

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 24th JANUARY 2020
Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q3 2019/20 & OCTOBER 2019- DECEMBER 2019

Purpose of report;
To provide information about internal audit work in quarter 3 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	not applicable
Is it also signed off by the Service Director for Finance IT and Transactional Services?	not applicable
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 third quarter of 2019/20. This report contains information about 22 formal opinion based pieces of work and various other projects or tasks. Work associated with Kirklees Neighbourhood Housing is now reported along with all other work.

- 1.2 Of the 22 reports that include assurance levels were three new areas where the activity was rated as providing limited assurance; this related to direct payments for care service recipients- where there is inadequate monitoring, and two other areas where there was inadequate records keeping- in relation to petty cash and software licensing. Area where arrangements were at least adequate included; agency labour (where spending with agencies has reduced very substantially, and almost all expenditure is now with approved providers, albeit there is scope to improve the evidence of time spent by agency staff), commercial leases, highways structures, catering procurements and gifts and hospitality (council and KNH).
- 1.3 Six schools were visited; all had adequate or substantial assurance in their business processes.
- 1.4 There were 3 follow ups; two had made the promised progress- a school, and social care income- but there was still a need for progress in relation to the improvement of training records.
- 1.5 Overall, 84% of new work in the period attracted a positive outcome. Including follow ups there was an overall in period assurance rate of 82%, and the cumulative year to date is 80% is positive assurance. The target is 80%; last year the outcome was 78%.
- 1.6 Time was also spent ensuring progress in relation to IT network access and security, in support of the external auditor, information governance, monthly pay, stronger families, and parentpay- the school meals and other income collection system. One long ongoing investigation at KNH is now almost complete, and another has reached initial report stage.
- 1.7 Progress in relation to the Annual Governance Statement (AGS) Action Plan is monitored by Internal Audit. Although this is monitored quarterly, starting at quarter 2, progress to the end of the calendar year will be reported separately-to the March 2020 meeting of this committee.
- 1.8 It was agreed at March 2018 Council that this committee consider any surveillance activities under the Regulation of Investigatory Powers Act 2000. There are none this quarter.

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

- 2.1 The detail of the audit work performed this quarter 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 **Climate change and air quality**- None directly
- 3.6 **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 Council's 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 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