



**RESOURCES DIRECTORATE
INTERNAL AUDIT SECTION**

**Internal Audit Progress Report
as at 31 December 2014**

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OVERVIEW

1. The Audit Strategy sets the scene for audit coverage for the year and the planned assignments have been set up in our audit planning, monitoring and control database. A report was produced at the end of September showing Plan v Actual comparisons and some slippage was reported. Audit priorities have continually been assessed and fundamental / high risk audits targeted. The Audit Plan was reviewed (Oct) and new priorities identified to maximise resources over the remainder of the year.
2. Members will be aware that there has been a reduction in Audit resources and reduced audit coverage, with increasing pressure to target an ever changing risk profile, in order to maximise the use of audit resources. A Senior Investigator retired in October as part of budget savings and the Senior Auditor (Computer Audit) left in November and this post is to be advertised.
3. Every effort has been made to target fundamental and high risk audits within the Audit Plan; however it is clear that not all will be started before the financial year end. This is partly due to less resources, some overruns on audits where we have identified issues that merit more sampling, some unplanned work and some system changes or pressures which suggest timing of the audit requires review. The table below shows the fundamental and high risk audits unlikely to be started before and comments as to why these have been delayed. Where appropriate, these will be prioritised as part of the Plan for 2015 -16.

Audit	Comments
Computer audits	The Council's Computer Audit specialist left the authority in November 2014 and has not yet been replaced. Every effort will be made to complete the audits that had been started, but some will carry forward to 2015/16. Work is ongoing to seek assurances from other sources.
Contract audits	A number of contract audits are underway. Priority has been given to follow up audits but some planned audits have been replaced by those requested by senior officers or where issues have been identified which merit attention.
Children's Services grants and SLAs	This has been amalgamated with another audit.

AUDIT

4. Audit Reports issued over the past 3 months are shown at **Appendix A** and four Executive Summary Reports for those audit opinions where Limited Assurance was assessed is shown at **Appendix B**.
5. **Appendix C** shows an updated record of all follow up audits and **Appendix D** some key facts around client feedback and fraud statistics.
6. **Appendix E** provides an overview of new internal fraud referral cases.

GOVERNANCE & RISK

7. The Corporate Risk Register (CRR) 2014/15 mid year position was reported to Senior Management Team, thereafter December Audit Committee and Cabinet.
8. The Audit & Risk Manager provided Risk Management training to Cabinet in November, further training sessions have been planned for Scrutiny members in January.
9. A meeting of the Risk Management Steering Group was held in December, the group consider the strategic direction of the management of risk within the Council. The December meeting focused on the Council's Risk Appetite and Partnership Governance.

PROGRAMME & PROJECTS AUDITING

10. Good progress has been made in Quarter 3 in relation to Programme & Projects Auditing. The new Senior Programme & Projects Auditor commenced in September, and is finalising a review of the Independent Living processes. Further PQA Project Management training has been provided through the Cardiff Academy, and the team is taking forward the Corporate pilot of SharePoint as the Council's Electronic Document & Record Management System whilst carrying out a pre-go-live Audit of the SharePoint/EDRMS Project.

Reports Issued in Quarter since last reported (as at December 2014)

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
Fundamental / High				
Children with Disabilities	Limited assurance	7	7	21 recommendations
Sponsorship Arrangements	Limited assurance	3	3	12 recommendations
Duplicate Payments	Satisfactory	0	0	
Rent setting	High assurance	0	0	
Invest to Save	Satisfactory	0		Draft report issued
Casual staff	Satisfactory	1		Draft report issued
Pool cars	Limited assurance	1		Draft report issued
Medium				
Student Awards	Satisfactory	0	0	
Caretaking and Cleaning	Satisfactory	3	3	
Leisure Centre – income	Satisfactory	0	0	
Marlborough Primary School	Satisfactory	0	0	
City Centre TIC	Satisfactory	0	0	
Llysfaen Primary School	Satisfactory	1	1	
Independent Living Project	Satisfactory	0		Draft report issued
Pen y Bryn Primary School – theft	Limited Assurance	8		Draft report issued
Grants / Accounts / External Bodies				
Homelessness grant	Satisfactory	0	0	
Neighbourhood Fund	Satisfactory	0	0	
School uniform grant	Satisfactory	0	0	
Cardiff Further Education Trust Fund	Satisfactory	0	0	
Follow-ups				
Safeguarding & Review – Core Group process (2 nd follow up)	Limited assurance	4	4	10 recommendations

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
Direct Payments (CH&CS)	Satisfactory progress	0	0	
Highways Street Operations payroll	Limited assurance	0	0	17 recommendations
St. Alban's RC Primary School	Satisfactory progress	1	1	
Commercial Catering	Satisfactory progress	0	0	
HB / self employed assessments	Satisfactory progress	1	1	
ICT Business Continuity Planning	<i>Satisfactory progress</i>	0		<i>Draft report issued</i>
Receipt, custody and opening of tenders	<i>Satisfactory progress</i>	0		<i>Draft report issued</i>
Brindley Road stores	<i>Limited assurance</i>	2		<i>Draft report issued</i>

Follow up Actions - Audits with Limited Assurance Audit Opinions

All audits where Limited opinions are assessed are monitored closely and follow up prioritised. Every effort is made to revisit these after 6 months but it is important to recognise some recommendations may take time to implement so the review needs some flexibility. We have identified the following audits with unsatisfactory scores and all are at different stages of follow up. Those satisfactorily actioned are removed from the list. Some of the high risk and high profile audits are detailed below.

Audit	Audit Plan Risk Rating	Reported as Final	Comments
Not Yet Due			
Sponsorship Arrangements	High	11.11.14	Executive summary to January 2015 Audit Committee.
Children with Disabilities	High	09.10.14	Executive summary to January 2015 Audit Committee.
Highways Street Operations Payroll	High	26.10.11	Unsatisfactory audit opinion reported.
		08.10.14	Follow up undertaken but only limited assurance can be given. Executive summary to January 2015 Audit Committee.
Safeguarding & Review – Core Group process	High	15.11.10	Unsatisfactory audit opinion reported.
		21.10.13	Follow up undertaken but only limited assurance can be given.
		29.09.14	Follow up undertaken but only limited assurance can still be given. Executive summary to January 2015 Audit Committee.
Rumney High School	Medium	15.01.13	Discussions held with incoming (from September 2014) Finance Manager. RR and SAP to meet with him 10.06.14 and visit to school booked for 25.06.14.
		26.08.14	The follow up audit showed that only 2 of the original 21 recommendations had been implemented. Limited assurance given and the Group Auditor attended a meeting of the temporary governing body on 24.09.14. A further follow up audit will be undertaken in Q4.
Glyn Derw Michaelston Federation	Medium	19.06.14	Executive summary presented to Audit Committee (September 2014). Audit management attended GB meeting on 17th December 2014.
Supporting People	High	11.06.14	Executive summary presented to Audit Committee (September 2014). Follow up assigned for Q4.
Ysgol Bro Einwg	Medium	06.05.14	Executive summary presented to Audit Committee (June 2014). Fieldwork on-going, December 2014.
Brindley Road Stores	High	14.04.14	Executive summary presented to Audit Committee (June 2014). Draft report to follow up audit issued (Q3). Only limited assurance can still be given.
Ysgol Pen y Pili	Medium	08.04.14	Executive summary presented to Audit Committee (June 2014). Fieldwork on-going, December 2014.
St. Joseph's Primary School	Medium	11.05.12	Group Auditor met Chair of Governors and Acting Headteacher on 17.10.12. Visit to school postponed due to illness of Acting Headteacher and rearranged for May 2013. Meeting held with the Executive Headteacher and audit undertaken in October 2013.

Audit	Audit Plan Risk Rating	Reported as Final	Comments
			Draft report issued December 2013. Some improvements noted but further follow up required.
		06.02.14	Some improvements noted, but further follow up is required and has been scheduled for Q2, 2014/15. See Executive Report (March 2014). Fieldwork on-going, December 2014.
Direct Payments	High	20.12.12 16.12.13	The original report was satisfactory. However, the final report for follow up issued in Q3 which indicated that improvement is needed on new issues. Follow up undertaken but only limited assurance can be given. Executive summary presented to Audit Committee (January 2014). Follow up assigned for Q4.
On-going			
Payroll Overpayments	High	20.12.12 02.01.14	A further follow-up has been undertaken and there are still improvements needed. See Executive Report (March 2014). Fieldwork on-going Q3.
Investigation into procurement and contract administration practices	High	20.05.13	Assigned for Q1, 2014/15. Meeting held with the Operational Manager for Facilities Management and all recommendations relating to that area have been either implemented or superseded by the introduction of the Category Management arrangements. Ongoing work to seek assurances regarding Education.
Receipt, custody and opening of tenders	High	02.09.13	Discussions ongoing. Potential review of Rules. Draft report issued Q3 and satisfactory progress noted.
Variation Orders	High	31.03.12	Discussions ongoing. Potential review of Rules. Follow up assigned for Q1, 2014/15. Follow up on-going.
Framework Agreements	High	19.03.12	Discussions ongoing. Potential review of Rules. Follow up on-going.
Community Maintenance Services	High	18.11.11	Further testing was postponed due to service delivery changes. An audit is on-going in Q3, 2014/15.
IT Business Continuity Planning	High	18.06.12	Discussions ongoing with ICT. Head of ICT attended Audit Committee in January 2014 and provided assurances, and the audit is on-going in Q3, 2014/15. Initial indications are that the majority of the recommendations have been implemented and ICT are actively progressing the remaining recommendations. Draft report issued Q3.

Closed (satisfactory progress)

Adult Services Direct Payments
Commercial Catering

St. Alban's Primary School
Housing Benefit – Self employed persons

