WAVERLEY BOROUGH COUNCIL

AUDIT – 13/09/2016

Title:

Update re Internal Audit Annual Report 2015-16 Activity Exception Report

[Wards Affected: All]

Summary and purpose:

At the previous Audit Committee meeting on 21 June 2016 members noted that the information contained in the Internal Audit Annual Report for 2015-16 was comprehensive however, they requested an update on the current position of the areas raised in the report designated as 'partial assurance' (amber red) as no 'no assurance' (Red) were given in the year being reported on.

How this report relates to the Council's Corporate Priorities:

The maintenance of an effective internal control environment supports all corporate priorities.

Financial Implications:

There are no financial implications.

Legal Implications:

There are no legal implications.

Introduction

1.   The annual review of the system of internal audit is required under the Accounts and Audit Regulations, to maintain an adequate and effective internal audit of their accounting records and control systems. The Internal Audit Annual Opinion for 2015/16 was assessed as:-

   "The organisation has an adequate and effective framework for risk management, governance and internal control.

   However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

   Appendix A of the Internal Audit Annual Report provided details of the full range of opinions available. The top level, one level up from the one that has

been given is "The organisation has an adequate and effective framework for risk management, governance and internal control. It is the intention that the council will continue to strive to achieve this top level opinion.

2.   Detailed below is the headline areas of concern "Amber Red" partial assurance and I have provided an update on the current position of these actions.

Assignment	Issued Raised	Status
IA16-17 Revenue Premises Visits	The notes from each visit are effectively recorded three times; on the Inspection Report sheet during the visit, on to the system after the visit, and when the Inspection Report sheet is scanned in and attached to the property record electronically which involves duplication of input.	This process is being reviewed to establish whether the process can be streamlined, possibly with the use of technology re tablet although this depends on adequate coverage in the Borough re internet connection. Target Date December 2016.
IA16-18 Employee Services	The payroll provider generally does not respond to queries within 24 hours and there is no formal agreed procedure on how queries to the payroll provider are communicated, monitored and closed.	There has been a need to revise the method that payroll services are being provided. Therefore the response to queries will be included as part of performance monitoring information when the final solution is agreed and adopted.
IA16-18 Employee Services	There is no formal reporting structure to ensure that performance data regarding the objectives for the payroll provider as set out in the service level agreement is reported.	There has been a need to revise the method that payroll services are being provided. Therefore performance monitoring information will be in place when the final solution is agreed and adopted.
IA16-21 Sheltered Housing Fire and Legionella Safety Checks	A lack of operational procedures/ guidance notes and a schedule for when tests/procedures should be completed held at sheltered housing sites.	Operational procedures/guidance notes are in place.
IA16-23 Pest Control Fees and Charges Income	Lack of checks and evidence to support discounts awarded to pest control customers.	Control in place where the contractor is required to evidence where discounts are given and the evidence provided from the customer to support this.
IA16-23 Pest Control Fees and	No comprehensive reconciliations of referrals made	Customer services Team complete reconciliations of

Charges Income	to ensure that where referrals have not been invoiced, there is a valid reason for this. Issues with reconciling referrals to invoices for pest control services.	invoice details to referral information and will be documented, dated, signed off and retained.
IA16-12 Official Orders	Sharepoint System capabilities are not being fully utilised as various services are keeping alternative records to monitor purchase orders. Lack of evidence of obtaining the required number of quotations and failure to provide copies of official orders.	A new Agresso (key financial system) module has been acquired to provide consistency and recording of orders and expenditure committed.
IA16-22 Information Security Governance	The Council's Information Management Policy, Record Disposal and Retention Schedule and the Acceptable Use of IT policy were last updated over a year ago.	The Policies are currently being reviewed and will be in place by the end of the December 2016.
IA16-22 Information Security Governance	As per comment from the Borough Solicitor at the time of the audit, a documented procedure is not in place detailing how the Council upholds Information Security Governance responsibilities if staff normally responsible are unavailable. The Council also does not have a published structure chart in place showing the members of staff involved with Information Security Governance and the responsibilities they hold.	Information Governance Strategy is being put into place. It will include the procedure to be followed in relation to upholding Information Security, a structure chart which will detail the staff that are involved with Information Security Governance and the responsibilities they hold. The chart will be disseminated to all staff.
IA16-22	The ISG at the Council have not met since July 2015 due to staff turnover. There is also no formal reporting process in place at the Council between the ISG, the CMT and other relevant staff.	Meeting will take place every 6 weeks, staff will be update up on related matters re any breaches, legislation and individual responsibilities re data security.

Conclusion

3.   The report presents to the Audit Committee an update on the status of the reviews provided at the previous meeting with Partial Assurance (Amber Red).   The Audit Committee can be assured that at each Audit Committee meeting throughout the year it will be provided with any audit recommendations that have not been implemented within the agreed time frame.

Recommendation

It is recommended that the Audit Committee notes the status and progress made to strengthen the control environment as part of the activity completed by the Internal Audit Service in 2015-16.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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