

Audit Committee

6 July 2015

Report title	Annual Internal Audit Report 2014/15	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor, Finance	
Originating service	Audit	
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	

Recommendations for noting:

The Committee is asked to note:

1. The contents of the Annual Internal Audit Report and the overall opinion that “based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the council by other providers as well as directly by Internal Audit, Internal Audit can provide reasonable assurance that the council has adequate and effective governance, risk management and internal control processes”

1.0 Purpose

- 1.1 The purpose of this report is to provide the Audit Committee with an annual internal audit opinion on the adequacy and effectiveness of the council's governance, risk management and internal control processes.

2.0 Background

- 2.1 This report gives a brief description of the role of Internal Audit, the control environment within which it operates, its compliance with the Public Sector Internal Audit Standards and a summary of the work carried out during the year to 31 March 2015.

3.0 Progress, options, discussion

- 3.1 Regular progress reports on the work of Internal Audit will continue to be presented to the Audit Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report (GE/18062015/O).

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report (RB/17062015/J).

6.0 Equalities implications

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

7.0 Environmental implications

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

8.0 Human resources implications

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

9.0 Corporate landlord implications

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

10.0 Schedule of background papers - None



CITY OF
WOLVERHAMPTON

Internal Audit Annual Report – 2014/15



Section	
1	Introduction
2	Internal audit opinion
3	Compliance with the Public Sector Internal Audit Standards
4	Summary of work completed

1. Introduction

- 1.1 Our internal audit work for the period from 1 April 2014 to 31 March 2015 was carried out in accordance with the Internal Audit Plan. The plan was constructed in such a way as to allow us to make a statement on the adequacy and effectiveness of the council's governance, risk management and control processes.

In this way our annual report provides one element of the evidence that underpins the Annual Governance Statement the council is required to make to accompany its annual financial statements. This is only one aspect of the assurances available to the council as to the adequacy of governance, risk management and control processes. Other sources of assurance on which the council may rely, could include:

- The work of the External Auditors (currently PricewaterhouseCoopers - PwC)
- The result of any quality accreditation
- The outcome of any visits by Her Majesty's Revenues and Customs (HMRC)
- Other pieces of consultancy or third party work designed to alert the Council to areas of improvement
- Other external review agencies (i.e. Ofsted, the Information Commissioner's Office)

As stated above, the framework of assurance comprises a variety of sources and not only the authority's internal audit service. However, Internal Audit holds a unique role within a local authority as the only independent source of assurance on all internal controls. Internal Audit is therefore central to this framework of assurance and is required to acquire an understanding not only of the authority's risks and its overall whole control environment but also all sources of assurance. In this way, Internal Audit will be able to indicate whether key controls are adequately designed and effectively operated, regardless of the sources of that assurance.

- 1.2 The definition of internal audit, as described in the Public Sector Internal Audit Standards, is "Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

Internal audit activity is organisationally independent and further details behind the framework within which internal audit operates, can be found in the internal audit charter.

Overall Assurance

- 1.3 As the providers of internal audit to the council, we are required to provide the Managing Director and Section 151 Officer with an opinion on the adequacy and effectiveness of the council's governance, risk management and control processes. In giving our opinion it should be noted that assurance can never be absolute. The most that internal audit can provide to the Managing Director and Section 151 Officer is reasonable assurance that there are no major weaknesses in the council's governance, risk management and control processes. In assessing the level of assurance to be

given, we have taken into account:

- All audits undertaken for the year ended 31 March 2015.
- Any follow-up action taken in respect of audits from previous periods.
- Any key recommendations not accepted by management and the consequent risks.
- Any limitations which may have been placed on the scope of internal audit.
- The extent to which any resource constraints may impinge on the ability to meet the full audit needs of the council.

2. Internal audit opinion

2.1 We have conducted our audits in accordance with the Public Sector Internal Audit Standards. Within the context of the parameters set out in paragraph 1.3 above, our opinion is as follows:

2.2 Based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the council by other providers as well as directly by Internal Audit, Internal Audit can provide **reasonable assurance** that the council has adequate and effective governance, risk management and internal control processes.

However, throughout the year we did note a number of key control issues, either through our work or in the preparation of the Annual Governance Statement, and these are listed below:

While not fundamental to the overall control environment, we gave a 'limited' rating in the following areas:

• Information Governance Protective Marking
• Petty Cash Procedures – Locality teams
• Very Sheltered Housing Contract Arrangements
• Treatment of VAT on Certificate Payments
• Performance Appraisal Scheme
• Contract Management Arrangements
• Compliance with Learners with Learning Difficulties and/or Disabilities Post 16
• Fit Card Administration
• Personnel, Administration and Contracts Team (PACT) – DBS Checks
• Invoice Payment Procedures
• Dunstall Hill Primary School
• Duplicate Invoice Payments (Accounts Payable)

Significant governance issues arising from the Annual Governance Statement:

The council recognises that the identification, evaluation and monitoring of risks is a key aspect in the governance of the organisation. The following matters represent the most significant current governance issues that are subject to attention in order to ensure that lessons are learnt and good practice is embedded:

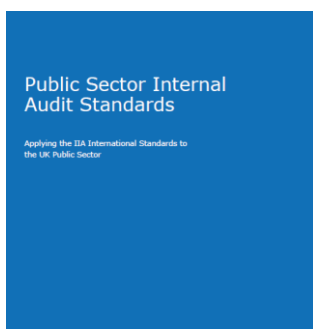
• FutureSpace
• Corporate Landlord
• Savings Targets
• Procurement, Contract Management and Monitoring
• The Better Care Fund
• FutureWorks
• Partnership Governance
• Combined Authority
• Corporate Peer Challenge

Further details on each of these can be found in the 2014/15 Annual Governance Statement.

2.3 In reaching our opinion, the following factors were taken into particular consideration:

- The need for management to plan appropriate and timely action to implement our and other assurance providers recommendations.
- Key areas of significance, identified as a result of our audit work performed in year are detailed in section 4 of this report.

3. Compliance with the Public Sector Internal Audit Standards



During the year we complied with the Public Sector Internal Audit Standards which came into effect from 1 April 2013.

4. Summary of work completed

A detailed written report and action plan is prepared and issued for every review where appropriate. The responsible officer will be asked to respond to the report by completing and returning an action plan. This response must show what actions have been taken or are planned in relation to each recommendation.

Year on year comparison

A total of 48 pieces of audit work were completed during the year, where an audit opinion has been provided. A summary of these audit opinions, with a comparison over previous years is given below.

Opinion	2014/15	2013/14	2012/13
Substantial	7	18	22
Satisfactory	29	51	42
Limited	12	9	6

Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

Substantial	<ul style="list-style-type: none"> • a robust framework of controls which ensures that objectives are likely to be achieved and controls are applied continuously or with only minor lapses
Satisfactory	<ul style="list-style-type: none"> • a sufficient framework of key controls for objectives to be achieved but the control framework could be stronger or the application of controls could be more consistent
Limited	<ul style="list-style-type: none"> • a risk of objectives not being achieved due to the absence of key internal controls or a significant breakdown in the application of controls

The following internal audit reviews were completed during 2014/15

Key: AAN = Assessment of Assurance Need

Auditable Area	AAN Rating	Recommendations					Level of Assurance
		Red	Amber	Green	Total	Number accepted	
Previously reported in Q1, Q2 and Q3 reports							
Bert Williams Leisure Centre – Income	Medium	-	5	2	7	7	Satisfactory
Coppice Performing Arts School – Initial Review	NA *	-	-	-	-	-	NA **
Legal Services Recharges	NA *	-	4	-	4	4	NA **
Adoption Reform Grant Certification	NA *	-	-	-	-	-	NA **
Parkfield Primary School	Medium	-	1	7	8	8	Satisfactory
Oxley Primary School	Medium	-	1	1	2	2	Substantial
St Luke’s CE Primary School	Medium	-	1	3	4	4	Satisfactory
St Andrew’s CE Primary School	Medium	-	4	4	8	8	Satisfactory
Grove Primary School – Mini Review	NA *	-	-	-	6	6	NA **
New Park Special School – Healthcheck	NA *	-	-	-	19	-	NA **
Woodthorne Primary School	Medium	-	4	7	11	11	Satisfactory
Stow Heath Primary School	Medium	-	2	16	18	18	Satisfactory
Automated Biometric Systems	Medium	-	1	2	3	3	Satisfactory
Adults and Community – Complaints Procedures	Medium	-	-	2	2	2	Substantial
Pensions Gratuities	Medium	-	4	1	5	5	Satisfactory
Equal Pay Claims	High	-	2	-	2	2	Substantial

Auditable Area	AAN Rating	Recommendations				Total	Number accepted	Level of Assurance
		Red	Amber	Green				
Information Governance Protective Marking	High	2	2	-	4	4	Limited	
Single Status - Collective Agreement Compliance	High	-	-	1	1	1	Substantial	
Budgetary Control Managed Audit	High	-	-	4	4	4	Substantial	
General Ledger Managed Audit	High	-	-	2	2	2	Substantial	
Senior Officers Emoluments	NA *	-	-	-	-	-	NA **	
Senior Officers Salaries > £50K Check	NA *	-	-	-	-	-	NA **	
CRC – Annual Assurance Review	High	-	2	-	2	2	Satisfactory	
CRC – Assurance Statement	High	-	-	-	-	-	NA **	
Adult Education Service – HR Issues	NA *	-	-	-	4	-	NA **	
Project Costing and Billing System	NA *	-	-	-	5	-	NA **	
Rakegate Primary School – After School Club	NA *	-	-	5	5	5	Satisfactory	
Petty Cash Procedures – Locality Teams	NA *	-	7	-	7	7	Limited	
Very Sheltered Housing Contract Arrangements	Medium	1	5	3	9	9	Limited	
Treatment of VAT on Certificate Payments	NA *	-	3	-	3	3	Limited	
Performance Appraisal Scheme	High	1	4	2	7	7	Limited	
Bantock Primary School	Medium	-	1	2	3	3	Substantial	
Oak Meadow Primary School	Medium	-	3	7	10	10	Satisfactory	
Kingston Centre Pupil Referral Unit	Medium	-	8	3	11	11	Satisfactory	
Dovecotes Primary School	Medium	-	-	8	8	8	Satisfactory	

Auditable Area	AAN Rating	Recommendations			Total	Number accepted	Level of Assurance
		Red	Amber	Green			
Wood End Primary School	Medium	-	-	8	8	8	Satisfactory
Contract Management Arrangements (Community)	High	2	6	-	8	8	Limited
Compliance with Learners with Learning Difficulties and/or Disabilities Post 16 SLA	Medium	2	3	1	6	6	Limited
Q4 reports not previously reported							
Wodensfield Primary School	Medium	-	3	8	11	11	Satisfactory
Pupil Premium ****	Medium	-	-	-	-	-	Satisfactory
Fit Card Administration	Medium	1	4	-	5	5	Limited
Personnel, Administration and Contracts Team – DBS Checks	N/A *	1	2	2	5	5	Limited
Elections Payroll	Medium	-	5	2	7	7	Satisfactory
Invoice Payment Procedures – Maintenance Contractor	N/A *	-	10	-	10	10	Limited
Dunstall Hill Primary School	N/A *	1	5	4	10	10	Limited
i54 Financial Management Protocol	High	-	1	2	3	3	Satisfactory
ERDF Black Country Gold Programme	Medium	-	1	2	3	3	Satisfactory
Duplicate Invoice Payments (Accounts Payable)	High	1	10	1	12	12	Limited
Accounts Payable Managed Audit	High	-	3	4	7	7	Satisfactory
Accounts Receivable Managed Audit (draft)	High	-	4	5	9	-	Satisfactory
Budgetary Control Managed Audit (draft)	High	-	3	3	6	-	Satisfactory
General Ledger Managed Audit (draft)	High	-	2	4	6	-	Satisfactory

Auditable Area	AAN Rating	Recommendations				Total	Number accepted	Level of Assurance
		Red	Amber	Green				
Capital Expenditure	High	-	1	-	1	1	Satisfactory	
Fixed Assets Managed Audit	High	-	2	4	6	6	Satisfactory	
Housing Benefit Managed Audit (draft)	High	-	1	3	4	-	Satisfactory	
Housing Rents Managed Audit	High	-	1	1	2	2	Satisfactory	
Local Taxes Managed Audit	High	-	1	0	1	1	Satisfactory	
Payroll Managed Audit (draft)	High	-	2	2	4	-	Satisfactory	

Notes

- * One-off pieces of work undertaken by request (outside of the Audit Plan).
- ** Certification/non-risk based reviews etc. – therefore no audit opinion provided.
- *** Detailed, low level recommendations addressing specific issues relating to petty cash and school fund procedures. Rather than agreeing individual actions, it was recommended that we would undertake an additional, detailed audit review of the school's overall financial management, governance and safeguarding procedures.
- **** Summary report provided overall assurance that arrangements adopted at individual schools were generally satisfactory. Specific recommendations made separately to individual schools where appropriate.

Key issues arising during the year

Issues that arose during quarter 1, quarter 2 and quarter 3 have already been flagged to the Audit Committee during the year, as follows:

In our quarter 1 progress report we provided further details on:

- Legal Services Recharges

In our quarter 2 progress report we provided further details on:

- Information Governance Protective Marking Compliance
- Petty Cash Procedures – Locality Teams
- Very Sheltered Housing Contract Arrangements
- Treatment of VAT on Certificate Payments
- Performance Appraisal Scheme

In our quarter 3 progress report we provided further details on:

- Contract Management Arrangements (Community)
- Compliance with Learners with Learning Difficulties and/or Disabilities Post 16 SLA

In our quarter 4 progress report we are reporting for the first time on:

Dunstall Hill Primary School

At the request of the Interim Executive Headteacher, we were initially requested to provide systems advice to the school in respect of difficulties they had identified with petty cash and school fund systems and procedures. Our review identified that due to a lack of staff stability within the school office and the high staff turnover, procedures for the administration and control of the school fund and the petty cash account were not robust. A number of low level recommendations were made addressing specific problems identified, and it was recommended that a full internal audit review of the school's financial management, governance and safeguarding procedures would be undertaken as a matter of urgency.

This was then undertaken and we identified a significant risk in relation to the school failing to comply with DfE / Ofsted guidance covering the format and content of its Single Central Record as it did not include all of the required information (e.g. eligibility checks, prohibition checks). In addition, we identified amber risks relating to the following:

- Not undertaking pay reviews of staff salaries;
- Not retaining documentation on personal files to confirm the correct processing and approval of payroll changes;
- Not raising orders in advance of the receipt of goods and services in accordance with Financial Procedure Rules resulting in an increased risk of budget overspends; and
- Not implementing a process to confirm that budget amendments have been processed and reported in accordance with approved delegations.

All recommendations were agreed with an appropriate member of the school's Interim Executive Board.

Fit Card Administration (leisure card)

Our review of the administration of the previous Wolverhampton Fit Card identified a red risk in relation to the retention and storage of customer information, including direct debit mandates, contravening the provisions of the Data Protection Act. In addition, we identified amber risks relating to the following:

- Limitations of the Leisuremost system mean that the administration of the Fit Card Scheme was resource intensive;
- No appropriately reconciling income receipted through the till system and income manually recorded on the Leisuremost system administered at Central Baths;
- Contradictory terms and conditions relating to the Fit Card Scheme and inconsistencies in practices between centres potentially leading to customer dissatisfaction; and
- Lack of barrier controls and checks at both Central Baths and Aldersley Leisure Village which provides the opportunity for customers to access facilities without paying.

Personnel, Administration and Contracts Team (PACT) – DBS Checks

At the request of HR, we conducted a review of the arrangements for the administration of Disclosure and Barring Service (DBS) checks for schools during. Our review identified a red risk in relation to the use of the Headteacher Declaration Form – DBS and Medical Disclaimer Form and the legal responsibilities of headteachers in the event that staff are employed without proper clearance. In addition, we identified amber risks relating to the following:

- No retaining documentation, particularly ID and risk assessments, in accordance with relevant legislation / corporate policy;
- Not providing clear guidance to schools in respect of the appropriate handling of proof of identification documentation, in accordance with relevant legislation / corporate policy.

Invoice Payment Procedures

Following a request from the Managing Director, we conducted a review of the invoice payment procedures relating to a major building maintenance contractor of the council who were experiencing significant delays in receiving payment. We identified a number of control issues including:

- The lack of clearly defined and appropriately assigned contract ownership and contract management related roles and responsibilities for the contract;
- Performance monitoring of invoice payments incorrectly based on shorter standard payment terms rather than the contractual payment terms of 42 days which take precedence;
- Not raising purchase orders in all instances prior to the receipt of invoices leading to a greater need for resource intensive manual processing by the Payments Team (Hub), requisitioners and budget managers;
- Delays in goods receipting leading to late payment of invoices;
- Failure of budget managers to promptly approve invoices;
- Significant volumes of low value orders and invoices processed leading to greater demand on resources;
- Invoices remaining in the workflow element of Agresso for a number of months requiring remedial action by the Payments Team (Hub) and / or relevant budget managers;
- Significant delays between work/services being completed by WGL and the council being invoiced, with some invoices relating to works/services completed in late 2012/13 and throughout 2013/14;
- Delays in the submission of invoices for scanning leading to delays in payment; and
- No identifying potential duplicate payments before payment processing.

Duplicate Invoice Payments (Accounts Payable)

As part of our work on the implementation of Agresso, we undertook a review of controls in place to prevent the duplicate payment of invoices. We identified a red risk in relation to not establishing a suitable mechanism/reporting facility within and/or alongside the Agresso system

for the prevention and detection of potential duplicate payments. In addition, we identified other control issues in relation to the following:

- Adequate checks not undertaken during the manual processing of invoices to ensure that invoices have not been previously received/paid, or registered against the correct supplier record according to the invoice details and/or Purchase Order details (where available).
- A complete and accurate audit trail within the Agresso logbooks for transactions not clearly maintained in all instances.
- Requisitioners not undertaking appropriate checks to ensure invoices received as an invoice task, had not been previously paid, were for the correct supplier, and ensured that requisitions were created using the correct supplier record.
- Budget managers may not have undertaken appropriate checks prior to approval of an invoice to confirm that it has not been previously paid by themselves or by other budget managers within their approval group.
- Suitable checks not undertaken as part of the processing of Accounts Payable Bulk Uploads undertaken by the Agresso Business Support Team to ensure that the payments have not already been made, or to take corrective action to ensure that they are not subsequently inadvertently paid.
- Supplier records maintenance has not ensured that errors, duplications and clear differentiation between multiple supplier records where these are required had been identified and appropriate remedial action taken to ensure records are accurate, complete and not duplicated.
- Training not covering the issue of potential duplicate payments and the necessity to undertake appropriate and compensating checks in light of the limitations of the checks undertaken by the Agresso system.

All recommendations were agreed in principle with senior management, although the resolution of problems and development of solutions is an on-going process. For this reason, the Director of Finance has taken responsibility for progressing these issues and he chairs periodic meetings to review progress. A follow up audit review has since been undertaken that confirmed that progress had been made in some areas, but some issues remained.

Managed Audits

Managed Audits are the work we do on the Council's key financial systems and incorporate the requirements of the External Auditors, in order that they can place reliance on our work and thereby reduce their own year-end testing accordingly. The programme of Managed Audit testing undertaken during 2014/15 has been completed, with reports are currently at various stages of finalisation and overall assurance levels may be subject to minor change. Given the implementation of Agresso during the year, it was expected that the completion of these audits on key financial systems would be more challenging than has historically been the case. Current indications are that the majority of the managed audits will report satisfactory assurance, but if there are any changes we will report these back to the next Audit Committee.

School Audits

During the year we maintained a strong audit presence in the City's schools. Our annual school audit review programme focuses upon the adequacy and effectiveness of LA maintained schools' governance, risk management and control processes. Schools completed during the year were assessed as having substantial (2) satisfactory (10) or limited (1) levels of assurance. Over the year we found the following recurring issues:

- Schools were not always obtaining declarations of business interests from all staff which is now a requirement within the Scheme for Financing Schools.

- Schools had not established a register of gifts and hospitality which is also now a requirement within the Scheme for Financing Schools.
- Purchase orders continued to be raised after the receipt of goods and services.
- Schools were not reviewing Charging and Remissions Policies and annually reviewing and approving all charges levied.
- Governing Bodies were not always approving expenditure in excess of Headteachers' delegated limits and demonstrating compliance with Contracts Procedure Rules for Maintained Schools with Delegated Budgets.
- Schools were not always undertaking checks on vehicle details. Further, there was no evidence that staff had the required business use insurance when performing official school duties.
- Schools were not always completing or reviewing risk assessments for school buildings and grounds and on occasion not fully complying with the Authority's policy on school trips in relation to the prior completion and approval of risk assessments.
- Inventory records fail to be updated on receipt of items and no annual checks are undertaken.

Over the year a number of schools converted to academy status, and we are pleased that they have contracted with us in order to deliver their internal audit service:

Central Learning Partnership Trust comprising <ul style="list-style-type: none">• Heath Park Secondary• Moseley Park Secondary• Woden Primary• 2 x Rotherham Primary schools
The Bishop Cleary Catholic Multi Academy Company comprising: <ul style="list-style-type: none">• St Edmund's Catholic Academy• St Teresa's Catholic Primary Academy• St Michael's Catholic Primary Academy• SS Mary and John's Catholic Primary Academy• The Giffard Catholic Primary Academy
Wolverhampton Girls' High School

Where appropriate we report directly to these academies.

Wolverhampton Homes

In year we successfully bid for the Internal Audit Contract for Wolverhampton Homes for a period of three years commencing 1 April 2015 (with an option to extend up to 12 months). We believe this represents a good achievement for the service in the face of well-established private sector competition.

Benefit Fraud Investigations 2014/15

The Benefit Fraud Team continued to operate within Audit Services during the year. The table below identifies the value and number of benefit fraud overpayments resulting from investigations during 2014/15. A total of 345 investigations were completed, which identified 187 overpayments. Sanctions resulting from these overpayments were as follows:

Sanction	Value of overpayment £000	Number of cases
Non Sanction Over Payment	398	123
Prosecution	222	32
Administrative Penalty	30	28
Formal Caution	1	4
Total	651	187

National Fraud Initiative

The table below identifies frauds and errors, as at March 2015, from the ex-Audit Commission's National Fraud Initiative (NFI) data matching exercises. The Housing Benefit figures are also included in the figures reported above.

Description	Number of frauds / errors	Current value (£)
Housing benefit claimants to student loans (2014)	5	10,125
Housing benefit claimants to student loans (2015)	3	9,618
Housing benefit claimants to WCC payroll	2	3,026
Housing benefits claimants to WCC pensions	5	18,053
Housing benefit claimants to external payrolls	3	6,837
Housing benefits claimants to external pensions	7	62,546
Housing benefits claims to external housing benefits claims	4	21,271
Housing benefits claims to external housing tenants	1	360
Pension gratuity to DWP deceased records	6	16,005
Overpaid VAT	21	4,474
Right to buy to housing benefit claimants	1	20,000
Duplicate invoice records (different creditors)	2	5,246
Total	60	177,561

Action is being taken to recover the value of the fraud and error wherever possible.

Audit and assurance effectiveness measures

Our performance against the following Audit and Assurance effectiveness measures, that were prepared around the successful delivery of the audit service, is as follows:

Audit Plan measures	
Audit reports identifying suggested areas for action, issued to auditees within two weeks of completion of fieldwork.	Approximately 65% of audit reports were issued within two weeks of the completion of audit fieldwork.

Number of audits where time taken to complete assignment is more than 10% longer than planned.	Approximately 40% of reviews took 10% longer than anticipated, with the others completed either on target or under. In the majority of instances, reasons for audit work exceeding budget is that unforeseen issues arise which take time to resolve.
Delivery of at least 80% of the audit plan, and an opinion which provides suitable assurance on the overall governance, risk management and control environment.	The audit plan was subject to significant revision during the course of the year in order to take account of emerging issues and a changing risk profile, during what has been a transitional year for the council. However, key risk areas identified in the plan have been completed where appropriate.
Risk Based Audit Plan produced and available to the Council in advance of the year to which it relates.	Yes, the Audit Plan was approved before the year commenced.

Recommendations measures

90% of recommendations accepted by council management.	Over 90% of our recommendations made in year were accepted by council management.
Number of key recommendations followed up, implemented by the council by the target date.	Approximately 65% of previous key recommendations followed up had been implemented within the agreed date. The main difference related to recommendations contained within the Duplicate Invoice Payments (Accounts Payable) audit referred to earlier in this report, that were still ongoing. We will provide an updated position on this and other follow up work which is currently in progress to a future meeting of the Audit Committee.

Relationships measure

Positive feedback from completed client satisfaction surveys.	Yes, the vast majority of feedback was of a positive nature, and is available for review if required.
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External Audit measure

Full reliance placed on internal audit work by External Audit.	Yes, the External Auditors continue to comment favourably on work completed by Internal Audit in support of the Managed Audit arrangement.
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Quality assurance and improvement programme

Internal audit has a quality assurance and improvement programme. During the year, the internal audit activity has followed this programme and there have been no significant areas of non-conformance or deviations from the standards as set out in the Public Sector Internal Audit Standards.

Counter fraud and fraud investigations

We have continued to investigate all allegations of suspected fraudulent activity, and where appropriate whistleblowing allegations, throughout the year. Details of these were monitored through the work of the Audit Committee's Investigations Sub-Committee.

We have also undertaken a range of counter fraud initiatives during the year, including the organisation of fraud related seminars, facilitation and on-going co-ordination of the corporate fraud group, development of a counter fraud app for mobile devices and completion of various self-assessments against recognised counter fraud best practice. Again, further details of these have been reported through the Audit Committee's Investigations Sub-Committee.

Implementation of Agresso

The implementation of Agresso was a major focus of our work during the year, as we sought to support the council through a period of major change and considerable risk. Key elements of our activities in this area are as follows:

- Representation on the FutureWorks Board until its dissolution in December 2014, providing assurance to the Board and the Audit Committee at various stages of the programme.
- Working closely with the Payroll team to undertake and review payroll reconciliations in support of the payment of the council and Wolverhampton Homes payrolls from Agresso. This included the secondment of a Client Lead Auditor to the Payroll Team from September 2014 to March 2015.
- Provision of significant internal audit resources to assist the Hub in clearing the backlog of invoices for payment.
- Focused audit work on payments processes, specifically where arrangements were made to facilitate payments outside normal processes and in monitoring duplicate payments.
- An audit review of the benefits realisation process.
- Provision of extensive general advice and support in respect of the project.

Many of our observations have already been raised earlier in this report, and In addition to this and the completion of the managed audit work, we are currently undertaking full end to end audit reviews of all key systems, in order to provide assurance on the implementation of Agresso. These extensive reviews are on-going and will be reported to the Audit Committee in due course on their completion.