitoring 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 1 April 2016 to 30 June 2016.

2. Audits Finalised 1 April 2016 to 30 June 2016

- 2.1 The only vacant post currently within the Internal Audit Section is 0.5 of an Auditor post. This post has been advertised and it is expected that the post will be filled in the 2nd Quarter.
- 2.2 The Internal Audit Section has continued to experience unusually high levels of sickness in the 1st Quarter of 2016/17 with a total of 68 days sick leave being recorded against an annual budget of 80 days. One member of staff who had been on long term sick with non-work related stress successfully returned to work during the Quarter but unfortunately another member of staff has gone on long term sick with a serious knee problem which severely restricts mobility.
- 2.3 A total of 19 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.
- 2.4 An analysis of the audits finalised during the 1st Quarter is shown in the following table

Assurance Level	High	Substantial	Moderate	Limited
Number	3	15	1	0

- 2.5 A total of 196 audit recommendations were made and management agreed to implement 191 recommendations i.e. 97.4% against a target of 98%. The recommendations which were not agreed were either low risk or good practice and it was shown by management that compensating controls were in place.
- 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 1 is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
0	32	124	34	190

- 2.7 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 April and identifies the position of each audit as at 30 June 2016.
- 2.8 The following table shows brief details of the significant issues which led to Seaview Primary School receiving a moderate level of

assurance. There were other less significant findings also included in the final audit report issued to the school.

Audit	Assurance Level	Reasons
Seaview Primary School	Moderate	<ul style="list-style-type: none"> • Dinner money records did not agree with bankings • Dinner money records not completed fully • Invoices not raised for dinner money arrears at end of Year 6 • Reminder letters not sent for dinner money arrears • Official orders not raised for all items purchased • Contract Procedures Rules not followed for supply teacher agency

- 2.9 A Management Action Plan which includes a series of recommendations to address the issues arising from this audit has been agreed with the Headteacher. A follow up audit will be arranged within 6 months of the final report being issued to confirm that the agreed recommendations have been implemented.
- 2.10 Any audit which receives a moderate or limited level of assurance is also reported to the relevant Directorate PFM meeting so that the action taken to implement the agreed recommendations can be monitored by the Director and Head of Service in advance of the follow up audit.
- 2.11 As reported previously, the way primary schools audits are undertaken has been changed to use a self-assessment questionnaire and a much shorter audit visit. It is hoped that using this basis for primary school audits will have benefits both for the Internal Audit Section by reducing the amount of time for each audit and also for schools by reducing the Service Level Agreement recharge for audits and causing less disruption at school during the audit visit.
- 2.12 The self-assessment questionnaire was completed during Quarter 1 and the opportunity was also taken to review the scope of primary school audits to ensure that it remained relevant and fit for purpose.
- 2.13 A self-assessment questionnaire was sent to 28 primary schools due for audit in 2016/17 during Quarter 1 and by the end of the summer term, 12 completed questionnaires had been returned.
- 2.14 The returned questionnaires will be analysed over the summer and a short visit of hopefully not more than one day will be arranged to each school to confirm that controls are in place. A draft report will then be

sent to the Headteacher before being finalised and reported to the School's Governing Body.

2.15 The Internal Audit Section was also involved in the following work during Quarter 1 which was not included in the Audit Plan for 2016/17

- Continued sample testing of Equal Pay calculations prior to offers being made to staff
- Continued sample testing of Back Pay calculations prior to payments being made to staff.
- Review of issues regarding salary payments at the request of the Head of Finance and Delivery
- A review of the accounts of a road surface re-cycling partnership that the Council is part of in order to verify the income and expenditure charged to the partnership.
- The P Card transactions for a number of card holders were reviewed at the request of the Head of Service.

3. Follow Ups Completed 1 April 2016 to 30 June 2016

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 Chief Finance and Deputy Section 151 Officer.

3.3 During the 1st Quarter, follow up visits was made to the following services to confirm that the agreed recommendations had been implemented

- Pentrehafod Sports Centre and Pool
- Trading Standards
- Streetworks
- Swansea Children's Centre and Mayhill Family Centre

3.4 The follow up visits to Pentrehafod, Trading Standards and Streetworks showed that all the agreed recommendations had been fully implemented.

3.5 However, the follow up visit to the Swansea Children's Centre and Mayhill Family Centre showed that 7 of the 27 agreed recommendations had not been implemented. It is accepted that

substantial progress has been made by management with 20 recommendations being implemented but of the 7 recommendations not implemented 3 were classed as medium risk. A further follow up visit has been scheduled for later in the year to review the progress in implementing the outstanding recommendations.

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 2016/17

Appendices: Appendix 1 Internal Audit – Monitoring Report Quarter 1 2016/17
Appendix 2 Internal Audit Plan 2016/17 – Progress to 30/06/16