

<b>Report of:</b>	<b>Chief Internal Auditor and Risk Manager</b>
<b>Contact Officer:</b>	<b>Stephen Baddeley</b>
<b>Telephone No:</b>	<b>(01543) 464 415</b>
<b>Report Track:</b>	<b>Audit &amp; Gov Cttee: 27/03/18</b>

**AUDIT & GOVERNANCE COMMITTEE**  
**27 MARCH 2018**  
**INTERNAL AUDIT QUARTER 3 REPORT 2017/18**

**1 Purpose of Report**

- 1.1 To present to the Audit & Governance Committee for information the Internal Audit Quarter 3 Report for 2017-18.

**2 Recommendations**

- 2.1 That the Committee notes the contents of the Internal Audit Report for Quarter 3 of 2017-18.

**3 Key Issues and Reasons for Recommendation**

- 3.1 At the end of the quarter 11 audits had been completed to at least draft report stage and a further eight audits were in progress. No Limited or No Assurance have been issued in the quarter.

**4 Relationship to Corporate Priorities**

- 4.1 The system of internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities.

**5 Report Detail**

- 5.1 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the

committee any relevant areas where significant weaknesses have not been addressed by managers.

- 5.2 Appendix 1 shows the performance of the section which whilst below target at the end of quarter is not of significant concern due to the amount of work-in-progress. When this is taken into account there are no major concerns in relation to the completion of the audit plan by the end of the year
- 5.3 The table below gives a summary of the level of assurance for each of the audits completed in the quarter. More detailed information on each of the reports issued is contained in Appendix 2.

Number of Audits	Assurance	Definition
3	<b>Substantial</b> ✓	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively.  No action is required by management.
2	<b>Partial</b> ▲	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below.  Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	<b>Limited</b> ✘	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher.  Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	<b>No Assurance</b> ✘	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.  Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.

- 5.4 Appendix 3 lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.

5.5 Appendix 4 contains the details of the follow-up audits issued in the quarter. No follow-ups have been complete in the quarter.

## **6 Implications**

### **6.1 Financial**

None.

### **6.2 Legal**

None.

### **6.3 Human Resources**

None.

### **6.4 Section 17 (Crime Prevention)**

None.

### **6.5 Human Rights Act**

None.

### **6.6 Data Protection**

None.

### **6.7 Risk Management**

None.

### **6.8 Equality & Diversity**

None.

### **6.9 Best Value**

None.

## **7 Appendices to the Report**

Appendix 1	Audit Performance.
Appendix 2	Audits Completed in Quarter 3.
Appendix 3	Audits in Progress.
Appendix 4	Audit Follow-ups completed in the Quarter.

**Previous Consideration**

None.

**Background Papers**

Audit Plan File

Audit Time Recording System

Internal Audit Reports


Appendix 1

Audit Performance

Breakdown of the Planned Delivery of the Audit Plan by Quarter






Target Completion	Quarter %	No of Audits for Quarter	Cumulative %	Cumulative Total Number of Audits
Quarter 1	11	3	11	3
Quarter 2	25	7	36	10
<b>Quarter 3</b>	<b>25</b>	<b>7</b>	<b>61</b>	<b>17</b>
Quarter 4	39	11	100	28

Cumulative Performance Information at the end of the Quarter

	Planned Audits	Actual Audits			
		Complete	% Of Completed	Work In Progress	% WIP & Complete
<b>Audit Plan</b>	17	11	65%	8	111%
<b>Commentary</b>	The Section is slightly below target for the quarter. The team is currently carrying a number of vacant posts which may have an impact on the completion of the current audit plan although this has been mitigated by the engagement of a contractor. The section has also recruited to one of the vacant posts; the new employee started in January 2018.				

Appendix 2

Audits Completed in Quarter 3

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Pest & Dog Control★	Environment & Healthy Lifestyles	Draft	4	Partial 	The key issue in relation to this audit is the requirement to draw-up a service level agreement with Stafford BC for the delivery of the function.
Scheme Managers and Sheltered Accommodation	Housing & Partnerships	Draft	7	Partial 	
Council Tax	Financial Management	Final	0	Substantial 	
National Non-Domestic Rates	Financial Management	Final	0	Substantial 	
General Ledger	Financial Management	Final	0	Substantial 	

★ Services led by Stafford Borough Council as part of Shared Services

Appendix 3

Audits in Progress

Audit	Head of Service
Private Sector Housing Grants	Environment & Healthy Lifestyles
Electoral Registration & Elections	Governance & Corporate Services
Housing Benefits	Financial Management
Payroll★	Human Resources
Capital Strategy & Capital Programme - Includes s106 Arrangements & Bidding for External Funds	Financial Management
Landscape Development	Environment & Healthy Lifestyles
Planning - Local Plan/Forward Planning	Economic Development
Cemeteries	Environment & Healthy Lifestyles

Appendix 4

Audit Follow-ups Completed in the Quarter

No Follow-ups have been completed in the quarter.