

**Name of meeting:** CORPORATE GOVERNANCE & AUDIT COMMITTEE  
**Date:** 26<sup>TH</sup> JULY 2019  
**Title of report:** QUARTERLY REPORT OF INTERNAL AUDIT Q1 2019/20  
 APRIL 2019- JUNE 2019

**Purpose of report;** To provide information about internal audit work in quarter 1 of 2019/20

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 first quarter of 2019/20. This report contains information about, 21 formal opinion based pieces of work and 6 other projects or tasks. Work associated with Kirklees Neighbourhood Housing is now reported along with all other work.

- 1.2 Of the 21 reports that include assurance levels, 7 of the schools offered positive assurance. There were two with limited assurance, both related to issues with governance, financial accounting and administration. Other work included audits on residential care, employee references and qualifications, highways casualty reduction projects, tenants' arrears, housing contract management, the sexual health contracts and corporate risk management. All of these attracted positive assurance, other than the last two which offered limited assurance.
- 1.3 There was one investigation into the loss of a small sum of money (£62), taken when the locking mechanism on a safe had become defective; a new safe has been purchased. The biennial National Fraud Initiative data matching exercise identified £61,000 of benefits or pension overpayments, and a notional £216,000 from the cancellation of 376 blue badges (from deceased persons).
- 1.4 There were 6 follow ups. Improvements had been made in 4 areas ( Corporate safeguarding, corporate health and safety, stock and stores at KNH Building services and Document Solutions, but KNH health and safety, and Learning associates framework had not made adequate progress.
- 1.5 Overall, 71% of council work in the period attracted a positive outcome. The target is 80% positive assurance; last year was 78%.
- 1.6 Internal Audit also carried out some follow up work on those audits with positive outcomes. This confirmed that the majority of agreed recommendations had been implemented (and others had not yet reached the agreed time for implementation).
- 1.7 Time was also spent on support regarding information governance, the monthly pay project, SAP controls (more specifically the audit logging processes in SAP), and in financial assessment and risk control in relation to suppliers.
- 1.8 The proposed 2018/19 Annual Governance Statement (AGS) is the subject of another report on this agenda. Progress in relation to the AGS Action Plan will be reported in this report (starting at quarter 2)
- 1.9 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 1 2019/20.

**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