

CITY OF
WOLVERHAMPTON
COUNCIL

Audit and Risk Committee

10 December 2018

Report title	Internal Audit Update – Quarter 2	
Accountable director	Claire Nye, Finance	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The contents of the latest internal audit update as at the end of quarter two.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2018 - 2019 internal audit plan and to provide information on recent work that has been completed.

2.0 Background

- 2.1 The internal audit update report as at 30 September 2018 (quarter two) contains details of the matters arising from audit work undertaken so far this year. The information included in the report will feed into, and inform, the overall opinion in our annual internal audit report issued at the year end. It also updates the Committee on various other activities associated with the internal audit service.

3.0 Progress, options, discussion, etc.

- 3.1 Quarterly internal audit update reports will continue to be presented to the

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendations in this report.
[MH/28112018/C]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report.
[TS29112018/T]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendations in this report.

7.0 Environmental implications

- 7.1 There are no environmental implications arising from the recommendations in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendations in this report.

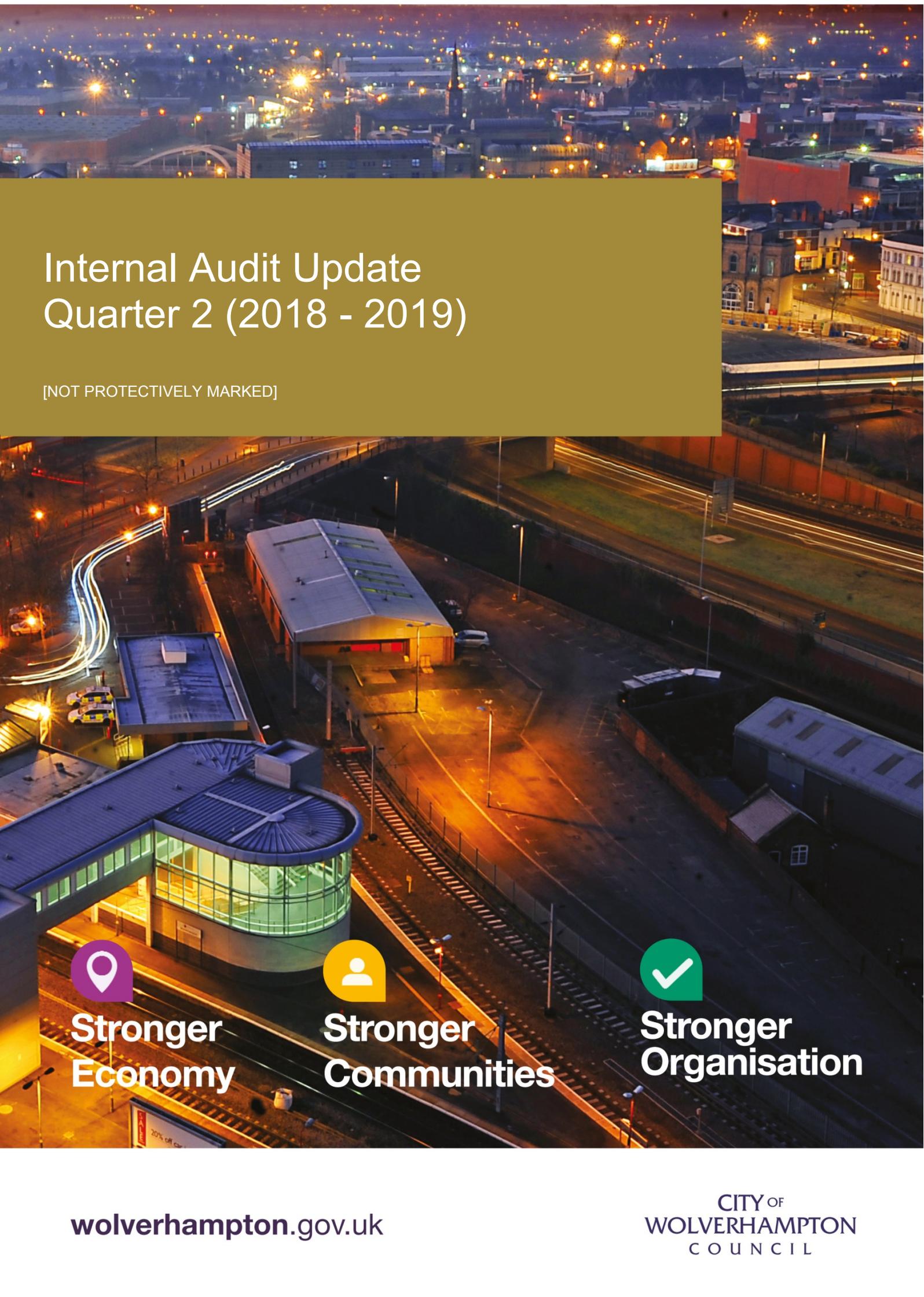
9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendations in this report.

10.0 Health and Wellbeing Implications

10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Schedule of background papers - None



Internal Audit Update Quarter 2 (2018 - 2019)

[NOT PROTECTIVELY MARKED]



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1 Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2018 - 2019 internal audit plan.

The Audit and Risk Committee has a responsibility to review the effectiveness of the system of internal controls and also to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into, and inform, our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

Limited	Satisfactory	Substantial
There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

Year on year comparison

19 pieces of audit work have been completed so far in the current year, where an audit opinion has been provided. A summary of the audit opinions given, with a comparison over previous years, is set out below:

Opinion	2018/2019 (@ Q2)	2017/2018	2016/2017
Substantial	9	17	19
Satisfactory	10	21	10
Limited	-	9	8

2 Summary of audit reviews completed

The following audit reviews were completed by the end of the second quarter of the current year.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Fixed Assets	High	-	-	2	2	2	Substantial
Main Accounting (Budgetary Control & General Ledger)	High	-	-	5	5	5	Satisfactory
Compliance with GDPR Requirements	Medium	-	7	6	13	13	Satisfactory
Senior Officer Remuneration	N/A	-	-	-	-	-	N/A
Direct Payments	High	-	4	2	6	6	Satisfactory
Ashmore Park Nursery School	Medium	-	1	-	1	1	Substantial
Springdale Junior School	Medium	-	1	4	5	5	Substantial
St. Anthony's RC Primary School	Medium	-	1	4	5	5	Substantial
West Park Primary School	Medium	-	3	6	9	9	Substantial
Westacres Primary School	Medium	-	2	4	6	6	Substantial
Reported this quarter for the first time:							
Colton Hills Secondary School	Medium	-	7	5	12	12	Satisfactory
Dovecotes Primary School	Medium	-	2	3	5	5	Substantial
Windsor Nursery School	Medium	-	-	2	2	2	Substantial
Christ Church Infants School	Medium	-	5	3	8	8	Satisfactory
Oak Meadow Primary School	Medium	-	3	2	5	5	Substantial
Strategic Stakeholder Relationship Management	High	-	3	-	3	3	Satisfactory
City Development Project Pipeline	High	-	5	-	5	5	Satisfactory

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Deprivation of Liberties	Medium	-	2	2	4	4	Satisfactory
Foster Care – Framework Agreement	High	-	-	-	-	-	N/A – Briefing Note
Carbon Reduction Credits Scheme	Medium	-	1	-	1	1	Satisfactory
Complaints and Compliments Procedure	Medium	-	6	3	9	9	Satisfactory
Transport Grant Certifications	Medium	-	-	-	-	-	N/A

Key:
AAN Assessment of assurance need.
* One-off piece of work undertaken by request or certification/non-risk based reviews etc. – therefore an audit opinion may not always be provided/required.

Please note a significant amount of time was been spent during quarter one in finalising the three capital project lessons learnt reports that were presented to the Council’s Audit and Risk Committee on 25 June 2018. The issues arising from these reviews has led to additional support being provided to the respective programmes/projects and representation on the respective Boards.

3 *On-going assurance where reports are not issued*

Project/Programme	Was this in the original plan?	Audit Service's Role
Equal Pay	Yes	A member of the audit team is embedded in the project to provide advice on project governance and management of risks associated with the management of equal pay claims. Audit assurance is also provided around the calculation of settlement offers and the payment of claims.
Information Governance	Yes	A member of the team sits on the Council's Information Governance Board in the capacity of providing advice and support.
Commercial Business Improvement Programme (formerly Digital Transformation Programme)	Yes	A member of the team takes part in the programme in a project assurance capacity. During the lifecycle of the programme on-going advice is provided on the governance of the programme and the management of associated risks.
Pay Strategy	Yes	A member of the team sits on the Council's Pay Strategy Board. The purpose of the board is to ensure that all requests in respect pay and grading is approved in accordance with the Council's Collective Agreement for NJC employees.
Project Assurance Group	Yes	A member of the team is involved in this group. The purpose of the group is to ensure that all of the Council's projects and programmes, recorded through the Verto system, are reviewed and scrutinised.
WV Active Improvement Programme	Yes	A member of the team is represented on the programme board. During the lifecycle of the programme on-going advice is provided on the governance of the programme and the management of associated risks.
Delivering Independent Travel Programme	New	A member of the team sits on the Programme Board as Independent Programme Lead. During the lifecycle of the programme on-going advice is provided on the governance, risk management and, programme and project management arrangements.
Schools Fire Safety Working Group	New	A member of the team sits on the Board in the capacity of providing advice and support. The programme's main objective is to rectify the specification of fire doors in newly built PFI schools.

Business Support Programme Board	New	A member of the team sits on the Board in the capacity of providing advice and support. The programme's main objective is the centralisation of administration within the Council.
City Learning Quarter Programme	New	Audit Services have been invited to provide an assurance role for the programme. This is a major capital investment project which has a reputational risk to the Council.

4 *Counter Fraud Activities*

The Audit Service's team investigate all allegations of suspected fraudulent activity, during the year. Details of these have will be presented to the Audit and Risk Committee in a separate report, along with details of initiatives put in place in order to both raise awareness of, and tackle fraud across the Council.

5 *Audit reviews underway*

There were a number of other reviews underway as at 30 September 2018 and these will be reported upon in later update reports.

6 *Any key issues arising from our work completed in Quarter 2*

There were no limited reports issued during quarter two. However, the following reports may be of interest to the Audit and Risk Committee.

Deprivation of Liberties

The Deprivation of Liberty Safeguards (DoLS), allows restraint and restrictions to be used in hospitals and care homes, but only if they are in a person's best interests. To deprive a person of their liberty, care homes and hospitals must request standard authorisation from a local authority. Since the introduction of DoLS there has been an increase in annual referrals from 49 in 2009-2010 to 1079 in 2017-2018. At the time of audit 460 referrals had been received in 2018-2019.

A satisfactory opinion was given as action was being taken to address the issue of outstanding referrals. At the time of the review Procurement were notifying two companies that they had been awarded the contract to undertake up to 600 best interest assessments for the financial year. In addition to the best interest assessments contract, a framework for procuring doctors to undertake additional assessments was out to tender at the time of the review. This, together with the reduction of the renewal assessment process, would allow for future referrals to be completed with the required timescale.

Complaints and Compliments Procedure

The management of the complaints and compliments now falls under the Council's Customer Services Team. The table below illustrates the number of stage one and stage two complaints received over the previous two financial years:

Financial Year	Stage 1 Complaint	Stage 2 Escalated Complaints
2017-2018	259	29
2018-2019 (as at 31 July 2018)	151	10

In addition to the above figures 334 compliments were received and logged between 6 July 2017 and 16 July 2018.

Our audit identified issues around the formal approval of the procedure, the decision-making process around vexatious complainants, inconsistent approaches to stage one and two complaints, and the accuracy around performance monitoring. At the time of the review the

details of the report's findings and recommendations were discussed with the Head of Customer Services. Actions were put in place to address the recommendations in the report.

7 *Follow-up of previous recommendations*

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit and Risk Committee.

8 *Amendments to the Audit Plan*

Audit Area	Audits on the Original Plan	Audits added or removed up to Quarter 2	Revised number of audits
Corporate	8	-	8
Key Financial Systems	12	-	12
People	15	(2)	13
Education	23	(1)	22
Place	12	(1)	11
Housing	5		5
Total	75	(4)	71

The audit plan is re-profiled throughout the year as and when the risk profile of the Council changes, and in order to react to emerging issues and specific management requests. At the end of this quarter there were four audits deferred in the plan in order to accommodate the additional unplanned work that has arose throughout the year to date. These audits were as follows:

- Family Drugs and Alcohol Court
- Transformation Programme (Supporting Life Choices)
- St. Albans Primary School
- Corporate Landlord Delivery Model