

*Internal Audit Progress Report*  
*Update to the Finance, Audit and*  
*Performance Committee on Internal Audit*  
*Activity*

*November 2015*

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<b>Distribution list</b>	Finance Audit and Performance Committee, Executive Team
<b>Background and scope</b>	The purpose of this report is to provide a progress update on the agreed 2015/16 internal audit plan.

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# Plan outturn

## *2015/16 Audit Plan*

During the initial months of the new internal audit contract we engaged with senior officers at the Council to develop our knowledge and understanding of the council and its operations. We continue to attend a number of meetings at the council such as CDMT, Project Forum and Service Managers meetings.





Work has now been undertaken to plan and scope all reviews up to and including Q3. We have completed reviews of Building Control and Safeguarding, and commenced the review of the Leicestershire Revenues and Benefits Partnership. Terms of reference have been agreed for the Financial Systems and Housing Repairs reviews and a scoping meeting held for the remaining Q3 review on Town Centre Management.

At the time of submitting this report, we have issued draft reports for both Safeguarding and Building Control and hope to finalise these reports by the time of the FAP meeting. Details of this and other activity are shown later in the report.

A statement tracking assignments undertaken and planned activity is shown in Appendix One. At the time of writing this report we have completed 38 days (33%) of the planned audit days. Work will increase during November and December and we will continue to keep members informed of progress.

# Activity and Progress

*This section will provide a summary of all final reports issued since the previous Committee meeting.*

Ref	Name of audit	Conclusion	Date final report issued	No of recommendations made			
				 Critical	 High	 Medium	 Low
A14	Safeguarding	Medium assurance*	Draft at this stage			2	3
B3	Building Control	Medium assurance*	Draft at this stage			3	3

\* At the time of writing this update, these reports had been issued in draft and management responses were being drafted. If there is any change to the overall rating or the individual findings this will be communicated at the meeting.

We summarise the main findings from these reports below:

## **A14 Safeguarding**

We raised two medium risk issues relating to:

- Process and documentation to demonstrate that the Council is meeting its safeguarding responsibilities - In 5/20 cases we tested there was no record of action taken by the DSO on receiving the Incident Form, and in 1/20 cases it was not clear whether referral to LCC had taken place or not. There was also insufficient evidence to demonstrate that referral decisions were robust in all cases.
- Document management - The current paper-based system is inefficient and inadequate in the context of rising referrals. Documentation stored in paper files is not systematically scanned or stored securely electronically. This presents a risk should paper files be lost or destroyed. The current system places limits on the extent of searches which can be performed, and does not allow easy retrieval of documentation.

We raised three low risk issues relating to:

- Closing the loop on referrals - There is a lack of clarity over responsibility for following up referrals, and consequently a lack of process in place for this.

- Compliance with the Leicester and Rutland Safeguarding Children Board (LSCB) competency framework - For Officers assigned to competency groups 2-9 a system of self-assessment logs is being implemented to demonstrate compliance with the framework. There is no robust plan for reviewing the adequacy of these logs.
- Adult safeguarding policy - The current policy is out of date, and the Council needs to develop a plan to demonstrate compliance with the new Adult competency framework.

We also raised two advisory points for consideration:

- DSO capacity - As the volume and complexity of cases increases the demands of the role may begin to have a negative impact on the day-to-day role of DSOs. There is also a significant “admin” burden associated with the paper based system of managing referrals.
- Supervision and support - There is limited awareness amongst DSOs of the emotional support mechanisms available to them.

### **B3 Building Control**

We identified three medium risk findings relating to the following:

- Documentation and retention of information – There are no formal procedure notes for processes carried out by the Building Control team. As a result the quality of documentation retained is variable and sometimes insufficient to demonstrate compliance with regulations. There is also a lack of ability to record site visits in real time.
- Fees review – Fees should be reviewed annually to ensure they remain in compliance with regulations on cost recovery however the current fees have not been revised since 2011.
- Strategy for building and marketing a competitive service – There are no formal strategies in place, putting the service at risk of losing work to competitors.

We also identified three low risk findings relating to:

- Budget setting and monitoring – Meaningful budget setting and monitoring does not take place.
- Individually determined fees – There is no review of fee calculations by a separate officer to ensure reasonableness.
- KPIs – Current KPIs are not challenging enough and are not assisting in improving efficiency and quality of the service.

### *Fieldwork and draft reports*

Work is progressing in the following areas:

- Project Management – Internal Audit will continue to attend meetings of the Project Forum and to provide support and challenge to the council in this key area
- Council tax and business rates – fieldwork commenced 16<sup>th</sup> November
- Financial systems – terms of reference agreed and fieldwork scheduled to commence 7<sup>th</sup> December
- Housing repairs follow up – terms of reference agreed and fieldwork scheduled to commence 14<sup>th</sup> December
- Markets – scoping meeting held 16<sup>th</sup> November

### *Other activity*

We have also reviewed the Council's Risk Management framework and Project Management framework and provided feedback on each. We have also conducted a training session for members of the Finance Audit and Performance Committee in conjunction with the council's external auditor.

# Appendix 1 - Internal audit detailed progress tracker

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Actual audit days to date</i>	<i>Scoping meeting date</i>	<i>Proposed fieldwork dates</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
A1	Finance Systems	20	2	September 2015	December 2015				March 2016
A2	Medium Term Financial Strategy	5	0		Moved from Q3 to Q4 at management's request				May 2016
A5	Corporate Governance and Risk Management	7	0		Moved from Q3 to Q4 at management's request				May 2016
A6	Partnerships / Joint Arrangements	5	0		Q4				May 2016
A7	Project Management	15	12	August 2015	Q2	2 <sup>nd</sup> October 2015	16 <sup>th</sup> October 2015	23 <sup>rd</sup> October 2015	October 2015 March 2016
A14	Safeguarding	10	9.5	August 2015	October 2015	20 <sup>th</sup> November 2015	27 <sup>th</sup> November 2015	4 <sup>th</sup> December 2015	December 2015

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B1	Housing Rents	5	0		Q4				May 2016
B2	HRA Investment Plan	5	0		Moved from Q3 to Q4 at management's request				May 2016
B3	Building Control Service	5	5	July 2015	October 2015	30 <sup>th</sup> November 2015	7 <sup>th</sup> December 2015	14 <sup>th</sup> December 2015	December 2015
B4	Town Centre Management - Markets	5	0.25	November 2015	December 2015	January 2015	January 2015	February 2015	February 2016
B5	Recycling and Refuse Collection	5	0		Q4				May 2016
C1	Housing Repairs	5	0.25	October 2015	December 2015	January 2015	January 2015	February 2015	February 2016
D1	Council Tax	5	1.5	October 2015	November 2015	December 2015	December 2015	December 2015	February 2016
D2	Business Rates	5	1.5	October 2015	November 2015	December 2015	December 2015	December 2015	February 2016
M1	Audit Management	10	6	n/a	n/a	n/a	n/a	n/a	n/a



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	<b>Total days (excl. contingency)</b>	<b>112</b>	<b>38</b>	n/a	n/a	n/a	n/a	n/a	n/a
	Contingency	3	0						
	<b>Total days</b>	<b>115</b>	<b>38</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

\* Where appropriate and in agreement with client management, we are able to flex our audit service to include more senior or specialist staff to respond to the risks generated by audit reviews. Where we do this we effectively agree a fixed fee for the audit work which is derived from the combined fees of the planned audit days allocated to this audit review during the annual planning process.

# Appendix 2 – Outstanding audit actions – TrAction report

Audit Title	Finding Heading	Finding Rating	Action Reference	Agreed Action	Action Status	Responsible People	Implementation Deadline	Days Overdue	Update
CWAS - Brought forward issues	<a href="#">Assurance processes</a>	Advisory	New	An assurance process should be introduced to review samples of officer assessments of applications and banding decisions, allocations to properties and nominations to Housing Associations.	Open	Jo Wykes	31/07/2015	115	Outstanding
CWAS - Brought forward issues	<a href="#">Compliance with policies around advertising properties</a>	Advisory	New	Management information should be produced to enable officers to monitor the advertising of vacancies to ensure that the policies relating to the advertising of properties in the sub-region are adhered to.	Open	Jo Wykes	31/07/2015	115	Updated 8/10 Discussed at CBL steering group and no other authorities monitor this information
CWAS - Brought forward issues	<a href="#">Reporting and monitoring</a>	Advisory	New	Management should consider reporting specific information on the value and age profile of rent arrears for both current and former tenants.	Open	Madeline Shellard	01/09/2015	83	Outstanding In Madeline's absence other staff are reviewing this action.
CWAS - Brought forward issues	<a href="#">Annual Review of Applications</a>	Advisory	New	Officers should consider reinstating an annual review of applicants' circumstances.	Open	Jo Wykes	31/10/2015 (revised from 30/09/2015)	23	Updated 8/10 Training for staff on annual renewals has commenced

# Appendix 3 -Thought leadership publications

As part of the regular reporting to you we plan to keep you up to date with emerging thought leadership published by PwC. The PwC Public Sector Research Centre produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

All publications can be read in full at [www.psrc.pwc.com/](http://www.psrc.pwc.com/)

## *What is the future of government?*

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This report provides a view of what public service leaders think of agility, how they’re applying it in their organizations, and what critical actions governments should consider undertaking if they’re going to be truly agile in the new reality.

