

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE

Date: 25TH JANUARY 2019

**Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q3 2018/19
OCTOBER 2018-DECEMBER 2018**

Purpose of report; To provide information about internal audit work in quarter 3 of 2018/19

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 Strategic Director & name Is it also signed off by the Service Director for Finance IT and Transactional Services? Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	not applicable
Cabinet member portfolio	not applicable

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public with a private appendix

Have you considered GDPR? Yes

1. Summary

- 1.1 This report sets out the activities of Internal Audit in the third quarter of 2018/19. This report contains information about 18 formal opinion based pieces of work, 7 other projects or tasks and 5 newly completed audits related to the Housing Revenue Account (HRA) and Kirklees Neighbourhood Housing, and an update on one investigations .
- 1.2 Of the 18 reports that include assurance levels, all of the 10 schools offered substantial or adequate assurance. Of the other work, two audits related to procurement and contract management had adequate assurances, but there was only limited assurance in relation to Performance Information and in respects of aspects of health and safety operations.
- 1.3 There were 4 follow up, 3 of these were adequate (home care charges, purchasing cards and bank reconciliation). The area that still required improvement related to deferred charges on Adult Social Care.

- 1.4 Overall, 83% of council work in the period attracted a positive outcome- which is substantially better than the last period but based again on quite a small sample. The cumulative positive outcome for the year is 77%- slightly below the target of 80%.(last year outturn 78%).
- 1.5 Internal Audit time was also spent on assessing GDPR compliance and payroll overpayments, amongst other tasks.
- 1.6 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 some 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. The Cabinet will consider changes to the Policies related to this work to reflect GDPR and statutory guidance.
- 1.8 This report includes a summary of progress against the actions contained as a consequence of the 2017/18 Annual Governance Statement, although a number of entries are unchanged from Quarter 2.

2. **Information required to take a decision**

- 2.1 The detail is contained within the private Appendix.

3. **Implications for the Council**

- 3.1 **Working with People** – None directly
- 3.2 **Working with Partners** – None directly
- 3.3 **Place Based Working** – None directly
- 3.4 **Improving outcomes for children**– None directly
- 3.5 **Other (eg Legal/Financial or Human Resources)**- 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. 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**

There are no consultees to this report although heads of service/directors are involved in and respond to on individual pieces of work

5. **Next steps and timelines**

- 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 3 2018/19.

7. **Cabinet portfolio holder's recommendations**

Not applicable

8. **Contact officer**

Martin Dearnley, Head of Risk & Internal Audit (01484 221133 x73672)

9. **Background Papers and History of Decisions**

Previous Quarterly reports, Audit Plan and confidential appendix

10. **Service Director responsible**

Not applicable