Appendix 1

Internal Audit 2018/19 Q1 update

1. Progress against internal audit plan 2018/19 as at 30 June 2018

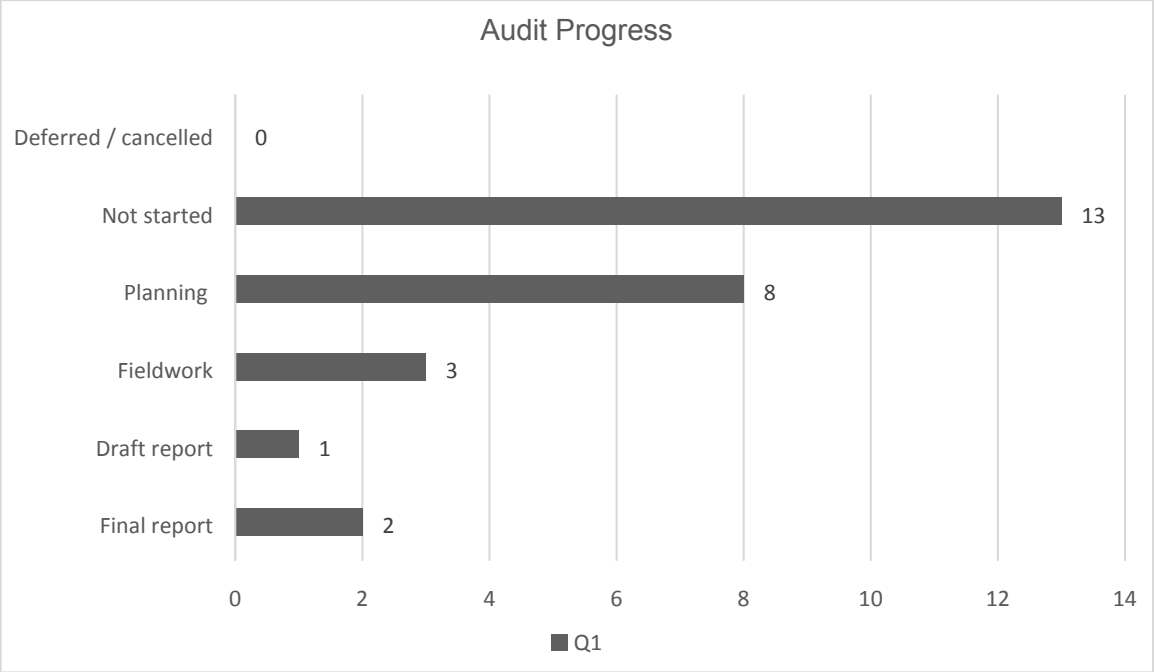
Risk and compliance audits

1.1. The table and graph below indicate the progress made against the 2018/19 audit plan as at 30 June 2018. The headings shown are those detailed in Appendix 1 at 1.1.

Planned audits	Unplanned audits	Deferred / cancelled	Current # of audits
27	0	0	**27**

1.2. No audits of the original plan of 27 audits were deferred or cancelled from the 2018/19 plan in the quarter.

Not started	Planning	Fieldwork	Draft report	Final report
13	8	3	1	2



1.3. One audit has been added to the plan and the indicative timing changed within 2018/19 audits as follows:

Audit title	Change	Rationale for change
Security of Corporate Buildings follow up	Addition to Q4	Full follow up audit to be performed following “limited assurance” report in 2017/18
IT Risk Diagnostic	Deferred from Q1 to Q2	Planned governance changes in Q1 to be completed prior to audit

Homelessness Reduction	Deferred from Q2 to Q3	More appropriate timing, particularly following project challenges due to the Council's transformation
Be First Procurement on behalf of the Council	Deferred from Q2 to Q3	More appropriate timing to allow for controls and processes to be fully defined

1.4. At the end of Q1, 3 of the 27 audits (11%) were at least at draft report stage, making good progress towards the target of 25% by the end of Q2 (30 September 2018). Work had commenced on over half the risk and compliance audits (14 of the 27; 52%).

Schools' audits

1.5. Historically, schools within the Borough have been audited on a cyclical basis of once every three years using a standard scope and approach for all schools. These audits have been fully outsourced to Mazars.

1.6. For 2018/19, Mazars have been asked to undertake a risk assessment of all schools in the Borough to inform a risk-based approach to schools' audits. At the end of Q1, this risk assessment was in fieldwork stage, expected to report in July. The output from the risk assessment will include the schools audit plan for 2018/19.

1.7. As part of the risk assessment work undertaken in Q1, the following schools are planned be prioritised to be audited in Q2:

School	Rationale for prioritisation
Mayesbrook PRU	Not previously included in the schools' audit programme so no previous internal audit activity
Eastbrook	Audit requested due to change on head teacher; not audited for three years; previous audit rating was "limited assurance"
Furze Infants	Not audited for three years
Five Elms	Not audited for three years

1.8. An allocation of 5 days in Q2 has also been agreed to undertake targeted follow up of previous schools' audit reported findings to inform the risk assessment. This is to focus on schools not audited for longer periods and with "limited assurance" ratings to be risk-based.

1.9. The 2018/19 audit plan included an allocation of a total of 90 days for schools' audits. The above plan is expected to consume 26 days of effort, leaving 64 days to deliver the remainder of the schools' audit plan for 2018/19.

2. Outcomes from 2018/19 Q1 internal audit work

2.1. Internal audit reports include a summary level of assurance. The following assurance levels were issued in the quarter:

	Substantial	Reasonable	Limited	No	n/a
Q1:	1	0	0	0	1

2.2. The following final reports were issued in the quarter:

Audit title and objective of the work	**Assurance level** and summary of findings
Information governance – Subject Access Requests The objective of this audit was to evaluate the control design and operating effectiveness of key controls in place over Subject Access Requests in 2017/18 (1 April 2017 to 31 March 2018) in the key risk areas of HR and Housing (My Place).	**Substantial assurance** We found that the following are in place relating to Subject Access Requests: • A defined Subject Access Request policy. • A defined procedure to deal with subject access requests. • The procedure explains what a subject access request is, and how to deal with one internally. We identified no critical, high or medium rated issues. We identified one low risk issue as responses did not include the privacy notice.
Museum Accreditation [review] The object of the review was to independently review compliance of Valence House Museum with the requirements of the National Accreditation Scheme for Museums and Galleries as at May 2018.	**Assurance level n/a** We identified no concerns regarding compliance with accreditation as follows: • Our review identified no changes likely to impact on the museum's Accreditation status. • Forward planning had been improved and the evidence was found to be in draft, to be finalised by the end of May 2018. • A detailed plan and actions were found to be in place to address the inventory documentation backlog.

3. Progress in implementation of audit findings as at 30 June 2018

3.1. Internal audit findings are categorised critical, high, medium and low risk (or advisory) depending upon the impact of the associated risk attached to the recommendation. A critical risk is defined as requiring immediate and significant action. A high risk is defined as requiring prompt action to commence as soon as practicable where significant changes are necessary.

3.2. Management are expected to implement all critical and high-risk recommendations by the agreed target dates. Internal Audit tracks management progress by way of a chase up or follow up to the audit client accordingly. Slippage in implementing agreed actions does occur and requires management to instigate revised targets and consider ways to mitigate the identified risks.

3.3. No findings have been rated critical risk.

3.4. The table below summarises the high-risk findings, as at 30 June 2018, that have reported, implemented, were outstanding and were beyond their due date:

	Reported	Implemented	Outstanding	Beyond due date
Prior to 2017/18	11	10	1	1
2017/18	15	10	5	2
2018/19	0	0	0	0
Total:	**26**	**18**	**6**	**3**

3.5. The current progress in implementing the overdue high-risk recommendations has been reported by management to be as detailed in the following table:

Finding	Agreed Action	Latest progress
Reported prior to 2017/18		
Records Compliance		
There is no list of information asset owners (IAO), a list is in the process of being compiled. The roles and responsibilities of the IAO's has not been defined or communicated to officers. A part time consultant has been appointed and is in the process of identifying IAOs.	a. Roles and responsibilities for IAO's should be clearly defined and communicated and incorporated into job descriptions b. Basic training on the requirements of IAO's should be given to those holding the role. Target: 31/12/15	**In progress, expected to be completed by December 2019:** An Information Asset Register has been launched and is in its infancy. IAOs have been identified for 136 IT systems. The first set of questions have been sent to IAOs but these have identified training needs.
Reported 2017/18		
Planning enforcement		
Lack of policies and operational procedures Relevant policies should be supported by up to date operational procedures to support consistent application of policies. We found that there are no Council policies or operational procedures in place. This is due to reliance being placed upon the high level national level policy concordat and guidance and NPPF national planning policy	Policies and procedures will be introduced. These will include the actions required within the life-cycle of an investigation including: • Correct logging • Timescales • Evidence needed • Actions required • Appeals Relevant staff will be made aware of the location and content of	**Not yet started:** Lack of capacity in the team has prevented this work commencing and current focus is on other areas. Revised implementation date is unknown.

framework. However, this has created lack of guidance for arising in the findings documented below.	the policies and procedures. The procedures will be reviewed, and updated where necessary, at least every two years. Target: 30/6/18	
Unassigned cases on Uniform Based on interviews with the enforcement officers, reported breaches should be logged on Uniform and assigned to an enforcement officer for investigation. During our testing, 28 unassigned cases were identified from a Uniform report. These were all found to have been logged within the previous 12 months, and no action had been taken to investigate them. There is currently no process in place to identify unassigned cases.	Measures will be introduced to prevent unassigned cases being logged onto Uniform and added into the process. Monthly reports will also be run to identify and assign any unassigned cases on Uniform. Target: 30/4/18	**Partially implemented, awaiting clarification regarding ongoing controls:** The unassigned cases identified during the audit have been verified as now allocated. Admin staff to assign cases upon logging to prevent unassigned cases. However, one new unassigned case has been identified. *Internal Audit awaiting response to query raised regarding ongoing control to be implemented.*

4. Internal audit performance as at 30 June 2018

Purpose	Target	Performance & RAG Status	What it measures
Output Indicators (Efficiency)			
% of 2017/18 Audit Plan completed (Audits at draft report stage)	>25% by 30/9/17	16% - RED	Delivery measure
	>50% by 31/12/17	30% - RED	
	>80% by 31/3/18	95% - GREEN	
	100% by 31/5/18	100% - GREEN	
Meet standards of Public Sector Internal Audit Standards	Substantial assurance or above from annual review	Confirmed * - GREEN	Compliant with professional standards
Outcome Indicators (Effectiveness - Adding value)			
High Risk Recommendations not addressed within timescales	<5%	12% - RED	Delivery measure
Overall Client Satisfaction	> 85% satisfied or very satisfied over rolling 12-month period	94% for 2017/18 - GREEN	Customer satisfaction

* Internal Audit was substantively provided by Mazars LLP in 2017/18. Mazars have provided confirmation from a review carried out during October and November 2016 of conforming to the requirements of the Public Sector Internal Audit Standards and the Local Government Application Note.