


<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p align="center">21 June 2017</p>		
HEAD OF INTERNAL AUDIT ANNUAL REPORT 2016/17		
Report of the Interim Director of Audit, Fraud, Risk and Insurance		
Open Report		
For Information Key Decision: No		
Wards Affected: None		
Accountable Director: Moira Mackie, Interim Director of Audit, Fraud, Risk and Insurances		
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1. EXECUTIVE SUMMARY

1.1. This Head of Internal Annual Assurance report is a summary of all audit work undertaken during the 2016/17 financial year and provides assurances on the overall System of Internal Control, the System of Internal Financial Control, Corporate Governance and Risk Management. In all cases a satisfactory or substantial assurance has been provided with the exception of the significant control weaknesses recorded in the report including the following areas:

- 1.1.1. Management and oversight of Trading Accounts
- 1.1.2. 2 Adult Social Care contract management audits and 1 procurement audit received Limited assurance opinions
- 1.1.3. The Quality Assurance arrangements related to the MITIE Repairs contract
- 1.1.4. Use of Consultants.
- 1.1.5. Disability Services Direct Payments

1.2. The report is a key element of the evidence supporting the Annual Governance Statement (AGS).

2. RECOMMENDATIONS

2.1. To note the contents of this report

3. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

LIST OF APPENDICES:

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Appendix B	Internal Audit Performance – 2016/17
Appendix C	Internal Audit work for which an assurance opinion was not provided
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***London Borough of Hammersmith
and Fulham***

***2016/17 Head of Internal Audit
Annual Assurance Report***

May 2017

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1. Executive Summary

- 1.1. From the Internal Audit work undertaken in 2016/17, it is our opinion that we can provide reasonable assurance that the system of internal control that has been in place at the London Borough of Hammersmith & Fulham for the year ended 31 March 2017 accords with proper practice, except for any details of significant internal control issues as documented in the detailed report at section 8.

2. Introduction

- 2.1. The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. This opinion statement is provided for the use of the London Borough of Hammersmith & Fulham and is used to support its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 2.2. From the Internal Audit work undertaken in 2016/17, it is our opinion that we can provide reasonable assurance that the system of internal control that has been in place at the London Borough of Hammersmith & Fulham for the year ended 31 March 2017 accords with proper practice, except for any details of significant internal control issues as documented at section 8.

3. Scope of Responsibility

- 3.1. The London Borough of Hammersmith & Fulham is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 3.2. In discharging this overall responsibility, the London Borough Hammersmith & Fulham is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

4. The Purpose of the System of Internal Control

- 4.1. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the London Borough of Hammersmith & Fulham's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

5. The Internal Control Environment

- 5.1. The CIPFA Public Sector Internal Audit Standards defines the control environment as providing the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organisational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

6. 2016/2017 Year Opinion

- 6.1. From the Internal Audit work undertaken in 2016/17, it is our opinion that we can provide reasonable assurance that the system of internal control that has been in place at the London Borough of Hammersmith & Fulham for the year ended 31 March 2017 accords with proper practice, except for any details of significant internal control issues as documented in the detailed report at section 8.
- 6.2. In reaching this opinion, the following factors were taken into particular consideration:
- a) The whole programme of internal audit work undertaken by Mazars between 1 April 2016 and 31 March 2017. This included a review of the Council's Corporate Governance and Risk Management arrangements;
 - b) Internal Audit work undertaken by the Royal Borough of Kensington and Chelsea and Westminster City Council on shared services.
 - c) The outcome of audit work for which no assurance level was provided. A summary of work undertaken and key findings can be found in Appendix C; and
 - d) Follow up of audits undertaken previously. A summary of the outcome of these follow up visits can be found in Appendix D.

Internal Control

- 6.3. The system of internal control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council, in particular the system includes:
- Codes of practice and Financial Regulations;
 - Standing Orders, Standing Financial Instructions and Schemes of Delegation;
 - Comprehensive budgeting systems;
 - Regular reviews of periodic and annual financial reports which indicate financial performance against the forecast;
 - Setting targets to measure financial and other performance;
 - Clearly defined capital expenditure guidelines; and
 - A formal programme and Project management discipline

Managed Services

- 6.4. The Managed Services Programme was procured by the Council in 2013 to provide transactional Human Resources, payroll and finance services and commenced limited service provision in April 2015.

- 6.5. Since this point BT have continued to deliver a number of staged improvements to their service, however they are yet to deliver to the required contracted standard. Officers and members from the Council have held regular meetings with BT to review plans to improve performance, including making sure measures were taken to ensure internal controls operated.
- 6.6. To provide the Council with some assurance over their key financial and HR systems, a number of internal audits have been undertaken during 2016/17 including:
- Accounts Receivable (Satisfactory Assurance);
 - Accounts Payable (Satisfactory Assurance);
 - General Ledger (Satisfactory Assurance);
 - Treasury Management (Substantial Assurance);
 - VAT (Satisfactory Assurance), and
 - Budgetary Control (Satisfactory Assurance)
 - Payroll (Limited assurance)
- 6.7. Sample testing has also been undertaken on key areas of the Payroll process and, although the testing has identified a number of exceptions, no material issues were identified.
- 6.8. Further audits in respect of managed services will be undertaken in the 2017/18 financial year.

Governance

- 6.9. In my opinion the corporate governance framework complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This opinion is based on the work of Internal Audit as described in Appendix A, which provided a 'satisfactory' level of assurance as to the Corporate Governance systems in place.

Risk Management

- 6.10. Three risk management audits were completed as part of the 2016/17 audit plan. Namely, Corporate Risk Management Compliance Review and audits of risk management of both Housing Services and the new ICT Service.
- 6.11. A Satisfactory assurance opinion was provided for the Corporate Risk Management Compliance Review. Recommendations were raised that related to:
- Recording individual risk owners and planned actions for all risks.
 - Submitting risk registers to the Shared Services Risk Manager promptly each quarter.
- 6.12. A Satisfactory assurance opinion was provided for the audits of Housing Services and ICT Risk Management (both currently at draft stage). Recommendations raised related to:
- Using the standard dashboard template for risk registers and completing all fields of the risk register
 - Including planned actions for significant residual risks
 - Reviewing inherent, residual and target risk scores to ensure that existing and proposed controls reduce residual and target risk scores to a level the Council is willing to accept (and that this is correctly reflected in the register).
 - Submitting annual assurance statements on time.

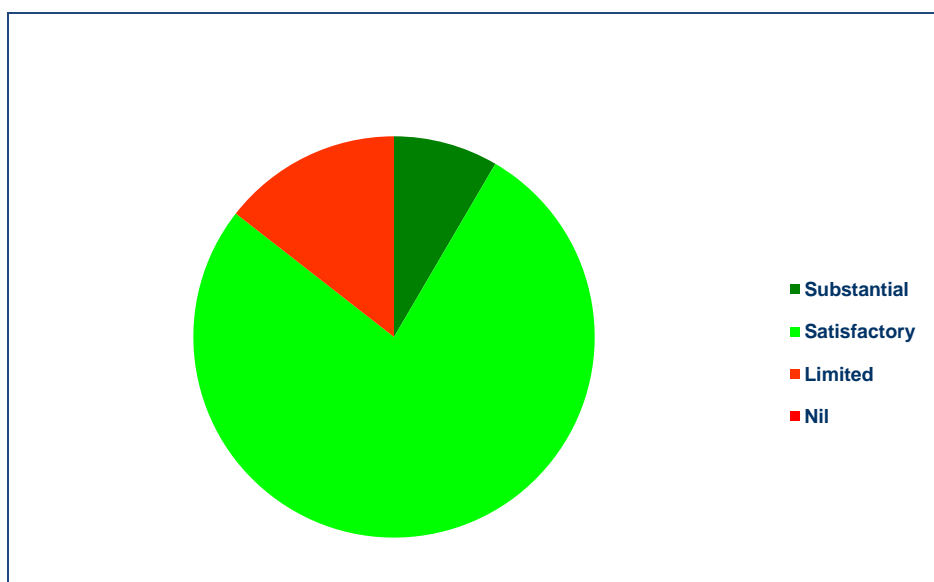
Qualifications to the opinion

- 6.13. Internal Audit has had unrestricted access to all areas and systems across the Authority and has received appropriate co-operation from officers and members.

7. Basis of Assurance

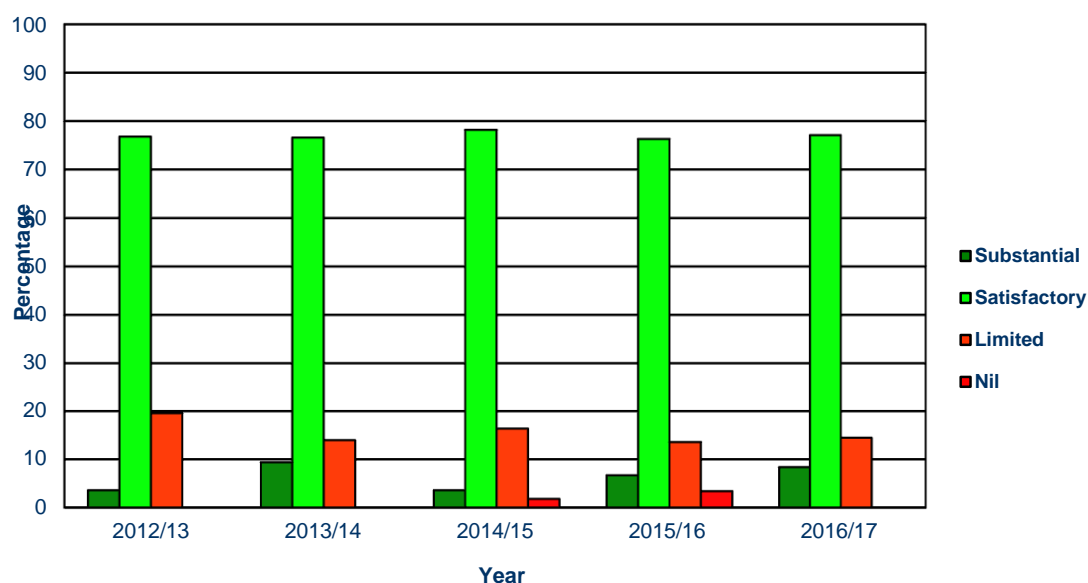
- 7.1. We have conducted our audits both in accordance with the mandatory standards and good practice contained within the CIPFA Public Sector Internal Audit Standards and additionally from our own internal quality assurance systems.
- 7.2. Our opinion is limited to the work carried out by Internal Audit based upon the internal audit plan. Where possible we have considered the work of other assurance providers, including External Audit and the Internal Audit services of Royal Borough of Kensington and Chelsea and Westminster City Council as part of the shared services arrangement.
- 7.3. The audit work that was completed for the 2016/17 financial year is listed in Appendices A, C and D. Appendix A lists all the audits where assurance opinions are provided.
- 7.4. The pie chart below shows the levels of audit assurance achieved for the 2016/17 year including internal audits undertaken by the Royal Borough of Kensington and Chelsea and Westminster City Council, so that it covers all audits covering systems that support delivery of LBHF services.
- 7.5. 86% of the systems audited achieved an assurance level of Satisfactory or higher, of which 7 audits received Substantial Assurance. 14% received a Limited Assurance and no Nil Assurance reports were issued in 2016/17.

Assurance Levels for the year to 31 March 2017



- 7.6. To help put this into context the bar chart below shows the levels of assurance provided for all systems audited since the 2012/13 financial year. The distribution of assurance opinions shows a relatively stable position with a slight increase in substantial assurance reports over the last three years.

Assurance Levels of Reports from 2012/13 to 2016/17



Acceptance and implementation of Internal Audit recommendations

7.7. Almost all of the recommendations made during the year were accepted by management. The exceptions being:

- One High Priority recommendation arising from the 2015/16 premises licensing audit, a Limited Assurance audit. We were informed in 2016 that this will not be implemented. Namely that an interface and reconciliation should be implemented between the Agresso and Uniform systems. In view of the cost, and the priority Finance and the ICF place on this, it was not considered viable. The risk of human error and the ongoing resource requirements of a manual reconciliation has been accepted by management.
- One medium priority recommendation from the 2016/17 Planning Enforcement audit, a Satisfactory Assurance audit, will not be implemented due to the resource input required. Namely implementing a second check of fees input on the Uniform system and a reconciliation of fees received as per Uniform with the fee income recorded on Agresso. The increased risk of errors being undetected has been accepted by management.

7.8. Whilst 15 reports remain at the draft report stage we have been provided with assurance by management as part of the debrief meeting process that the recommendations made will be implemented.

7.9. The table below shows the number of audit recommendations raised each year that have been reported as implemented. This helps to demonstrate the role of Internal Audit as an agent of change for the council.

7.10. In total 75 recommendations

Year	Number of recommendations due	Number of recommendations implemented
2014/15	202	202
2015/16	269	262
2016/17	104	102

ons arising from Nil and Limited Assurance reports have been followed up by internal audit of which 50 were either fully implemented or no longer relevant, representing 66% of all those tested. If partially implemented recommendations are added this totals 92% of all those tested. This is in line with 2016/17 and provides reasonable confidence that recommendations reported as implemented have been effectively actioned. The results of our follow up visits can be seen in Appendix D.

7.11. In 2016/17 Internal Audit introduced an additional light touch regime of follow ups for all High and Medium priority recommendations not covered by the above follow up regime. 91 recommendations were followed up with 87 (96%) being confirmed as implemented and 4 (4%) no longer applicable.

8. Significant Control Weaknesses

8.1. Internal Audit is required to form an opinion on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise. During the financial year 2016/17, the following significant issues were identified:

- Weaknesses were found within the Trading Accounts Audit, mainly relating to limited central guidance and oversight of traded services;
- 2 Adult Social Care contract management audits and 1 procurement audit received Limited assurance opinions.
- 2 schools received Limited Assurance opinions (Phoenix High School and St Thomas of Canterbury RC Primary School). One of these (Phoenix) has since transferred to Academy status; and
- The Quality Assurance arrangements related to the MITIE Repairs contract received a Limited assurance opinion. The assurance opinion provided is based on sample testing across the entire contract period to date. It should be noted that a number of improvements have been made to the quality assurance framework since October 2016. We were unable to fully test the effectiveness of the new or strengthened controls as they are not yet fully embedded.
- Use of Consultants received a limited assurance opinion. Weaknesses identified included a lack of transparent competition when appointing consultants, formal contracts not always being in place, and checks of employment status not being undertaken.
- Disability Service Direct Payments received a Limited assurance opinion. The DP arrangements are operated independently in each Council with staff often undertaking the DP processes as part of a wider role. As a result, the knowledge and expertise around DP was spread thinly across the three Councils.

- Pensions Administration received a Limited assurance opinion. Although the audit identified a number of the controls in place for calculating, processing and maintaining the scheme as operated by Surrey County Council are appropriate, the weaknesses in the information provided by BT has impacted on the overall assurance opinion.
- Payroll also received a Limited assurance opinion. The absence of documentation and records on Agresso for payroll transactions meant that the audit trail for many cases tested was incomplete and information could not be relied upon. The lack of cooperation from BT was also a concern.

Annual Governance Statement

8.2. The Council's Annual Governance statement states:

- 8.2.1. "We have been advised of the results and implications of the review of the effectiveness of the governance framework by the Audit, Pensions and Standards Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below. A satisfactory level of Assurance has been achieved following the conclusion of the review." and
- 8.2.2. "Matters reported below in the 2015-16 Annual Governance Statement, with the exception of those related to the Managed Services Programme, have been addressed during 2016-17 and are considered resolved." The 2015/16 year matters that were reported related to contract management arrangements, across the council, the Local Government Finance Settlement and unfunded new responsibilities, plus Managed Services,
- 8.2.3. No significant governance issues were identified in the 2016/17 Annual Governance Statement.

9. ICT

- 9.1. Internal Audit undertook 9 ICT or ICT related audits in 2016/17. Six audits received a Satisfactory Assurance opinion and 3 audits are in progress.
- 9.2. We found the areas audited in 2016/17 to be generally well controlled. Areas of strength identified included controls related to compliance with the Information Governance & Exchange NHS toolkit.

10. Finance

- 10.1. Of the 13 finance related audit in the 2016/17 financial year, 1 received Substantial assurance, 4 received Satisfactory assurance, 1 received Limited assurance and 1 a split Limited/Satisfactory assurance with the Limited opinion relating to Agresso and income collection. This represents a similar position to 2016/17. 6 audits remain in progress.
- 10.2. In addition, the 2016/17 internal audit plan included an audit of MTFS savings where a sample of savings was selected to confirm their delivery can be supported by evidence. Issues identified include responses not being provided to Internal Audit and a reasonable basis or rationale used to set targets not always being available.
- 10.3. No significant error or fraud against the Council was detected as a result of our audit work.

11. Procurement and Contract Management

- 11.1. Of the 23 procurement and contract management related audits undertaken in 2016/17 11 received Satisfactory Assurance and 5 received Limited Assurance. 7 were still in progress at the time of writing.
- 11.2. This shows a similar position to 2015/16, where out of 6 applicable audits, 2 split Satisfactory/Limited Assurance and one Nil Assurance opinion report were issued. Common issues identified in these audits were 3 audits where contracts had expired and not formally extended prior to the end of the contract period and 4 audits where assurance was not being gained that the contractor is compliant with the requirements of the contract (such as staff qualifications, post inspections and safety check required by the contractor).

12. Schools

- 12.1. Overall the results in 2016/17 have improved since the previous year, with 2 schools receiving a Substantial Assurance opinion, 11 schools receiving Satisfactory Assurance opinion and 2 schools receiving a Limited Assurance. This compares to 8 schools receiving Satisfactory Assurance opinion and 3 schools receiving a Limited or Nil Assurance opinion in 2015/16.
- 12.2. 5 high priority recommendations were raised as a result of the schools audits 2016/17 in comparison to 18 in 2015/16. The main issues identified were:
- The adequacy of school income records and the audit trail between income collected and cash banked;
 - Approval of policies and/or School Development plans;
 - Retaining the tax status checks of self-employed individuals, and;
 - The maintenance of Assets & Inventory records.

13. Key Issues for 2017/18

- 13.1. There are a range of key issues that are likely to be of significance for the 2016/17 year and beyond that Internal Audit need to be aware of. These include:
- The continued impact of the current economic climate on the Council's finances through reduced levels of income with councils facing further reductions in the amount of money they receive from Government. This is coupled with other factors such as the impact of Brexit on local authorities, the likely increases in demand for services, and the performance levels and financial stability of organisations the Council works with;
 - The move of some shared services with the Royal Borough of Kensington and Chelsea and Westminster City Council to sovereign services presents transformational challenges to implement the change successfully without impacting negatively on finances or service delivery. We would expect continued Internal Audit involvement in transformation projects and new initiatives, both to provide assurance and provide early support for new systems being 'right first time'.
 - The contract for Managed services, which delivers finance, human resources, and payroll services is due to expire in March 2019. The process to re-tender for these services has already started and Internal Audit will want to review

those arrangements, the procurement project, and may be asked to have a direct involvement in due diligence work.

- Organisational culture has become increasingly seen as a key factor in understanding corporate governance failures. Consensus is that recognition and proactive management of cultural issues can help avoid such failures. With current high levels of uncertainty and reorganisation managing culture is a key to helping achieve objectives.
- With increasing volumes of data being collected, generated and handled, the Council is facing increasing challenges in protecting this information and delivering value from it. In addition, at a time when a significant proportion of activity takes place in the digital space and through mobile working, all organisations need to consider the impact of any cyber security breaches they may have. The Secretary of State confirmed on 24 October 2016 that the UK would be adopting the General Data Protection Regulation (GDPR). While the main concepts are the same as those in the current Data Protection Act, there are amendments and new requirements that the Council must comply with.

14. Internal Audit Performance

Audit Plan

- 14.1. The Operational Plan for the 2016/17 year drew on corporate and departmental risk registers and other issues brought to the attention of Internal Audit, as well as the use of an audit universe that identifies all organisational activities that can be considered for audit coverage. We agreed and discussed the audit plan with Directors and Heads of Service. We also consulted various other sources and coordinated the plan with those of the Royal Borough of Kensington and Chelsea and Westminster City Council.
- 14.2. Our operational planning is designed to provide an even flow of work throughout the year, and to allow us to monitor progress. As a result, this information can be used as a key benchmark against which progress on individual assignments can be measured.
- 14.3. The level of Internal Audit resources was considered adequate for the 2016/17 year. Also the Internal Audit service continued to maintain its independence from the day to day operations of the organisation, the chief mechanisms for this were the use of a contractor, Mazars, to deliver the core audit service plus the use of the audit services from RBKC and WCC to deliver parts of the audit programme.

Internal Audit Assurance Levels

- 14.4. Appendix A sets out the level of assurance achieved on each systems audit and the change in assurance opinion where the audit has been undertaken previously. 2 areas audited this year have shown deterioration in control since the last time they were audited: Phoenix high School and Bayonne Nursery School.
- 14.5. Of the 12 audits that received a Limited Assurance opinion (7 final and 5 draft), 3 related to Adult Social Care, 3 to Housing Services, 2 were schools, 2 corporate, one related to Children's Services and one to Environment Services. In all cases, audit recommendations were agreed with management at the time of the audit along with an action plan to address the identified weaknesses. Follow up audits will be undertaken in each case to review the adequacy and effectiveness of the corrective action taken.
- 14.6. Six follow up visits were undertaken in 2016/17 to determine if recommendations raised within

previous audit visits had been implemented. A summary of our findings can be found in Appendix D.

- 14.7. In total, 75 recommendations have been followed up, of which 50 were either fully implemented or no longer relevant, representing 66% of all those tested. If partially implemented recommendations are added this totals 92% of all those tested. This is in line with 2015/16. The follow up regime will continue, and has been expanded in 2016/17 to include all high and medium priority recommendations, so that it can continue to provide assurance going forward. The result of follow ups will continue to be reported to the Audit Pensions and Standards Committee.
- 14.8. The results of our follow up work can be seen in appendix D.

Internal Audit Performance

- 14.9. Appendix B sets out pre-agreed performance criteria for the Internal Audit service. The table shows the actual performance achieved against targets. Overall performance of Internal Audit is broadly in line with 2016/17, with all targets being achieved or narrowly missed.
- 14.10. Focus will be given to maintaining these performance standards in 2017/18.

Compliance with CIPFA Public Sector Internal Audit Standards

- 14.11. Internal Audit has comprehensive quality control and assurance processes in place and we can confirm that we comply with the CIPFA Public Sector Internal Audit Standards. Our assurance is drawn from:
- a) Quality reviews carried out by both the Hammersmith and Fulham Internal Audit section and Mazars;
 - b) An internal self-assessment review in March 2017 against the new enhanced PSIA Standards, an exercise that is undertaken annually.

Working with External Audit

- 14.12. The Council's external auditors do not intend to rely on the work of internal audit at this stage; however, they have requested copies of a number of audit reports issued in 2016/17. We have been in liaison with External Audit and will continue to offer information and support where required.

Internal Audit Provision Going Forward

- 14.13. The following aspects will impact on the future delivery of the Internal Audit service:
- Shared working with Westminster and RBKC has led to increased coordination of the 2016/17 planning process across the three boroughs. This approach has increased the level of assurance received by each Council as well as better coordinating audit work across the three boroughs. A potential move to a sovereign internal audit service for Hammersmith and Fulham will not impact on arrangements significantly as the LBHF audit plan is currently delivered almost entirely by Mazars, other than some shared services audit. The internal audit teams will continue to liaise and coordinate their work relating to the remaining shared services.
 - As transformation projects and changes to service delivery continue to be undertaken, there is likely to be continued requirement for Internal Audit involvement in transformation projects and new initiatives at an early stage to

provide both assurance and support but with the minimum of disruption.

APPENDIX A - Assurance Levels 01/04/2016 – 31/03/2017

The table below provides a summary of the assurances assigned to each of our audits. Where the direction of travel column is blank, no similar audit has previously been conducted.

		Audit Opinion				
Department	Audit	Nil	Limited	Satisfactory	Substantial	Issued
FINALISED						
Adult Social Care	Elgin Close Resource Centre Contract Management					07/04/2017
Adult Social Care	Quality Assurance					19/12/2017
Adult Social Care	Information Governance and Exchange (NHS Toolkit)					06/01/2017
Adult Social Care	Supplier Resilience					27/03/2017
Adult Social Care	Community Support Service					03/01/2017
Adult Social Care	Carers Assessments					09/02/2017
Adult Social Care	Continuing Healthcare Funding					31/08/2016
Adult Social Care	MiHomecare procurement					28/04/2017
Adult Social Care	Health & Wellbeing Strategy					02/05/2017
Adult Social Care	Customer Journey Target Operation Model					09/05/2017
Children's Services	Bayonne Nursery School			←		09/09/2016
Children's Services	Brackenbury School			→		25/07/2016
Children's Services	John Betts VA				→	31/05/2016
Children's Services	Larmenier and Sacred Heart RC			↔		09/08/2016
Children's Services	Miles Coverdale			↔		21/09/2016
Children's Services	Old Oak			↔		20/09/2016
Children's Services	Phoenix High		←			24/08/2016
Children's Services	Queensmill School			↔		20/01/2017
Children's Services	Sir John Lillie			↔		22/11/2016
Children's Services	St. Augustine's RC			↔		19/09/2016

		Audit Opinion				
Department	Audit	Nil	Limited	Satisfactory	Substantial	Issued
Children's Services	St. Paul's C of E			→		20/10/2016
Children's Services	St. Thomas of Canterbury RC		↔			27/02/2017
Children's Services	Vanessa Nursery School			↔		02/11/2016
Children's Services	Wendell Park			↔		07/07/2016
Children's Services	William Morris Academy 6th form				→	31/03/2017
Children's Services	Departmental Performance Management					08/11/2016
Children's Services	Asylum Seekers - Unaccompanied Minors					06/01/2017
Children's Services	Children and Families Act Implementation					22/12/2016
Children's Services	Direct Payments – Disabled Children					22/09/2016
Children's Services	Procurement of Residential Placements					17/10/2016
Children's Services	School Meals Contract					28/03/2017
Children's Services	Departmental Governance				→	06/06/2017
Corporate Services	Corporate Governance				→	27/03/2017
Corporate Services	Grants to Voluntary Organisations					17/11/2016
Corporate Services	Risk Management Compliance			↔		18/01/2017
Corporate Services	Anti-Fraud Service					01/03/2017
Corporate Services	Trading Accounts					06/10/2016
Corporate Services	ICT Risk Management					23/05/2017
Corporate Services	Members Allowances, Expenses, Hospitality and Declarations of Interest					12/09/2016
Corporate Services	Security Incident Management					16/03/2017
Corporate Services	Treasury Management					18/04/2017
Corporate Services	Budgetary Control			↔		24/05/2017
Corporate Services	VAT					08/02/2017
Corporate Services	Use of Consultants		↔			30/03/2017
Corporate Services	Accounts Payable P2P					06/06/2017

		Audit Opinion				
Department	Audit	Nil	Limited	Satisfactory	Substantial	Issued
Corporate Services	Payroll – Managed Services					
Corporate Services	Pensions Administration					
Environment Services / Corporate Services	Highways Infrastructure Accounting					25/04/2017
Environment Services	Procurement Compliance – Work Setting Sensors and Live Occupancy Display					25/04/2017
Environment Services	Commercial Property Management					03/03/2017
Environment Services	Fuel Contract					15/06/2017
Environment Services	CCTV			↔		02/05/2017
Environment Services	Planning Enforcement					19/05/2017
Environment Services	SPUR Parking Application					15/05/2017
Environment Services	Procurement Compliance – Drug Dealing YOS Film Project					27/04/2017
Environment Services	Bridge Maintenance					27/04/2017
Housing Services	Emergency Planning					11/01/2017
Housing Services	Gas Safety			↔		13/06/2016
Housing Services	Homelessness			↔		16/08/2016
Housing Services	Housing Voids			↔		23/11/2016
Housing Services	Service Charges			↔		17/02/2017
Housing Services	Stakeholder Engagement					12/10/2016
Housing Services	Mitie Contract Quality Assurance					09/03/2017
Housing Services	iWorld Application			↔		24/01/2017
Housing Services	Economic Development					28/04/2017
Public Health	Cardio Vascular Contract Monitoring					10/08/2016
Public Health	GP and Pharmacists Contract Management					06/04/2017
Draft						
Adult Social Care	Befriending and Community Engagement procurement					13/04/2017

		Audit Opinion				
Department	Audit	Nil	Limited	Satisfactory	Substantial	Issued
Adult Social Care	Community Equipment Procurement					13/04/2017
Adult Social Care	Carers Hub Contract Management					19/04/2017
Children's Services	Passenger Transport Contract Management					06/04/2017
Corporate Services	Procurement Governance			↔		08/02/2017
Corporate Services	General Ledger			↔		13/04/2017
Corporate Services	Your Voice Survey					12/04/2017
Corporate Services	Accounts Receivable			↔		03/03/2017
Environment Services	Utilisation of Space					02/03/2017
Environment Services	Planning Control (Excluding Enforcement)					10/02/2017
Environment Services	HMO Licensing					31/03/2017
Environment Services	Community Safety Wardens					07/04/2017
Housing Services	Departmental Risk Management					06/03/2017
Housing Services	Joint Venture					24/04/2017
Housing Services	Regeneration Governance			↔		0/03/2017
In Progress						
Adult Social Care	Carers Counselling Service Contract Management					
Adult Social Care	Advocacy Services for Adults Contract Management					
Adult Social Care	Accounts Receivable					
Adult Social Care	Commissioning Planning					
Adult Social Care	Homecare Service Delivery (including eMonitoring system)					
Children's Services	SEN					
Corporate Services	Smarter Budgeting					
Corporate Services	Consultancy Service					
Corporate Services	IT Asset Management					
Corporate Services	Recruitment and Selection					

		Audit Opinion				
Department	Audit	Nil	Limited	Satisfactory	Substantial	Issued
Corporate Services	Mobile Device Security					
Corporate Services	MSP Organisational Structure					
Corporate Services	Cloud Computing					
Environment Services	TFM					
Environment Services	Property Health and Safety - TFM					
Environment Services	Vertical Construction Contract Audit - Refurbishment of Wormholt Park					
Environment Services	Parking Notice Processing					
Environment Services	Parking Pay and Display					
Housing Services	HRD Budget Management					
Housing Services	Management of Hazardous Materials and Substances					
Public Health	Supplier Resilience					
Public Health	Commissioning Governance					
Public Health	Obesity Contract Monitoring					
Total		0	12*	64*	7	

Total Reports (including those not yet issued)	105
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* Both assurance opinions for Service Charges audit included in these totals.

Assurance Levels

We categorise our **opinions** according to our assessment of the controls in place and the level of compliance with these controls.

Substantial Assurance	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and few material errors or weaknesses were found.
Satisfactory Assurance	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited Assurance	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No Assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

Direction of travel

→	Improved since the last audit visit. Position of the arrow indicates previous status.
←	Deteriorated since the last audit visit. Position of the arrow indicates previous status.
↔	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

APPENDIX B - Internal Audit Performance – 2016/17

At the start of the contract, a number of performance indicators were formulated to monitor the delivery of the Internal Audit service to the Authority. The table below shows the actual and targets for each indicator for the period.

Performance Indicators		Annual Target	Performance	Variance
1	% of deliverables completed (2016/17)	95%	95%	0%
2	% of planned audit days delivered (201/17)	95%	95%	0%
3	% of audit briefs issued no less than 10 working days before the start of the audit	95%	100%	+5%
4	% of Draft reports issued within 10 working days of exit meeting	95%	94%	-1%
5	% of Final reports issued within 5 working days of the management responses	95%	100%	+5%

APPENDIX C: Internal Audit work for which an assurance opinion was not provided

The table below provides a summary of the scope and key findings of audit work for which no overall assurance opinion was provided.

Department	Audit	Issued
Corporate/Finance	MTFS Savings	13/06/2017
Corporate/Finance	Section 113 Agreements	07/12/2017

APPENDIX D - Follow up Audits

Follow visits were undertaken in 2016/17 on the following audits that received a 'Limited' or 'Nil' assurance opinion in their audit visit. The number of recommendations found to be implemented was as follows:

Department	Audit	Recommendations	Implemented	Partly Implemented	Not implemented	No longer applicable
Children's Services	Melcombe Primary School	17	15	2	0	0
Children's Services	Good Shepherd RC Primary School	17	13	3	1	0
Children's Services	Kenmont Primary School (First follow up)	17	7	9	1	0
Children's Services	Kenmont Primary School (Second Follow up)	10	4	1	4	1
Environment Services	Highways Licensing	7	4	3	0	0
Corporate Services	Bank Reconciliations	7	6	1	0	0
Total		75	49	19	6	1
%			65.3	25.3	8	1.3