

# WIRRAL COUNCIL

## AUDIT AND RISK MANAGEMENT COMMITTEE

26 NOVEMBER 2012

<b>SUBJECT:</b>	<b>INTERNAL AUDIT UPDATE</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>
<b>KEY DECISION ?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

1.1 This report identifies and evaluates the performance of the Internal Audit Section and includes details of any issues arising from the actual work undertaken during the period 1 September to 31 October 2012. There are six items of note concerning audit work undertaken that are brought to the attention of the Members for this period and these are identified in order of risk at Section 2.2.

### 2.0 BACKGROUND AND AUDIT OUTPUT

2.1. Internal Audit recently introduced a more effective reporting mechanism for Members of the Audit and Risk Management Committee that summarises audit work completed and identifies issues raised on a more timely monthly basis. As a result of this and following detailed discussions with the Chair it was agreed that it is not appropriate to include a significant amount of duplicate detail in this report and that instead it will in future focus on the following:

- Any items of note arising from audit work conducted,
- Any issues arising that require actions to be taken by Members,
- Performance information relating to the Internal Audit Service,
- Developments being undertaken to improve the effectiveness of the Internal Audit Service.

The information contained within this report is for the period 1 September to 31 October 2012.

### 2.2. Items of Note

#### 2.2.a Metro Catering Income

It was reported to this Committee on 19 September 2012 that the audit undertaken of Metro Catering Income generated a one star opinion and eight high priority recommendations. The Department's report to this Committee gives a full update on the Department's progress in the implementation of the recommendations. A follow up audit has been completed which has confirmed that positive progress is being made in relation to the implementation of the recommendations, as actions are in the process of being undertaken. It is expected that all recommendations will be

implemented within the agreed timescale of 31 March 2013. Further follow up work will be undertaken at this time so as to obtain evidence of full implementation, and the outcomes will be reported to this Committee.

#### 2.2.b. Court of Protection

It was reported to this Committee on 14 June 2012 that the audit of the Court of Protection generated a one star opinion and thirteen high priority recommendations. Since then, a follow up audit has been completed which identifies positive progress made by the Department to address the issues identified. Further follow up work will be undertaken in March 2013 to verify that the positive progress continues and the outstanding recommendations are implemented.

#### 2.2.c. Adult Social Services Establishments

Audits of two Adult Social Services establishments have been undertaken: Sylvandale Residential Home and Cambridge Road Day Centre. The audits covered a full range of controls in operation at the home, including controls over residents' finances, income, purchasing, security of assets, petty cash, accountability and IT. Both reviews resulted in a one star audit opinion and many significant recommendations, many of these concerning similar themes.

Both Managers have responded positively to the recommendations. A follow up audit is planned for February 2013, when progress will be fully evaluated. The outcomes of this work will be reported to this Committee.

As a result of the findings highlighted, the Head of Branch has requested training on the audit process including how to manage an effective control environment to be given to all Centre Managers, and this will be delivered by Internal Audit in January 2013.

#### 2.2.d. Highways Maintenance: Colas Payments

An audit of the process for making payments to the Council's highways maintenance contractor, Colas, was undertaken. The work was conducted as a result of a request by the Deputy Directors of Finance and Technical Services, and comprised a review of the circumstances relating to errors made in payments to Colas, but also reviewed the wider system, and followed up on recommendations previously made in this area. The audit opinion was one star, and five high priority recommendations were made, two of these relating to recommendations from previous audits that were found not to have been implemented.

The Department's initial response to the report has been very positive, and it has been indicated that significant progress has been made in the implementation of the recommendations. This will be substantiated in the follow up audit scheduled to take place in February 2013, the outcome of which will be reported to this Committee.

### 2.2.e. DASS Personal Budgets

It was reported to this Committee on 19 September 2012 that there had been some difficulties in completing the follow up audit in respect of this work, as a full response and appropriate evidence were not received from the Department.

The Department's report to this Committee, (also presented to the Health and Wellbeing Overview and Scrutiny Committee on 5 November 2012), gives a full update on the Department's current view of the recommendations and implementation progress. On the basis of the information provided in that report, and ongoing discussions with the Department, a full review of progress will be undertaken and the follow up work concluded later this month. The outcome of that work will be reported to this Committee.

### 2.2.f. Information Assurance and Governance

Several ICT risk areas included in the monthly Internal Audit Activity Summary reports and identified below currently have a 'Red' status as outstanding recommendations can only be satisfactorily implemented once more robust Information Governance and Information Assurance roles, policies and procedures have been agreed and embedded within the Council. An Information Assurance policy, which will go some way towards defining the Council's approach to these issues, is scheduled to be presented to Cabinet in November 2012. Internal Audit will continue to monitor the progress made in these areas and report the findings and outcomes to this Committee:

Removable Media  
Corporate Backups  
Non-Staff Access to Wirral ICT Infrastructure  
Data Transfer Security

## 2.3 Internal Audit Performance Indicators

2.3.a The Service constantly evaluates and measures the effectiveness of its performance in terms of both quality and productivity by means of a number of performance indicators in key areas as identified below. These include delivery of the annual Internal Audit Plan and ensuring that all of the audits identified in the plan are completed on schedule. This is particularly important at the present time as the requirement for Internal Audit involvement in a number of important corporate initiatives has increased dramatically.

IA Performance Indicator	Target (%)	Actual (%)
Delivery of Internal Audit Plan.	45	44
Percentage of High priority recommendations agreed with clients.	100	100

Percentage of returned client survey forms indicating satisfaction with the Internal Audit service.	80	94
Internal audit reports issued within 10 days of the completion of fieldwork.	100	90

2.3.b There are currently no issues arising.

## 2.4 Internal Audit Developments

2.4.a The Service has prepared a detailed Improvement Plan to drive a number of developments and initiatives aimed at increasing the overall efficiency and effectiveness of systems of internal audit across the Council. A copy of this is attached at Appendix 1 identifying the progress made to date to implement actions.

2.4.b One of the key actions identified in the Improvement Plan involves the evaluation and consideration of shared arrangements for the delivery of internal audit services. Significant progress has subsequently been made in this area and agreement reached with Liverpool City Council that includes a shared Head of the Internal Audit Service.

## 3.0 RELEVANT RISKS

3.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

3.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

## 4.0 OTHER OPTIONS CONSIDERED

4.1 No other options considered.

## 5.0 CONSULTATION

5.1 Members of this Committee are consulted throughout the process of delivering the Internal Audit Plan and the content of this regular routine report.

## 6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

## 7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising from this report.

## 8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because there is no relevance to equality.

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 There are none arising from this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are none arising from this report.

## **12.0 RECOMMENDATIONS**

12.1 That the report be noted.

## **13.0 REASON FOR RECOMMENDATION**

13.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with statutory requirements to provide an adequate and effective internal audit service.

13.2 To ensure that risks to the Council are managed effectively.

13.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

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## **APPENDICES**

Internal Audit Improvement Plan

## **REFERENCE MATERIAL**

Internal Audit Plan 2012/13

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee	Routine report presented to all meetings of this Committee.