

INTERNAL AUDIT PROGRESS UPDATE

Contact Officer:

Lynda Baker Head of Internal Audit

01908 252227

1. Purpose

- 1.1 To provide the Committee an update of progress against the Annual Audit Plan 2013/14, performance and significant issues raised.

2. Recommendations

- 2.1 To note or comment on the report and agree revisions to the plan.

3. Issues

- 3.1 Performance – the performance measures below are those that have been agreed and are included within the Internal Audit Service Plan.

3.1.1 **Audit Plan Completion** – As at 13th March 2014 82 audits from the 2013/14 plan have been completed to draft or final stage (72% of the revised plan). An additional 20 audits carried forward and 19 pieces of unplanned work (including Investigations) have also been completed (totalling 121 audits completed between since 1st April). 20 audits (18% of Plan) are currently in progress and 12 audits (10% of plan) have not yet been started. The Service is still on track to complete over 90% of the revised Plan by the end of April 2014. See Annexes A, B & D.

3.1.2 **Audits not started** – Of the 12 audits not yet started one is not required as assurance will be obtained from the peer review, 3 are due to start imminently. The remaining 8 have all been rolled forward into the 2014/15 audit plan along with 3 audits currently in progress which have been put on hold due to resources pressures within service areas.

3.1.3 **Agreed Actions implemented** – 84% of agreed actions have been implemented. 79% were implemented for general audits and 93% for schools. This is a reduction in implementation since the last update and is under our target level. Some of the unimplemented actions are in progress and will be followed up again. Only 4 of the outstanding actions are classified as essential. further detailed is provided in section 3.3 of this report. See Annex C

3.2 Significant Issues (including weak and limited reports since last update.)

3.2.1 **Purchasing Cards**

Although there was no evidence of inappropriate spend on Pcards the system transfers the effective control of spend from prevention to detection, hence the importance of checks/reviews of the spend. A significant number of purchases were not subject to any review or approval. Action will be taken, and Pcards may be removed from persistent offenders from April.

3.3 Unimplemented essential actions.

Only 4 of the unimplemented actions followed up to date are classified as 'essential'.

3.3.1 **Taxi Licensing**

2 unimplemented essential actions arose from the Taxi Licensing Audit. 50% of taxis stopped during Police operations were referred for Safety checks. 84% failed these checks. No monitoring of persistent failures was undertaken. The Taxi Licensing Policy will be revised to enable action to be taken to proactively address offending.

Licence requirements were not enforced e.g. CRB checks, medicals, licence renewals were overdue or may not have been undertaken. All data is to be input to a database and reports run to highlight non completion and upcoming renewal dates.

3.3.2 **Troubled Families Grant**

Evidence to support the grant claims is still problematic and the service is continuing to work on producing a list of the 364 families MKC has claimed funding for having 'worked with'. Audit were able to obtain sufficient evidence to sign off a grant claim for 19 families. The service are continuing to work on their system data to enable validation of further grant claims.

3.3.3 **Licensing Premises, People & Vehicles**

Inspections are not routinely carried out for new premises and others are not inspected within the timescales required by their risk categorisation. Licensing objectives and Licensing conditions may be contravened. Health and safety risks, anti-social behaviour and illegal practices may not be identified and addressed. Due to current resource limitations inspections are undertaken on a reactive basis only.

3.3.4 **Attendance Management**

The essential action previously reported has now been implemented through the introduction of ESS/MSS. Managers have also been

reminded, through the Tuesday Bulletin, of the need to record sickness absence promptly.

4 Implications

4.1 Policy

The Audit Plan is aligned to the Internal Audit Strategy and individual audits provide assurance of compliance with a wide range of Council policies.

4.2 Resources and Risk

There are no direct resource implications.

The LIKELIHOOD of the Plan not being completed to an extent that would impinge on the Annual Audit Opinion is currently LOW with a MEDIUM impact.

| | | | | | |
|---|---------|---|------------------|---|------------------|
| x | Capital | x | Revenue | x | Accommodation |
| x | IT | x | Medium Term Plan | x | Asset Management |

4.3.1 Legal

This report provides one of the sources for the Council's Annual Governance Statement in order to meet the Council's responsibilities under the Accounts and Audit Regulations. The Accounts and Audit Regulations require every local authority to maintain an adequate and effective audit service.

4.4 Other Implications

| | | | | | | |
|---|-------------------------|---|---|----------------|---|-----------------------|
| x | Equalities Diversity | / | x | Sustainability | x | Human Rights |
| x | E-Government | | x | Stakeholders | x | Crime and Disorder |

Background Papers:

- Annex A - completed Audits
- Annex B - audits in progress, not started
- Annex C - follow ups completed
- Annex D – plan amendments