

## Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	21st November 2019	AGENDA ITEM NUMBER
TITLE:	Internal Audit Annual Plan – Six Month Performance Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1- Audit Reviews Position Statement (as at 30th September 2019)		

### 1 THE ISSUE

- 1.1 The Annual Internal Audit Plan for 2019/20 was presented to the Corporate Audit Committee on the 30<sup>th</sup> July 2019. This report has been compiled to provide an update to the Committee on progress against the Plan and the results of Internal Audit work completed.

### 2 RECOMMENDATION

- 2.1 The Corporate Audit Committee is asked to note progress made against the Internal Audit Plan for 2019/20.

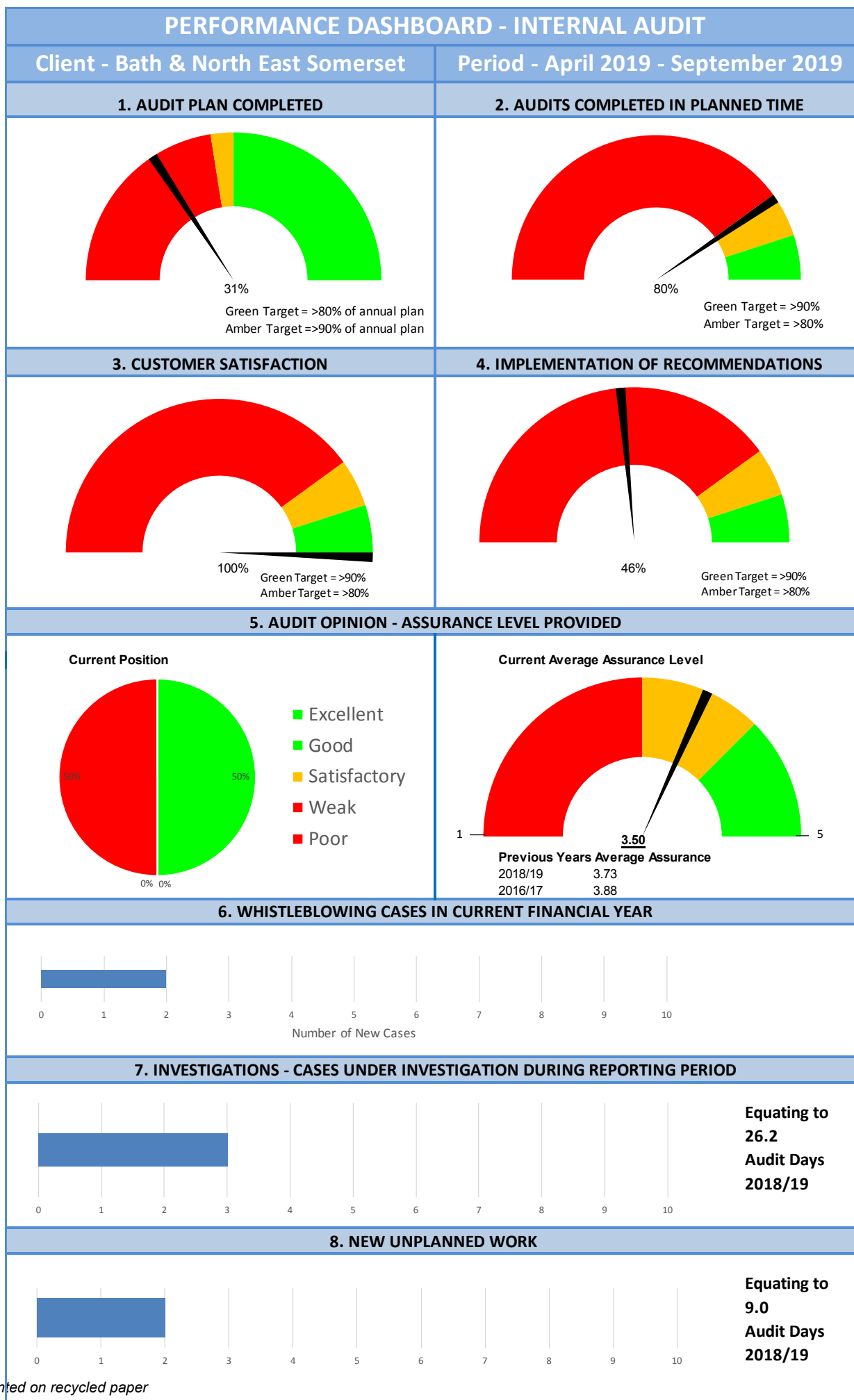
### 3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications relevant to this report.

### 4 THE REPORT

- 4.1 The chart overleaf shows that as at halfway through the year:

- Delivery of the plan in terms of 'Audit Plan Completed' is below target;
- Of the five audits at 'Final' Report stage, one audit exceeded the number of audit days allocated;
- Customers continue to rate the service provided as either 'good' or 'excellent';
- For the five audits 'followed-up', management have implemented less than half of the High Risk Weakness Recommendations by the time scale agreed;
- Two out of the five audits finalised in the period were reports which provided an assurance rating for inclusion in the chart. One was excellent (Early Years) and one was 'Weak' (Parks Traded Services). The three other reports were Briefing Reports which do not provide a control environment assurance rating;
- Unplanned work took 35.2 days.



## 4.2 COMPLETION OF THE INTERNAL AUDIT PLAN

4.2.1 The performance dashboard shows that at the half-way point of the year, 31% of the plan is substantially completed. This includes work that is either finalised, at reporting stage, or at the end of fieldwork (see Appendix 1). Five audits had been completed ('Draft' or 'Final' report issued), and another six were 'in progress'.

4.2.2 Reasons for completing less of the plan than expected at the financial year half way point are:

**2018/19 Work Carried Forward.** Work on 6 audit reviews had to be completed in 2019/20 financial year.

**Level of Unplanned Work.** The Performance Dashboard records that a total of 35.2 days has been used on 'Unplanned Work / Investigations'. Audit West have been involved in three investigations in the first six months of the year (see 4.6 below).

**Staffing.** A restructure of the service took place earlier in the year leading to a number of staff leaving the wider team. Following a number of recruitment campaigns we have now been successful in recruiting high quality replacements and the wider service will be fully staffed by January 2020.

**Seasonal use of annual leave.** Staff tend to take a larger proportion of their annual leave entitlement during the summer months.

4.2.3 In consultation with the Council's S151 Officer and Directors it has been agreed to place two audits recorded in the 2019/20 Plan 'on hold' – Visit Bath (Payroll) and Companies Governance. Internal audit work related to Visit Bath will be discussed with the Director of Economy and Growth. This is linked to the governance processes still being developed for Council companies.

4.2.4 To help manage the shortfall in available audit days caused by the staff vacancy we are continuing to work with our strategic partner - Devon Audit Partnership. They will be delivering a total of four audit reviews before the end of the year.

## 4.3 AUDIT REVIEWS COMPLETED IN ASSIGNED DAYS

4.3.1 The percentage of audits (included in 2019/20 Plan) completed within the initial allocated days is recorded at 80%. As stated earlier in this report this is based on the five 'finalised' audits. The single audit that exceeded time initially allocated was linked to one of the investigations carried out during the year and Audit Management agreed to more resources being allocated to the scheduled audit.

## 4.4 CUSTOMER SERVICE

4.4.1 The relevance / importance of the 'Customer Service' performance measure, (based on completion of Audit Quality Questionnaires), has been subject of discussion at previous Committee meetings. It is important that Committee Members are aware that Audit Management doesn't just rely on the completion of

questionnaires to monitor 'client satisfaction', we continually monitor client feedback to ensure the quality of the internal audit service is maintained. Feedback remains very positive. Examples of some of the comments received include:

*"Process was completely unobtrusive taking up very little of the teams time."*

*"We are fortunate in having no actions. Previous reports have been really helpful in getting us to this position."*

*"Fully involved"*

#### **4.5 IMPLEMENTATION & FOLLOW UP OF RECOMMENDATIONS**

4.5.1 The dashboard records implemented critical/high risk rated recommendations at the time the audit was 'Followed-Up' at 46%. The 5 audits 'Followed-Up' during the first half of the financial year recorded 13 high risk rated weaknesses / recommendations. Of the 13, 7 recommendations had not been implemented within the agreed timescale and this matter was therefore reported to the responsible Group Manager and Director to ensure agreed actions were monitored and implemented. Internal Audit were satisfied that work was either on-going to implement recommended actions or the agreed actions had to be put on hold and / or potentially amended based on organisational / system changes which happened after the internal audit review.

#### **4.6 INVESTIGATIONS/ WHISTLEBLOWING**

4.6.1 As stated in 4.2.2, during the first half of 2019/20 the service has been involved in three investigations. Two of these resulted from internal whistleblowing action.

4.6.2 One of these investigations has been completed. Internal Audit liaised with the Council's Monitoring Officer during this work and it was concluded that the individual under investigation had declared a pecuniary interest as required, and a situation had not occurred whereby a personal interest (bias) would have been disclosable. Therefore, further action was not necessary

4.6.3 The other two investigations are on-going. As part of the Fraud Update paper being presented to this Committee meeting, Members will receive a verbal update by the Head of Audit & Assurance in relation to one of these investigations. This will provide Members with an understanding of the work carried out by the Internal Audit Team.

#### **4.7 ASSURANCE LEVEL PROVIDED**

4.7.1 It has been agreed that any audits recording a 'Poor' or 'Weak' Assurance Level will be reported to the Committee. The single audit recording a 'weak' assurance rating was Parks – Traded Services. This audit involved a high level review of concessions granted by the Parks Service and a detailed review of the income generating activity at Parade Gardens.

4.7.2 The control environment related to parks concessions and plant sales were considered 'satisfactory', however, it was the auditor's opinion that the overall assurance rating was 'weak' based on the findings related to the operation of the kiosk (collecting income from visitors to the park) and the On-Parade Café.

4.7.3 Service management have responded very positively to the actions recommended by Internal Audit and it has been agreed that all 10 recommendations (5 High Risk) will be implemented by February 2020 when the operations commence trading in 2020.

## **5 RISK MANAGEMENT**

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

## **6 EQUALITIES**

6.1 A proportionate equalities impact assessment has been carried out in relation to this report. There are no significant issues to report to the Committee.

## **7 CONSULTATION**

7.1 The report was distributed to the S151 Officer for Consultation.

<b>Contact person</b>	<i>Andy Cox (01225 477316) Jeff Wring (01225 477323)</i>
<b>Background papers</b>	<i>Report to Corporate Audit Committee – 30<sup>th</sup> July 2019 – Internal Audit Plan - 2019/20</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

Ref	Topic	Status	Assurance Level	Recommendations	
				Made	Agreed
19-001B	Avon Pension Fund - Scheme of Delegations	Scheduled Quarter 3	N/A	N/A	N/A
19-002B	Avon Pension Fund- COP14	Scheduled Quarter 4	N/A	N/A	N/A
19-003B	Visit Bath - Payroll	Not yet started	N/A	N/A	N/A
19-004B	Community Care - Data Management	In Progress	N/A	N/A	N/A
19-005B	Financial Ledger - Key Systems Interface	In Progress	N/A	N/A	N/A
19-006B	Property Disposals	Final - Briefing	N/A	N/A	N/A
19-007B	IT - User & Access Management	In Progress	N/A	N/A	N/A
19-008B	Companies Governance	Not yet started	N/A	N/A	N/A
19-009B	Mental Health - Section 117 Funding (CCG)	Final - Briefing	N/A	3	Awaited
19-010B	Virgin Care Community Care Contract	Scheduled Quarter 4	N/A	N/A	N/A
19-011B	Car Parking Income	In Progress	N/A	N/A	N/A
19-012B	Avon Pension Fund - Brunel Governance - Investments	In Progress	N/A	N/A	N/A
19-013B	Community Infrastructure Levy - Allocation, Recording and Reporting	In Progress	N/A	N/A	N/A
19-014B	Acquisitions - Achieving Corporate Objectives	Scheduled Quarter 4	N/A	N/A	N/A
19-015B	Care Assessments	Scheduled Quarter 4	N/A	N/A	N/A
19-016B	Governance - Single Panel	In Progress	N/A	N/A	N/A
19-017B	Street Lighting Procurement	Scheduled Quarter 4	N/A	N/A	N/A
19-018B	Car Parking Income - Permits	Scheduled Quarter 3	N/A	N/A	N/A
19-019B	Council Recharges to CCG	In Progress	N/A	N/A	N/A
19-020B	Passenger Transport	Scheduled Quarter 3	N/A	N/A	N/A
19-021B	IT Provision - Cloud & Hosted System Security	Scheduled Quarter 4	N/A	N/A	N/A
19-022B	Special Ed Needs - High Needs Top Ups	Final - Briefing	N/A	N/A	N/A
19-023B	Threat Management (Cyber Security) Network Security - Firewalls	Scheduled Quarter 3	N/A	N/A	N/A
19-024B	Sundry Debtor & Debt Recovery	Scheduled Quarter 4	N/A	N/A	N/A
19-025B	Data Back Up & Recovery	Scheduled Quarter 4	N/A	N/A	N/A
19-026B	Parks - Traded Services	Final	2	10	10
19-027B	Threat Management (Cyber Security) Malware Prevention	Scheduled Quarter 4	N/A	N/A	N/A
19-028B	Early Years Grants	Final	5	0	0
19-029B	Safer Recruitment	Draft	2	6	Awaiting
19-030B	Music Traded Service	Scheduled Quarter 3	N/A	N/A	N/A
19-031B	Licensing Income	Scheduled Quarter 4	N/A	N/A	N/A
19-032B	Incident Management	Scheduled Quarter 3	N/A	N/A	N/A
19-033B	Property - Corporate Planned Maintenance Budget	Scheduled Quarter 4	N/A	N/A	N/A
19-034B	Payments – Data Analytics	Scheduled Quarter 4	N/A	N/A	N/A
19-035B	CCTV - Business Operation	Scheduled Quarter 3	N/A	N/A	N/A
19-036B	Avon Pension Fund - iConnect	Scheduled Quarter 3	N/A	N/A	N/A