

Name of meeting: Corporate Governance & Audit Committee
Date: 16th November 2018

Title of report: Quarterly Report of Internal Audit 2018/19
Quarter 2: July 2018 - September 2018

Purpose of report; To provide information on Internal Audit activity in the second quarter of 2018/19, to update information on monitoring of progress regarding the implementation of the Annual Governance Statement 2017/18 Action Plan, and other assurance information.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports) ?	Not applicable
The Decision - Is it eligible for "call in" by Scrutiny?	Not applicable
Date signed off by Director & name Is it also signed off by the Service Director for Finance, IT & Transactional Services Is it also signed off by the Service Director - Legal Governance and Commissioning?	Not applicable
Cabinet member portfolio	Not applicable

Electoral wards affected: All
Ward councillors consulted: Not applicable

Public but with a private appendix

1. Summary

- 1.1 This report sets out the activities of Internal Audit in the second quarter of 2018/19.
 This report contains information about 13 formal opinion based pieces of work, 7 other projects or tasks and 6 completed audits related to the Housing Revenue Account (HRA) and Kirklees Neighbourhood Housing, two of the latter being investigations .
- 1.2 There are 13 reports that include assurance levels. All of the 6 schools offered substantial or adequate assurance. Emergency Planning arrangements offer substantial assurance. All other areas had limited assurance, being; Associated Framework (Learning), Mail Centre Data (IT), Childrens & Families Safeguarding, Mandatory Staff Training (HR/Corporate)
- 1.3 There were 2 follow up, Clients Property (Adults/Exchequer), and Car Parks Income (Commercial) neither of which gained adequate assurance categorisations.

- 1.4 Overall, only 54% of council work in the period attracted a positive outcome- which is substantially below average, but based on quite a small sample. The cumulative positive outcome for the year is 71%- slightly better, but below the target of 80%.(last year outturn 78%).
- 1.5 Internal Audit time was also spent on assessing highways and disabled grant authorisations, the National Fraud Initiative and various matters linked to improving information governance.
- 1.6 The report notes that Internal Audit resourcing continues to be challenged. Whilst there is adequate budget, there is some labour turnover. A number of investigations, and the need to prioritise some high risk areas (which have taken longer than planned) have reduced the ability to complete operational assurance audits on financial and business systems.
- 1.7 It was agreed at March 2018 Council that this committee consider any surveillance activities under the Regulation of Investigatory Powers Act 2000. (Annex 1). There are none this quarter.
- 1.8 This report includes a summary of progress against the actions contained as a consequence of the 2017/18 Annual Governance Statement.

2. Information required to take a decision

- 2.1 The detail is contained within the private Appendix.

3. Implications for the Council

- 3.1 Early Intervention and Prevention (EIP) -None directly
- 3.2 Economic Resilience (ER) -None directly
- 3.3 Improving Outcomes for Children -None directly
- 3.4 Reducing demand of services -None directly
- 3.5 Although each of the sub categorisations above suggest no direct implications, the work of internal audit covers all aspects of the councils operations, including elements of the above, either specifically, indirectly or on a commissioned basis.
- 3.6 The main issues relate to those areas highlighted above- where there are risks associated with basic processing arrangements, and delivering sound governance and control.

4. Consultees and their opinions

- 4.1 Directors/Head of Service have been involved in the outcomes from each audit project.

5. Next steps

- 5.1 To consider if any additional activity is sought.(Limited assurance audit outcomes are routinely followed up)

6. Officer recommendations and reasons

- 6.1 Members are asked to note the Internal Audit Quarterly Report and determine if any further action is sought on any matter identified.
- 6.2 Members are also asked to note that there has been no Regulation of Investigatory Powers Act activity during the period quarter 2 2018/19.

7. Cabinet portfolio holder recommendation

7.1 Not applicable.

8. Contact officer

Martin Dearnley, Head of Risk (01484 221000; x 73672)

9. Background Papers and History of Decisions

The detailed Quarter 2- 2018/19 Internal Audit Report is attached as an appendix for consideration in private session.

10. Director responsible

Not applicable.

**Annex 1;
Additional disclosure of information**

Reporting of surveillance activity under the Regulation of Investigatory Powers Act 2000.

None this period