



Audit and Risk Committee

19 September 2016

Report title Internal Audit Update – Quarter 1

Accountable director Mark Taylor, Finance

Accountable employee(s) Peter Farrow Head of Audit
Tel 01902 554460
Email 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 latest internal audit update as at the end of quarter one.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2016/17 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 June 2016 (quarter one) 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 Committee throughout the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendations in this report. (GE/02092016/G)

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report. (TS/01092016/B)

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.

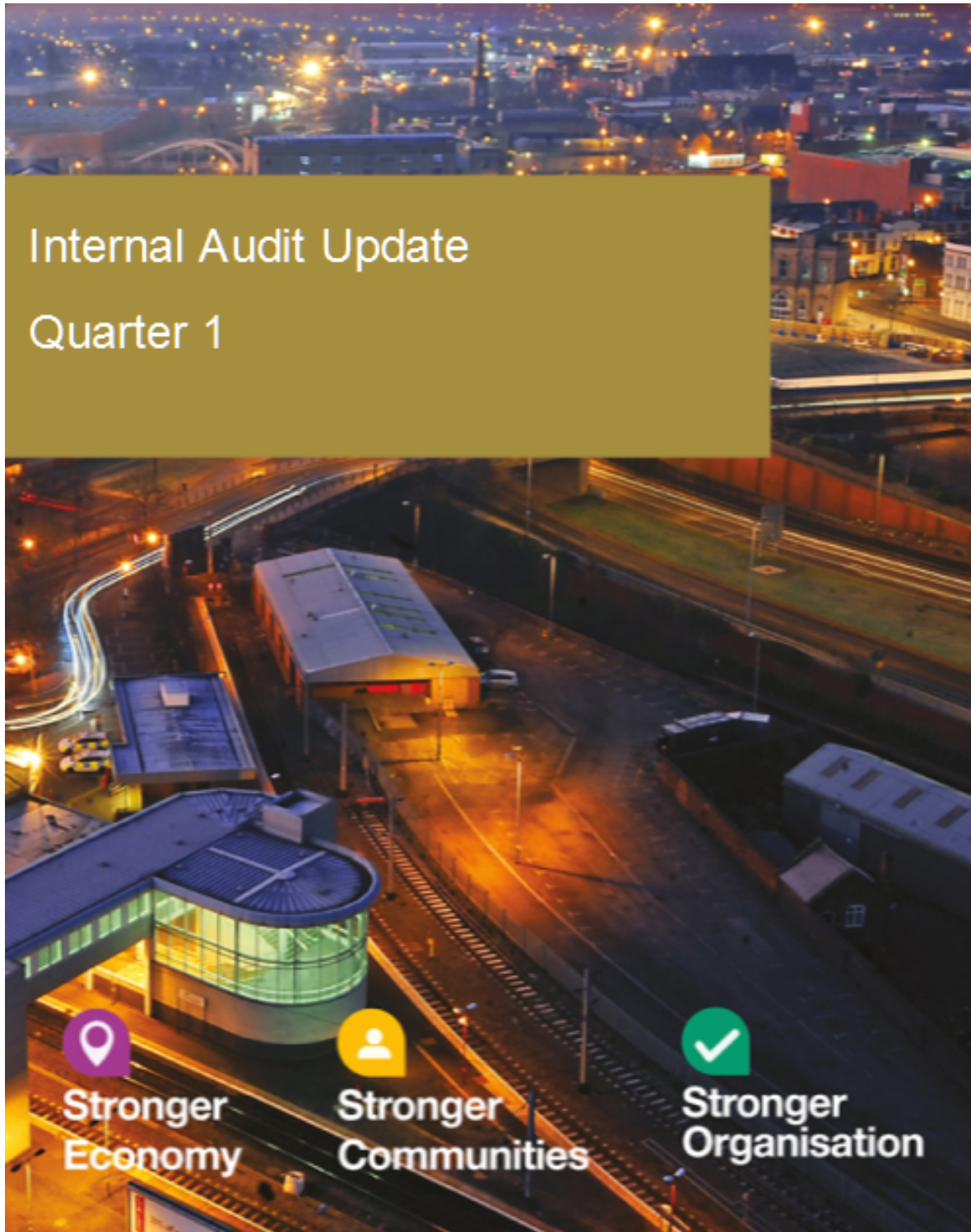
8.0 Human resources implications

- 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 Schedule of background papers - None



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 2016/17 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

10 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	2016/17 (@ Q1)	2015/16	2014/15
Substantial	10	13	7
Satisfactory	-	35	29
Limited	-	14	12

2 Summary of audit reviews completed

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

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Phoenix Nursery School	Medium	-	-	1	1	1	Substantial
St Thomas' CE Primary School	Medium	-	-	2	2	2	Substantial
Holy Trinity Catholic Primary School	Medium	-	-	2	2	2	Substantial
Castlecroft Primary School	Medium	-	-	2	2	2	Substantial
St Michael's CE Aided Primary School	Medium	-	-	4	4	4	Substantial
The Braybrook Centre	Medium	-	-	4	4	4	Substantial
The Orchard Centre	Medium	-	-	2	2	2	Substantial
Midpoint Centre	Medium	-	-	4	4	4	Substantial
Fleet Management Accounts Payable Process	Medium	-	1	5	6	6	Substantial
FutureSpace Governance Assurance 2016/17	High	-	-	3	3	3	Substantial
2016/17 Annual Certification of Senior Officers Remuneration and Officers earning over £50K	N/A*	-	-	-	-	-	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.

3 *On-going assurance where no report is issued*

We provide on-going assurance throughout the year in the following areas:

Equal Pay

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

We have a member of the team who sits on the Council's Information Governance Board.

Digital Transformation Programme (DTP)

We also have a member of the involved in this programme which covers the Customer Engagement Platform, Master Data Management, and Business Intelligence projects. During the lifecycle of the programme we provide on-going advice on the governance of the programme and management of associated risks. We have also provided on-going support in respect of user acceptance testing in respect of each of the programme's projects.

Corporate Projects/Programmes

We also have representation on the Council's Corporate Review Group. The group is responsible for reviewing and approving the initiation all of the Council's proposed programmes and projects. The group also provides assurance that all programmes and projects are managed in accordance with the Council's corporate project management approach.

Pay Strategy

Finally, we have representation 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.

Counter Fraud Activities

We continue to 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.

4 *Audit reviews underway*

There were a number of other reviews underway as at 30 June 2016 and these will be reported upon in later update reports.

5 *Any key issues arising from our work completed in Q1*

The first quarter of the year was relatively quiet, with much of the resource focussed upon closing down the 2015/16 work. Therefore, there are no reports or issues of particular significance to raise at this point in time.