

**AUDIT COMMITTEE
20 NOVEMBER 2019**

ITEM NO.

AUDIT SERVICES ANNUAL AUDIT PLAN 2019/20 – PROGRESS REPORT

SUMMARY REPORT

Purpose of the Report

1. To provide Members with a progress report against the 2019/20 Annual Audit Plan in accordance with Audit Services' role and terms of reference.

Summary

2. The report outlines progress to date on audit assignment work, consultancy/contingency activity and performance indicators.
3. In relation to Audit Services' performance a detailed report is provided with good progress to date.

Recommendation

4. It is recommended that the progress report against the 2019/20 Annual Audit Plan be noted.

Reasons

5. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

**Andrew Barber
Audit & Risk Manager**

Background Papers

- (i) Internal Audit Charter
- (ii) Audit Assignment Executive Summaries

Andrew Barber: Extension 156176

S17 Crime and Disorder	Other than any special investigation work there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact and Climate Change	There are no specific impacts.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

6. The Annual Audit Plan for 2019/20 was approved by the Audit Committee in June 2019.
7. The report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.
8. Appendix 1 provides members with detailed feedback on the performance of the service and the position in relation to completion of the audit plan. Good progress has been made to date.
9. The audit team is currently carrying a vacancy and work is being managed to maximise delivery of the audit plan.

10. In line with good practice, at an appropriate time, Audit Services follow up with Managers progress on implementation of audit recommendations agreed in audit reports.
11. In addition, at the request of clients, consultancy work has been undertaken on specific projects. This time is recorded against Advice & Guidance in the attached appendix. So far to date this has been limited to day to day queries
12. The Shared Service has also responded to routine requests from Groups for advice and guidance on operational matters.

Outcome of Consultation

13. There was no formal consultation undertaken in production of this report.

**INTERNAL AUDIT
AUDIT COMMITTEE UPDATE REPORT**

2019/20

1 AUDIT PROGRESS

- 1.1 The plan, approved on 19 June 2019, was based on an audit assessment of risk which uses a number of factors to determine the likelihood of issues occurring including an understanding of the full scope of systems in operation, major change, concerns/external interest and results of previous audit work. It then assesses the impact any issues may have on the council's strategic objectives, reputation, financial plans, assets and also the potential impact on individuals and/or the environment.

Audit Progress by Service Group as at 1 November 2019

Department	Planned Audits	Cancelled Audits	Unplanned Audits	Revised Audits	Completed	In Progress	Under Review	Drafts Issued	Not Started	Ready to Start
Children's and Adult Services	17	0	0	17	1	5	0	0	10	1
Economic Growth & Neighbourhood Services	16	0	0	16	2	3	0	3	8	0
Resources	6	0	0	6	1	3	0	0	2	0
Law & Governance	3	0	0	3	0	0	1	0	2	0
Schools	1	0	0	1	0	1	0	0	0	0
Xentrall	11	0	0	11	0	9	0	1	1	0
Corporate	13	0	0	13	0	4	0	0	9	0
Contingency	7	0	0	7	0	6	0	0	1	0
SBC Only	3	0	1	4	2	1	0	1	0	0
TVCA Only	0	0	0	0	0	0	0	0	0	0
Totals	77	0	1	78	6	32	1	5	33	1

Actual Days Compared to Planned Days

- 1.2 The Audit Plan is constantly revised during the year to take account of changing requirements. Amendments to the Plan agreed on 19 June 2019 can be summarised as follows:

2019/20 Planned Audits Amalgamated/Cancelled/Deferred

None

2019/20 Unplanned Audits Added to the Plan

None for DBC

1.3 Counter Fraud

Since the last update both the website and intranet have been updated with a fully revised fraud page. This provides some useful videos and tips on identifying and preventing fraud as well as links to other resources.

Internal Audit – Audit Committee Update Report 2019/20

The National Fraud Initiative data has been submitted with results received and now being investigated.

The strategy has been updated and is the subject of a separate report.

2 AUDIT OUTPUT

Engagement Opinions

2.1 For each audit carried out Internal Audit provides an overall conclusion as to whether a sound system of internal control is being maintained. Each opinion is either “Full”, “Substantial”, “Moderate”, “Limited”, or “No” assurance depending on the conclusions reached and the evidence to support those conclusions. “Full” and “substantial” assurance normally indicates that the area under review has a reliable system of internal control.

2.2 These individual opinions are summarised below:-

Opinion	Definition	No.	%
Full Assurance	A sound system of internal controls is currently being applied which will ensure the system achieves its objectives. Whilst not essential there may still be scope for these controls to be enhanced in some areas.	3	75
Substantial Assurance	Overall there is a sound system of internal controls that are operating effectively. The system should achieve its objectives but there are areas where internal controls need to be improved.	0	0
Moderate Assurance	A reasonably sound system of internal controls is being applied, however, there are weaknesses which may put some of the system objectives at risk.	1	25
Limited Assurance	There is either a limited system of internal controls being applied, or there are significant weaknesses in the controls in place, which are posing a substantial risk to the achievement of system objectives.	0	0
No Assurance	The system of internal controls in place is failing and system objectives are not being met. Urgent management attention is required.	0	0
N/A	This classification covers audit work within a small part of a system. Providing an opinion on this work would misrepresent the system as a whole.	0	0
Total		4	

2.3 An analysis of the recommendations supporting these opinions by priority is shown below:-

Priority	Definition	No.	%
Critical	Actions that must be taken immediately to manage significant risks that are likely to prevent the Authority achieving one or more of its corporate objectives.	0	0
High	Actions that should be taken as a matter of priority due to the issues identified posing a substantial risk to the achievement of service/system objectives.	0	0
Medium	Required actions to reduce the risk of systems failing to achieve their objectives.	10	59
Low	Beneficial to the improvement of internal controls, which will support the achievement of objectives.	7	41
Total		17	

Details of Audits by Service Group

2019/20

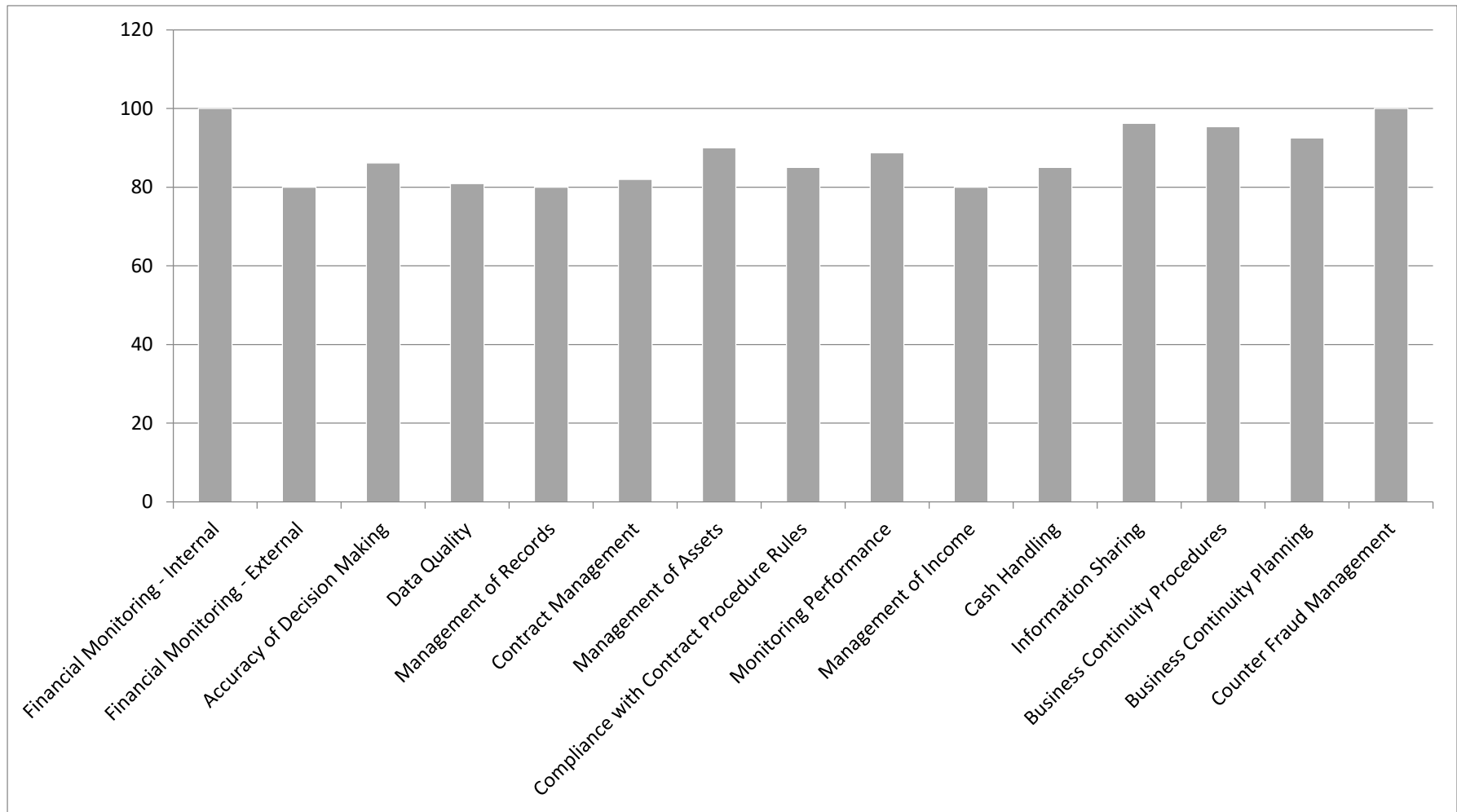
Department	No. of Audits Issued	Opinions						No. of Recs Made	Previous Recommendations			
		Full	Sub	Mod	Lim	None	N/A		Tested	Passed	Failed	N/A
Children's and Adult Services	1	1	0	0	0	0	0	0	0	0	0	0
Economic Growth & Neighbourhood Services	2	1	0	1	0	0	0	12	0	0	0	0
Resources	1	1	0	0	0	0	0	4	0	0	0	0
Law & Governance	0	0	0	0	0	0	0	0	0	0	0	0
Schools	0	0	0	0	0	0	0	0	0	0	0	0
Xentrall	0	0	0	0	0	0	0	0	0	0	0	0
Corporate	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
SBC Only	2	0	0	0	0	0	0	1	0	0	0	0
TVCA Only	0	0	0	0	0	0	0	0	0	0	0	0
Total	6	3	0	1	0	0	0	17	0	0	0	0

2018/19

Department	No. of Audits Issued	Opinions						No. of Recs Made	Previous Recommendations			
		Full	Sub	Mod	Lim	None	N/A		Tested	Passed	Failed	N/A
Children's and Adult Services	8	2	5	0	0	0	0	18	6	1	3	2
Economic Growth & Neighbourhood Services	15	4	10	0	0	0	1	24	43	22	18	1
Resources	3	1	2	0	0	0	0	11	0	0	0	0
Law & Governance	4	2	1	0	0	0	1	5	7	2	1	1
Schools	1	1	0	0	0	0	0	0	0	0	0	0
Xentrall	13	11	1	0	0	0	1	0	0	0	0	0
Corporate	7	2	4	0	0	0	0	9	0	0	0	0
Contingency	7	1	0	0	0	0	1	0	0	0	0	0
SBC Only	2	0	0	0	0	0	0	0	0	0	0	0
TVCA Only	2	0	0	0	0	0	0	0	0	0	0	0
Total	62	24	23	0	0	0	4	67	56	25	22	4

Trend Analysis

2.4 Below is a graph demonstrating the level of compliance across a number of themed tests. All areas are shown as Substantial Assurance (70%).



2.5 Shown below is a list of all the audit engagements undertaken during the year together with their assurance opinion.

2019/20 Audit Plan Current Position as at 1st November 2019

Department	Audit ID	Name	Status	Assurance	Recommendations						Final Var
					L	M	H	C	Bud	Rem	36.3
Corporate	2606	Absence Management	Not Started						10.0	9.5	
Xentrall	2607	Active Directory	In Progress						6.0	3.8	
Economic Growth & Neighbourhood Services	2610	Building Control	In Progress						7.0	6.8	
Xentrall	2611	Cloud Computing	In Progress						5.0	4.3	
Economic Growth & Neighbourhood Services	2612	Asset Register/Asset Management	Not Started						7.0	7.5	
Children's and Adult Services	2615	Child Placement - Adoption	In Progress						7.0	0.0	
Xentrall	2617	Creditors	In Progress						20.0	18.4	
Resources	2620	Client Financial Services	In Progress						12.0	8.8	
Law & Governance	2621	Complaints Review	Not Started						9.0	9.3	
Children's and Adult Services	2622	Community Transport	Not Started						7.0	7.4	
Xentrall	2623	Change Control	In Progress						6.0	5.4	
Economic Growth & Neighbourhood Services	2632	Housing Benefits	Not Started						18.0	17.9	
Xentrall	2634	Debtors	In Progress						16.0	7.5	
Law & Governance	2642	Land Charges	Not Started						6.0	6.4	
Children's and Adult Services	2646	Leaving Care	In Progress						7.0	0.0	
Children's and Adult Services	2648	First Contact	Not Started						3.0	2.5	
Corporate	2653	DBS Procedures	In Progress						6.0	0.7	

Economic Growth & Neighbourhood Services	2654	Development Services	Not Started						9.4	9.8	
Children's and Adult Services	2656	Early Years & Complex Needs	Not Started						8.0	9.1	
Xentrall	2657	Virtualisation	In Progress						6.0	3.9	
Children's and Adult Services	2658	Emergency Duty Team	Not Started						3.0	3.1	
Children's and Adult Services	2659	Looked After Children	In Progress						12.0	11.2	
Corporate	2660	Officer Payments - Mileage	In Progress						8.0	6.0	
Resources	2664	Treasury Management	Complete	Full Assurance	4	0	0	0	7.0		0.4
Resources	2665	VAT	In Progress						6.0	6.1	
Economic Growth & Neighbourhood Services	2666	Taxation	Not Started						12.0	7.7	
Corporate	2667	Recruitment Services	Not Started						6.0	6.1	
Xentrall	2668	Server Operating Systems	In Progress						5.0	5.0	
Resources	2670	Personal Budgets & Direct Payments	In Progress						7.0	2.1	
Xentrall	2672	Firewalls	In Progress						6.0	6.2	
Children's and Adult Services	2673	Referral & Assessment - Adults	Not Started						12.0	9.3	
Xentrall	2674	Payroll & Absence Recording	In Progress						26.0	25.4	
Economic Growth & Neighbourhood Services	2676	Environmental Health	In Progress						6.0	0.5	
Economic Growth & Neighbourhood Services	2677	Enforcement	Not Started						7.0	6.6	
Children's and Adult Services	2679	Youth Offending and Prevention	Not Started						8.0	8.0	
Children's and Adult Services	2680	Early Years, Children's Centres & Childcare	Not Started						8.0	3.4	
Corporate	2700	Declaration of Interests/Gifts & Hospitality	In Progress						20.0	13.2	
Children's and Adult Services	2701	Adult Education	In Progress						15.0	0.0	
Xentrall	2702	Bank Reconciliation	Not Started						12.0	11.3	
< None >	2703	Catering & Cleaning	Draft						20.0	0.0	
Children's and Adult Services	2704	Residential Childrens Homes	Complete	Full Assurance	0	0	0	0	10.0		-
Corporate	2705	Data Protection	Not Started						10.0	10.0	

Children's and Adult Services	2706	Day Centres, Residential & Supported Living	Ready to Start							30.0	24.7	
Economic Growth & Neighbourhood Services	2707	Eastbourne Sports Complex	Complete	Moderate Assurance	2	8	0	0		5.0		- 10.2
Children's and Adult Services	2708	Education Improvement Service	Not Started							15.0	0.0	
Resources	2709	Employee Benefits	Not Started							10.0	0.0	
Resources	2710	Employee Therapy Services	Not Started							7.0	6.7	
Children's and Adult Services	2711	Fuel Poverty Reduction	Not Started							7.0	0.0	
Economic Growth & Neighbourhood Services	2712	Highways Maintenance Management	Not Started							10.0	9.8	
Economic Growth & Neighbourhood Services	2713	Horticultural Services & Allotments	In Progress							15.0	3.7	
Economic Growth & Neighbourhood Services	2714	Housing Building Maintenance	Draft							25.0	1.3	
Economic Growth & Neighbourhood Services	2715	Housing Management	Not Started							20.0	19.2	
Economic Growth & Neighbourhood Services	2716	Housing Rents	Not Started							15.0	14.5	
Economic Growth & Neighbourhood Services	2717	Licensing	Draft							30.0	16.5	
Corporate	2718	Information Management	Not Started							10.0	10.0	
Law & Governance	2719	Mayor's Charity Fund	Under Review							2.0	0.5	
Corporate	2720	Performance Management Framework	Not Started							15.0	15.0	
Corporate	2721	Anti-Fraud Management	In Progress							35.0	34.6	
Corporate	2722	Business Continuity & Emergency Planning	Not Started							10.0	10.0	
Corporate	2723	Council Plans	Not Started							5.0	5.0	
Corporate	2724	Financial Management	Not Started							5.0	5.0	
Economic Growth & Neighbourhood Services	2725	Registration & Bereavement Services	Complete	Full Assurance	1	1	0	0		15.0		6.2
Children's and Adult Services	2726	Safeguarding Children	Not Started							15.0	10.3	
Corporate	2727	Scheme of Delegation	Not Started							15.0	15.0	

**Internal Audit – Audit Committee Update
Report 2019/20**

Xentrall	2728	Software Controls	Draft						10.0	0.5	
SBC Only	2729	Stockton Collections	Draft						5.0	0.0	
SBC Only	2730	Tees Valley Music Service	Complete	< None >	0	1	0	0	10.0		-2.2
Economic Growth & Neighbourhood Services	2731	Traffic Management & Road Safety	Draft						15.0	0.0	
Children's and Adult Services	2732	Troubled Families Initiative	In Progress						20.0	8.5	
Contingency	2733	Advice and Guidance	In Progress						50.0	40.9	
Contingency	2734	Audit Liaison and Planning	In Progress						20.0	2.4	
Contingency	2736	Continuous Monitoring	In Progress						200.0	99.3	
Contingency	2737	Grants Contingency 2019	In Progress						30.0	3.0	
SBC Only	2738	SBC Schools - IR35 Self Assessment	In Progress						0.0	0.0	
Schools	2739	DBC Schools - IR35 Self Assessment	In Progress						0.0	0.0	
< None >	2740	Schools - High Clarence Primary	Not Started						0.0	0.0	
SBC Only	2741	Globe Project Assurance	Complete	< None >	0	0	0	0	0.0		-
Contingency	2742	Risk Management	In Progress						35.0	22.6	
Contingency	2743	Procurement/Contract Management	Not Started						62.0	58.7	
Contingency	2744	ICT Individual Systems	In Progress						66.0	52.6	
	2745	Schools - Harrowgate Hill Primary	Ready to Start						0.0	0.0	
	2746	SBC Library Lost Property	Ready to Start						0.0	0.0	