

ISLE OF ANGLESEY COUNTY COUNCIL

COMMITTEE:	AUDIT COMMITTEE
DATE:	23 SEPTEMBER 2014
TITLE OF REPORT:	PROGRESS REPORT ON INTERNAL AUDIT 01 APRIL 2014 – 31 AUGUST 2014
PURPOSE OF REPORT:	FOR INFORMATION
REPORT BY:	AUDIT MANAGER
ACTION:	N/A

1. INTRODUCTION

- 1.1 The Operational Plan for 2014-15 was presented to and accepted by the Audit Committee at its meeting held on 10 April 2014. The Plan was produced in consultation with the External Auditor, the Section 151 Officer and various meetings and communications with Heads of Service.
- 1.2 The following report summarises the work of the Internal Audit Section up to the 31 August 2014 and gives a summary for each of the final reports issued since the last Audit Committee.
- 1.3 Final reports which result in a 'Red Assurance' opinion will be subject to a Follow Up review which will include an audit opinion on the progress of management in implementing the recommendations categorised as High and Medium within the original final report. The results of the Follow Up review will be presented to the next Audit Committee.
- 1.4 There was one review in the previous period which resulted in a 'Red Assurance' opinion. This review of Agency Staff arrangements was reported to the Senior Management Team which has determined that arrangements will in future be centralised within Human Resources.
- 1.5 The Internal Audit Service uses a Risk Based approach wherever possible but may use System Based, Key Controls, Establishment or Advisory reviews if these approaches are more appropriate.
- 1.6 The individual final reports are available to members of this Committee, in confidence, on request to the Audit Manager.

2. REPORTS ISSUED SINCE LAST UPDATE REPORT

Listed below are the Final Internal Audit Reports issued since the last progress report to Committee along with a summary of the results of each review.

- 2.1.1 **Home Care Hours** - An audit of Domiciliary Care - Home Care Working Hours was undertaken following a request from the former Head of Service for this

area. Management of the Home Care Service comes under the Council's Provider Unit which has been partly privatised since 2012. Since the reduction in Services commissioned from the Provider Unit client management has had concerns that there appeared to be an increase in the number of non-worked hours (contracted hours not used but paid to contract workers) per week.

The review found that arrangements have been put in place to reduce the number of unworked hours paid. These include not recruiting staff on a relief basis and the introduction of a three week rolling rota of staff.

Opinion: An overall GREEN/AMBER audit opinion resulted from the review with one High, three Medium and one Low category recommendation being agreed with management.

2.1.2 Charitable Trust – Governance and Financial - The Isle of Anglesey Charitable Trust (Registered Charity number 1000818) was established following a legacy left by Shell UK for the benefit of the people of Anglesey. Land at Rhosgoch representing over 190 acres (value stated in accounts approx. £3million) was passed to the Council, with the asset value of the trust being: - £18.1 million as at the 31 March 2013.

The audit was limited to a review of the Isle of Anglesey Charitable Trust's governance arrangements and the arrangements in place to monitor the performance on investments made on behalf of the Trust.

Advisory Review Conclusion – The review did not identify any significant weaknesses in control.

2.1.3 Penalty Charge Notices - An audit of Penalty Charge Notices 2013 - 2014 was undertaken as part of the approved internal audit periodic plan for 2014/15.

The purpose of the audit is to provide assurance that the figures recorded for Penalty Charge Notices (PCNs) within Anglesey as reported to PATROL – the Joint Committee of England and Wales for the civil enforcement of the Parking and Traffic Regulations outside London - are a true reflection of the number of PCNs issued.

The PATROL Adjudication Joint Committee has decided that expenses shall be shared between member authorities in proportion with the number of PCNs issued.

In consequence member authorities are required to complete an annual Certificate of the number of Penalty Charge Notices issued, certified as correct by the Parking Manager and Chief Financial Officer of Anglesey County Council.

Opinion: An overall GREEN audit opinion resulted from the review which based on the sample testing undertaken concluded that the Authority can take assurance that the figures produced on the Certificate of the number of Penalty Charge Notices issued for the financial year 2013/14 are a true reflection of the number issued in the area of the Isle of Anglesey County Council in this period.

2.1.4 Porth Amlwch – The review was concerned with the arrangements in place for the allocation of berthings and the fees and charges relating to berthings.

The main finding from the review was that there were no reviewed and approved fees and charges for Maritime facilities and berthings for 2014/15 and therefore no billing for such use of facilities and berthings had been undertaken for 2014/15 at the time of our review.

Opinion: The review found some control weaknesses concerning the setting and collection of related fees and charges at Porth Amlwch. Nine recommendations have been agreed with management to strengthen the control framework in place.

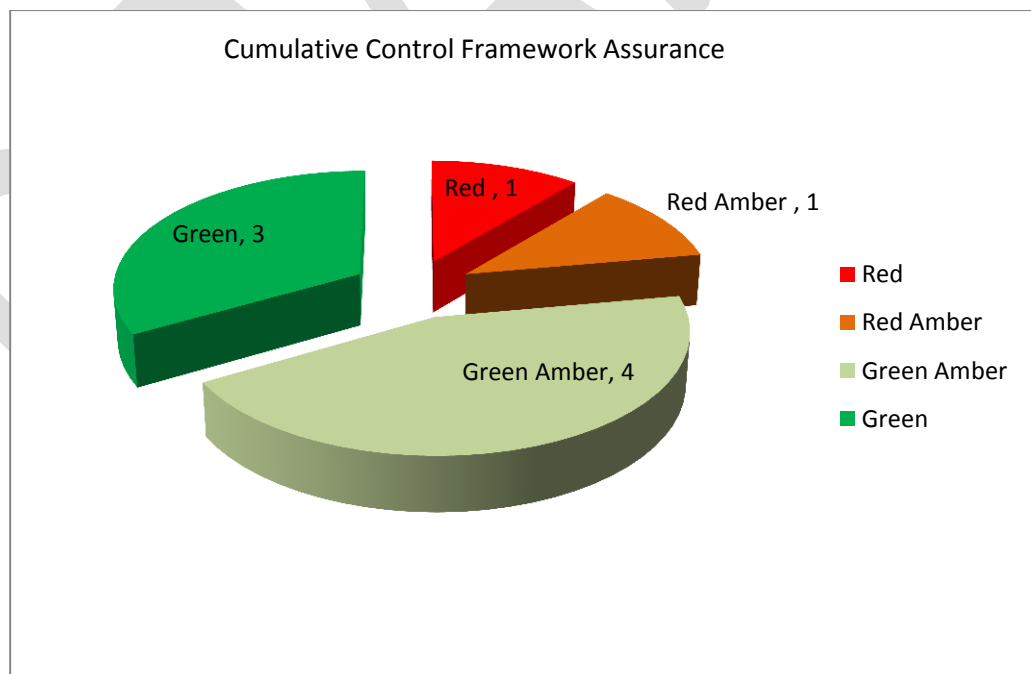
2.1.5 Housing Rents - An audit of Housing Rents - Orchard System was undertaken as part of the approved internal audit periodic plan for 2013/14. The Council's Housing Services manages 3,802 dwellings, 767 garages and 32 leased properties across the County.

The main findings from the review related to a lack of segregations of duties within the Orchard system and the lack of clear procedures for managing and maintaining prompt recovery of arrears and evictions. The review also identified that the reconciliation of the Rent Account had not been completed to date at the time of review.

Opinion: An overall GREEN/AMBER audit opinion resulted from the review with two Medium category and six low category recommendations being agreed with management.

2.2 Summary of Outcomes of Reports Issued to Date – since the 01 April 2014 we have issued seven final reports from the Internal Audit Operational Plan 2013-14; and six from the 2014-15 plan. To date therefore a total of thirteen final reports have been issued in 2014-15.

A summary of the grades given for the nine final reports issued with RAG opinions is shown in the pie chart below:



This pie chart will be updated cumulatively in each subsequent Internal Audit Progress Report and will therefore provide an indicator of the audit opinion of the overall control framework which will be reported in the Annual Report of the Chief Audit Executive.

3 INTERNAL AUDIT FORWARD WORK PROGRAMME

Scheduled Review Title	Service Area	Current Status
Ysgol Pentraeth	Lifelong	Draft Report Issued
Ysgol Henblas	Lifelong	Draft Report Issued
Third Sector Scheme	Corporate	Draft Report Issued
Logical Access Controls - Compliance	Corporate	Draft Report Issued
Closure of Accounts - Processes	Finance	Draft Report Issued
Maritime Fuel	Community	Draft Report Issued
Gaerwen Diesel Stocks	Highways	Draft Report Issued
Homelessness	Housing	Work in Progress
School Financial Management – Budgets	Lifelong	Work in Progress
Sports Development	Community	Work in Progress
Follow Up – Outstanding High Recommendations	Corporate	Work in Progress
Plas Arthur – Leisure Centre	Community	Work in Progress
Amlwch Leisure Centre	Community	Work in Progress
Teachers' Payroll	Education	Work in Progress

4. REFERRALS

- 4.1** During the course of the year the Internal Audit Section is required to carry out work on matters which come to light during the programmed audit work, or matters which are brought to its attention by other Departments, or work which other Departments request the Internal Audit Section to carry out. Work may also be requested by the External Auditor to provide information or to assist in the provision of information. Some of these referrals result in the issue of formal audit reports whilst others will be recorded in File Notes (e.g. where the allegation / information is found to be incorrect and therefore there is nothing to report, or the amount of work is not sufficient to warrant a full audit report or the matter is covered by an External Auditor's report).
- 4.2** A number of File Notes have been produced in the period to date in 2014/15. None of the work resulting in a File Note has identified any evidence of fraud or irregularity.
- 4.3** As previously reported at the last Audit Committee one referral from 2012/13 is being investigated by the Police. The Internal Audit Team received a draft statement from the Police which was completed and returned in August 2014. The Committee will be informed of the outcome of this case in due course.

5. RECOMMENDATION TRACKING

- 5.1 For reporting to this Committee only recommendations made since 01-04-2012 have been included in the recommendation tracking analysis.
- 5.2 The percentage implementation rate at 28 August 2014 was 67% of 'High' and 'Medium' recommendations having been recorded as implemented. The performance in relation to recommendations other than those in Education is 88% (Figures as at 01-09-14).

We are currently liaising with the Education Service on improvements to the process for the reporting of implementation rates within schools.

- 5.3 A graph showing the breakdown of recommendation implementation by Service is provided at Appendix A.

6. CURRENT AUDIT CONCERNS

- 6.1 A report on progress made on the previously reported areas of Internal Audit concern is scheduled to be presented to the Committee by the Deputy Chief Executive.

AUDIT MANAGER
05 SEPTEMBER 2014

APPENDIX A

Recommendation Tracking Table – Non Education High & Medium Recommendations Created Since 01-04-2012 Progress Table: % implemented / non implemented of high and medium category recommendations by service where over 10 recommendations made But excluding Education; which total at the end of the period was **88%** of all such recommendations.

In our opinion therefore based on the self assessed data in the Progress Table above the Council has made ‘**good progress**’ in the period in implementing High and Medium categorised Internal Audit recommendations.

NB it should be noted that the increased implementation rate is the result of data cleansing of recommendations by Internal Audit and the amendment of a number of target dates for implementation due to recommendations ‘being partly implemented’ with some work ongoing or where the assigned ‘responsible officer’ for implementation has changed.

