

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE

Date: 26TH APRIL 2019

**Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q4 2018/19
JANUARY 2019- MARCH 2019**

Purpose of report; To provide information about internal audit work in quarter 4 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

The appendix to this report is recommended for consideration in private because the information contained in it is exempt information within part 1 of Schedule 12A of the Local Government Act 1972 namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.

Have you considered GDPR? Yes

1. Summary

- 1.1 This report sets out the activities of Internal Audit in the final quarter of 2018/19. This report contains information about 2 investigations, 16 formal opinion based pieces of work and 8 other projects or tasks .No new work was completed for the Housing Revenue Account (HRA) and Kirklees Neighbourhood Housing in this period.
- 1.2 There were 2 investigations into the management of (disabled parking) Blue Badges, and regarding gritting route completion. Of the 16 reports that include assurance levels, 8 of the schools offered substantial assurance. There was one school with "no

- 1.3 assurance” where there are substantial concerns about the recording and reporting of transactions. Work is progressing to improve this situation. Other work was about Adult Safeguarding, Council Tax Support, Public ICT, Homelessness and Building Control.
- 1.4 There were 2 follow ups. Significant improvements had been made in relation to client property (adult care), but the actions accepted previously in relation to bereavements services had still not been implemented (limited assurance), with a retimed action plan now agreed.
- 1.5 Overall, 81% of council work in the period attracted a positive outcome- similar to quarter 3, based again on quite a small sample. The cumulative positive outcome for the year is 78%- slightly below the target of 80%.(last year outturn 78%).
- 1.6 Internal Audit time was also spent on assessing Anti Money Laundering and similar arrangements, SAP Debtors and income, along with continuing work in relation to the National Fraud initiative and GDPR compliance.
- 1.7 Internal Audit resourcing continues to be challenged, due to staff turnover, ongoing investigations, which does mean that overall coverage of operational assurance audits on financial and business systems is quite limited. There are 7 pieces of (Council and KNH) work in progress at the year end.
- 1.8 This report includes a summary of progress against the actions contained as a consequence of the 2017/18 Annual Governance Statement(AGS), although there have been limited progress from that reported previously in some areas. The draft proposed 2018/19 AGS is the subject of another report on this agenda.
- 1.9 This Committee has now taken full responsibility for the oversight of activity within Kirklees Neighbourhood Housing Ltd following the restructuring agreed at the beginning of this calendar year.
- 1.10 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. Some training was provided on RIPA related matters to a number of senior managers.

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 4 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