

TITLE	Business Assurance Progress Report
FOR CONSIDERATION BY	Audit Committee on 6 February 2013
WARD	None Specific
STRATEGIC DIRECTOR	Muir Laurie, Director of Business Assurance & Democratic Services

OUTCOME / BENEFITS TO THE COMMUNITY

The Business Assurance Progress Report details the Business Assurance activity for the period 27 October 2012 to 11 January 2013. This is an update on the progress towards the formation of the Head of Internal Audit Opinion which forms part of the Annual Governance Statement. It provides assurance through the Audit Committee to Council and the wider public that the Council is managing its key risks and identifies any weaknesses identified in the governance, risk management and internal control. This assurance supports the council in the achievement of its vision, priorities, principles and objectives and provides for better and improved outcomes for our residents.

RECOMMENDATION

The Audit Committee is asked to note the Business Assurance Progress Report (attached).

SUMMARY OF REPORT

The progress report summarises the work completed by Internal Audit (IA) and Investigations during the period and enables the Audit Committee to discharge its oversight function in relation to these activities. The report provides the opportunity for the Head of IA to provide details of the work of undertaken this financial year and highlight any areas of weakness the Audit Committee should be aware of.

Background

The Business Assurance plan provides details of the planned IA and Investigations activity. This progress report enables the Audit Committee and Corporate Leadership Team to hold the Head of IA to account and facilitates the Audit Committee in holding management to account for managing governance weaknesses identified during the course of IA and investigations activities.

Analysis of Issues

The Business Assurance Progress Report provides the Audit Committee with assurance over the key governance, risk management and internal controls operating in the council. The Audit Committee should ensure that the coverage, performance and results of Business Assurance activity are clearly communicated to the Audit Committee and any additional assurances required are identified by the Audit Committee.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	Yes	N/A
Next Financial Year (Year 2)	N/A	Yes	N/A
Following Financial Year (Year 3)	N/A	Yes	N/A

Other financial information relevant to the Recommendation/Decision

None.

Cross-Council Implications

Good governance helps the council achieve its Vision and Strategic Priorities.

Reasons for considering the report in Part 2

Not applicable.

List of Background Papers

None.

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**WOKINGHAM
BOROUGH COUNCIL**

◆ **Business Assurance**
Successfully Improving Governance

BUSINESS ASSURANCE

PROGRESS REPORT

2012/13

Wokingham Borough Council

11 January 2013

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1. INTRODUCTION

- 1.1 This report summarises the main findings arising from the Business Assurance (BA) work completed in the period 27 October 2012 to 11 January 2013. There are two main strands to this work: Internal Audit (IA) and Investigations.
- 1.2 IA provides an independent appraisal and consultancy service that underpins good governance, which is essential in helping the council achieve its strategic objectives and realise its vision for the borough of Wokingham. It is also a requirement of the Accounts and Audit (England) Regulations 2011 that the council undertakes an adequate and effective IA of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
- 1.3 Investigations are responsible for providing a comprehensive range of investigation services to all key stakeholders. Our primary objective is to meet the Chief Finance Officer's statutory obligation to prevent and detect fraud and corruption against the council. This includes benefit fraud, whistleblowing allegations and other types of corporate fraud such as Housing Tenancy Fraud.
- 1.4 The Investigations team also helps to drive improvements in performance across the council by investigating any serious breaches of the council's policies including the staff code of conduct. Other main areas of their work include delivery of the Government's National Fraud Initiative (NFI) and providing anti-fraud and anti-corruption awareness training to staff and Members.
- 1.5 BA would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the management and staff of the council during the year to date.

Purpose of the Business Assurance Progress Report

- 1.6 This report presents the council's Chief Executive, Directors and Audit Committee with information on all BA work covered and assurance in this respect during the period 27 October 2012 to 11 January 2013. It also provides an opportunity for the Director of BA and Democratic Services to highlight to the council's Corporate Leadership Team (CLT) and Audit Committee any significant issues that they need be aware of.

2. EXECUTIVE SUMMARY

- 2.1 The BA Investigations team held a very successful Fraud Awareness Week during the period. This has further raised awareness across the council of the fraud risks faced by the authority. It has also been supported by requests for fraud awareness training from a number of teams across the council.
- 2.2 The number of sanctions achieved by the Investigations team is significantly below target for the year to date. There are a number of reasons for this which have been previously highlighted to the council's CLT and Audit Committee. These include delays for cases pending court action where, for example, the claimants have failed to attend Court. These delays are to a great extent beyond the control of the Investigations team, although we continue to be committed to achieving successful outcomes in all our investigations.
- 2.3 IA work has progressed well, with a number of reports finalised in the period. There have been a number of lower priority reviews which have been deferred to enable opportunities to work with external clients. There were no **Nil** assurance IA reports issued during the period and only one **Limited** assurance report issued, which related to Children's Centres – Data Quality (further details in section 3 below).

3. ANALYSIS OF BUSINESS ASSURANCE ACTIVITY: 27 OCT' 2012 to 11 JAN' 2013

3.1 2012/13 IA Work

- 3.1.1 The individual IA reviews carried out in the 1 April 2012 to 11 January 2013 period are listed at Appendix A, which details the assurance levels achieved and provides an analysis of recommendations made (in accordance with the recommendation priorities outlined at Appendix C).
- 3.1.2 There were significant pieces of IA work completed during the period including Appraisals, Project Assurance on the Waste Project, Leisure Connections, Recharges and Procurement Benchmarking. Our IA review of the Fosters Project took the form of a lessons learnt report that identified best practice from the project and areas where project management could be strengthened.
- 3.1.3 The Appraisals audit was undertaken in collaboration with members of HR to provide a snapshot of performance management practice and has provided baseline data for the improving performance project. The Leisure Connections report highlighted the innovative approach adopted in relation to the Borough's leisure services through the formation of a leisure trust. The review highlighted that there remained work to do in ensuring that the trust operated effectively in the interests of the wider community.
- 3.1.4 The Assistant Director - Early Intervention & Community Support commissioned IA to review the quality of data being supplied by Children's Centres as she had identified a number of anomalies. The Children's Centres – Data Quality review highlighted that there were significant weaknesses in data quality and identified a number of solutions for management to take forward. The overall opinion for this review was a **Limited** assurance level. However management have produced a comprehensive action plan to improve the weaknesses identified. Nevertheless, there is a risk that with the current Assistant Director post-holder leaving the authority in the next couple of months and an Interim Strategic Director in post, the leadership on this issue may be lost. IA will continue to monitor progress in this area.
- 3.1.5 IA has been involved in the project board for the WISE replacement project and have been monitoring and 'by exception' reporting to the Project Sponsor. The project has an ambitious timetable for delivery but is currently on track. IA will continue to be involved in this project.
- 3.1.6 The results of the BA 'Follow-up of 2011/12 IA recommendations' has been separately reported to the Audit Committee at its meeting of 6 February 2013. Optalis (which is the most established of the council's trading companies) had 12 IA recommendations from 2011/12 to follow-up. Further to the initial results of this work it has been agreed with the Strategic Director of Resources and Optalis that a further audit at Optalis will be carried out by BA. This audit is now under way and the key findings will be reported to the Audit Committee once finalised.

3.2 2012/13 Benefits Fraud Investigations

- 3.2.1 Between 27 October 2012 and 11 January 2013 there have been **five sanctions**, including **one successful prosecution** for benefit fraud. On 2 January 2013 Javad Khan pleaded guilty to five charges of fraud in respect of benefit claimed by his parents between 2006 to 2009. He admitted completing forms which failed to declare that the property they claimed benefit for was owned by him. His parents had signed the documents he completed.
- 3.2.2 He was sentenced by Reading Magistrates to 18 weeks imprisonment, suspended for 18 months and ordered to carry out 140 hours unpaid work over the next 12 months and to pay £1,500 towards Prosecution costs.

3.3 2012/13 Corporate Investigations

3.3.1 There have been 14 corporate investigation referrals during the period:

- Two cases were not investigated following risk assessment;
- One was closed with no further action;
- Two are ongoing;
- One case is currently in the risk assessment process; and
- Eight Blue Badge enquiry cases are pending further information.

In addition to the new referrals, there are also ongoing cases which were referred in the past period:

- One case relates to a misuse of a concessionary bus pass, which is ongoing; and
- Two cases relate to Direct Payments and are ongoing;

3.4 Deferred IA Reviews

3.4.1 A number of IA reviews scheduled for Q3/Q4 have been deferred. Youth Service – Management Data and Children’s Services Income Generation were deferred as lower priority reviews to accommodate the opportunity to deliver work at another local authority where BA had not previously worked.

3.4.2 The Review of Lean Programme has been deferred as the Head of Service in a key area was not available due to significant illness. This review will be rescheduled in 2013/14 once the Head of Service returns to work. The scheduled VAT audit has been cancelled due to the HMRC inspection that provides coverage of this area. IA will place assurance on this report where appropriate.

3.4.3 The second part of the IA advisory work on the Children’s Services Resources Panel has been deferred because the auditor has resigned and will leave the council before management have completed their work on the panel. There is not alternative IA resource suitable for this review available until Q1 of 2013/14.

3.5 Key Performance Indicators

3.5.1 KPI 1 - Client Satisfaction Score

The client satisfaction score out of 100% based on client feedback from post audit engagement questionnaires.

There have been a number of post engagement questionnaires in this period that have not previously been reported on. The overall cumulative client satisfaction is **79.0%** for IA reviews completed in 2012/13. The benchmark is 67% which equates to ‘agree’ against the four key criteria that comprised the previous performance indicators. Above this figure requires ‘strongly agree’ to one or more of the statements.

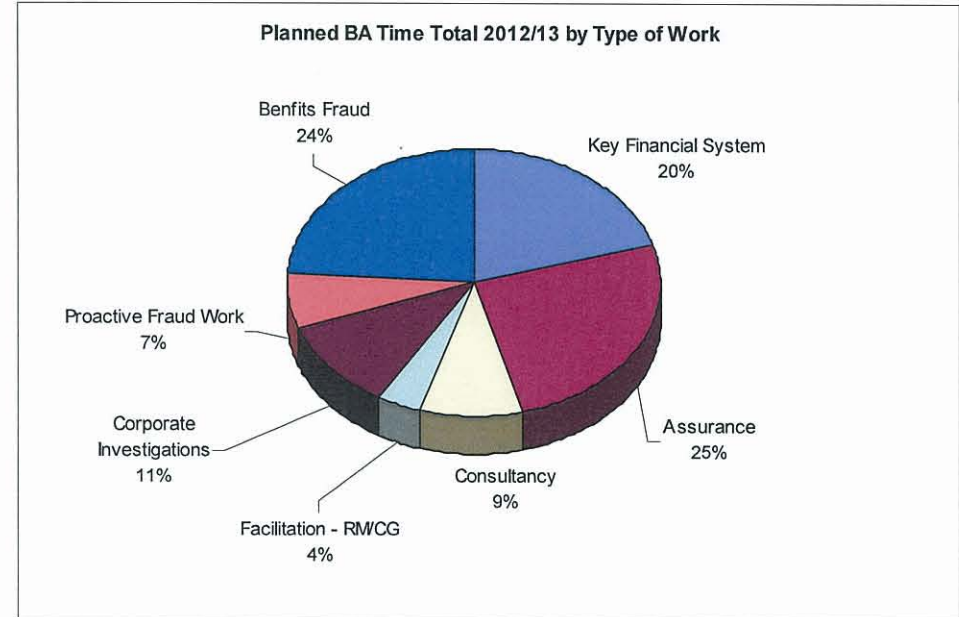
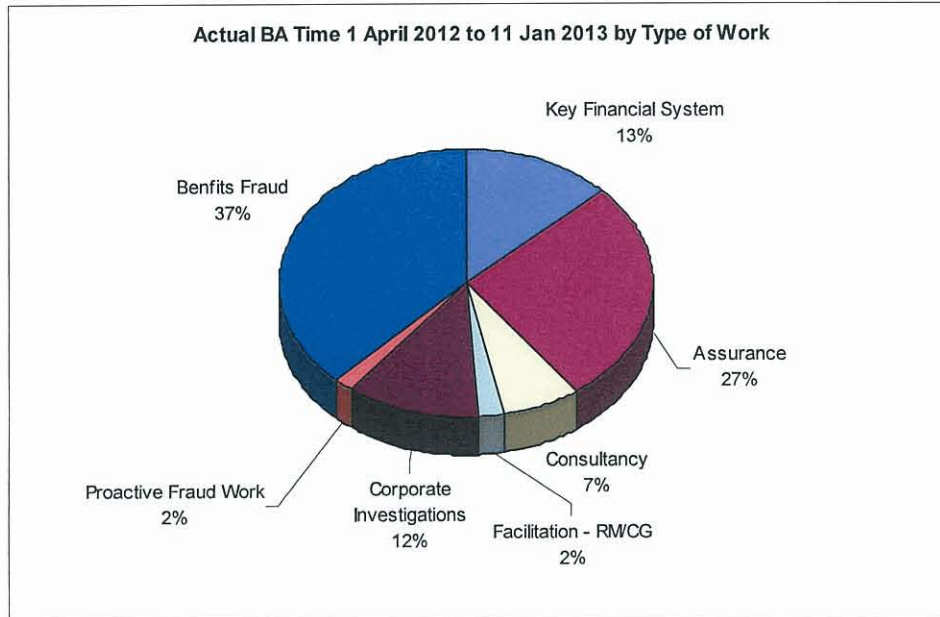
3.5.2 KPI 2 - Improvements to the Control Environment

Internal control and risk management improvements recommended to management not accepted or implemented.

There were 199 recommendations made in reports that were finalised in the period from the 1 April 2012 to 11 January 2013. **100%** of these were accepted by management. There was extensive follow-up activity completed against 2011/12 recommendations and the outcome was **82%** implementation rate. While IA can influence this implementation rate it is not under their direct control.

3.5.3 KPI 3 – Where the work of Business Assurance is focused

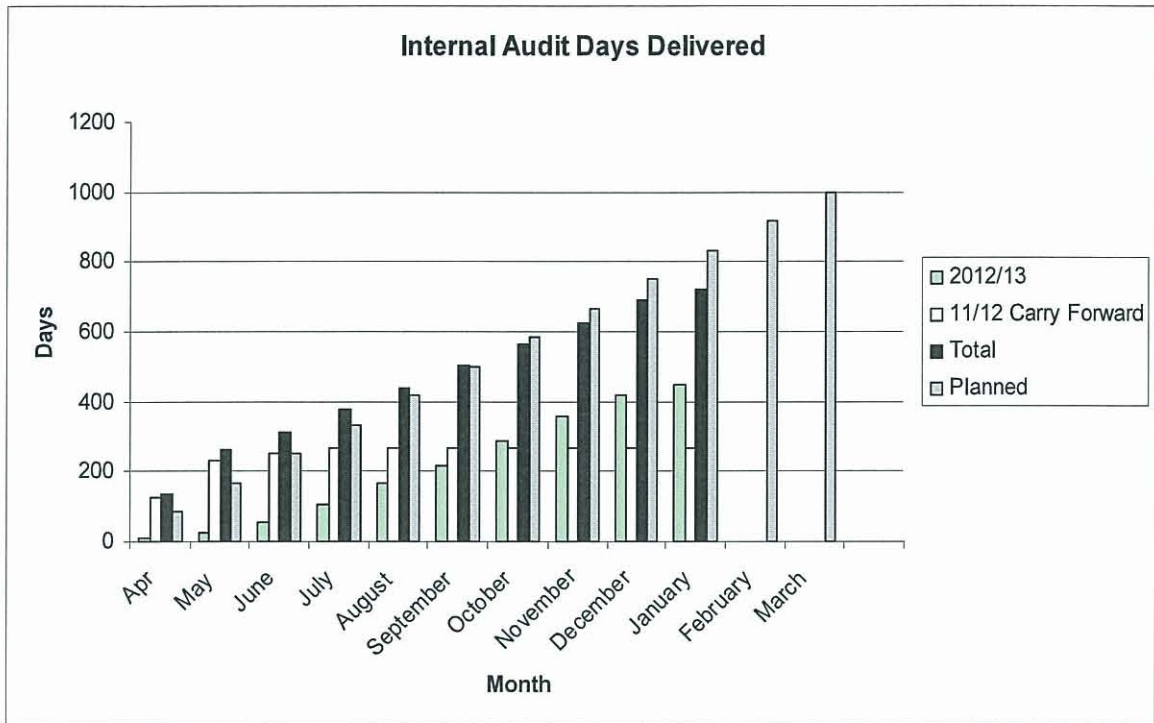
Comparison of actual and planned focus of BA by type of work undertaken:



These two charts detail the distribution of days by type of BA work. This enables CLT and the Audit Committee to maintain an overview of where resources are being used.

Both charts detail BA work at Wokingham Borough Council and exclude any work provided to other local authorities/ external Clients.

3.5.4 KPI 4 – Delivery of Internal Audit Days



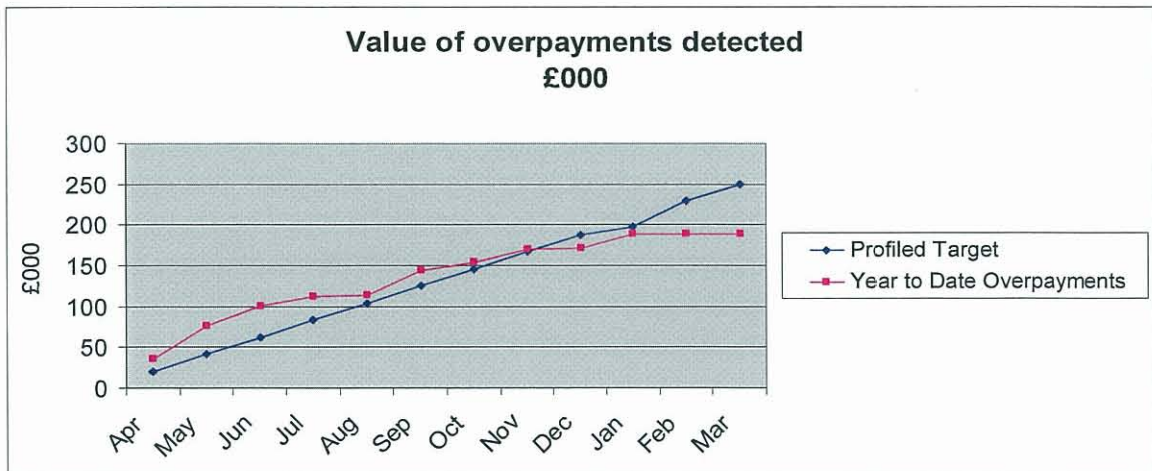
BA has a target to deliver 1,400 IA and Investigation days in 2012/13. Work provided to other local authorities/ external clients is allocated out of the 200 days contingency contained within the 1,400 days total. Delivery of IA days is lower than the profiled target but these are in line with expectations due to the peak in staff annual leave over the festive period, as well as the figures for January only including the time until 11 January.

3.5.5 KPI 5 – Benefit Overpayments



The year's target for identifying overpaid benefits (this can be due to either fraud or error) is £250,000 for 2012/13.

A total of £189,500 of overpaid benefits has been identified by BA, against the target of £198,000 for the year to date. **£31,508** of these have been identified in the period, the graph below highlights this.



3.5.6 KPI 6 – Sanctions Applied

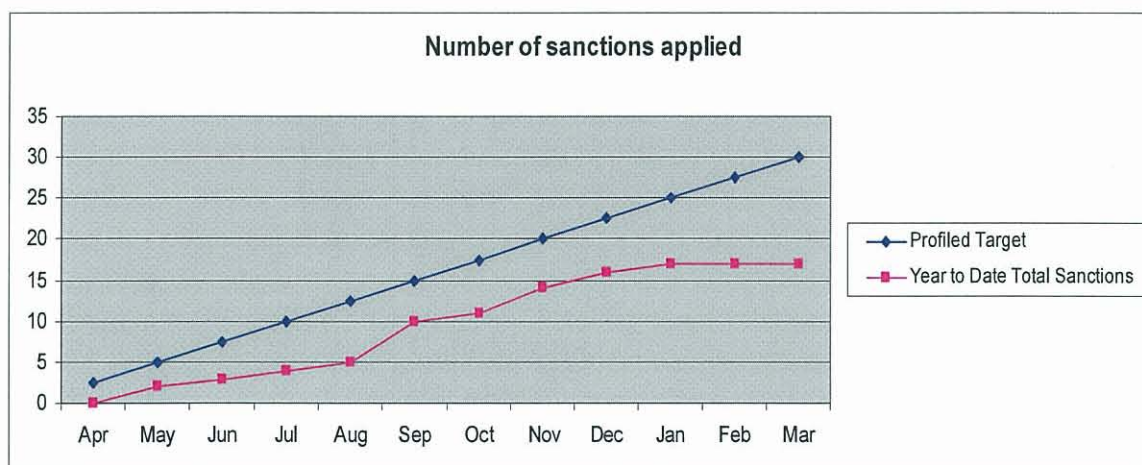


Where evidence indicates an offence has been committed in benefit fraud investigations, the offender can be offered:

- a formal caution (a warning, but the offence must be admitted); or
- an administrative penalty (which is a 30% fine on top of any overpaid benefit identified) or
- the Council will prosecute (for more serious cases).

These are referred to as 'sanctions' and BA has a target of achieving **30 sanctions/yr.**

From 1 April 2012 to 11 January 2013 a total of **17** sanctions have been applied, against a target of 24. Within the period (27 October 2012 to 11 January 2013) a total of **5** were applied (1 Prosecution, 2 Cautions and 2 Administrative Penalties). In total, **84 fraud investigations were completed in the period 27 October 2012 to 11 January 2013.**



The target for sanctions has not been met for the reporting period, in the most part due to the team working on a backlog of benefit cases which was caused by reduced staff resources during the early part of the year. Three investigations have resulted in prosecution decisions, but they have not been heard in court due to factors outside of our control. In two cases the claimants have failed to appear in court and warrants for their arrest have been issued. In the other case the claimant has disappeared (work is ongoing to try and locate them). The team have continued throughout this quarter to investigate cases on behalf of Oxfordshire County Council which has generated income for the council.

3.6 Additional Business Assurance Work

3.6.1 IA has provided a second piece of project assurance work to the Waste project and on a periodic basis will continue to do so until the end of the project. IA has also recently commenced an audit at Keep Mobile, having been invited to do so by the Keep Mobile Management Committee.

3.6.2 The Council held its first Fraud Awareness week in the week commencing 26 November. This introduced staff to a Fraud Awareness E-Learning package as well as an interactive Workshop. A campaign to raise awareness was launched to highlight the council's whistleblowing policy and the benefit fraud losses that the Wokingham taxpayers end up funding. This campaign is being rolled out across the organisation as part of the wider BA fraud prevention coverage. In addition, a further Blue Badge fraud drive is planned for next quarter, as well as a Housing Fraud initiative.

- 3.6.3 The work BA has successfully sold to external clients has generated an income of over £30,000 to date this financial year.
- 3.6.4 IA has also been involved in the verification of the Carbon Reduction Commitment figures after the Carbon team identified some discrepancies with previously reported figures.

3.7 Business Assurance Key Developments

- 3.7.1 BA is in the early stages of recruiting a Trainee Investigations Officer. The successful post-holder will have a fraud prevention financial target which in effect makes this an 'invest to save' initiative for the council.
- 3.7.2 BA and the council will also need to consider the best way forward regarding the vacancy created by the departure of its Senior Internal Auditor (Penny Knowles) who is leaving the council in February after nearly 4 years to take on a significant promotion working in central government.

4. FORWARD LOOK

- 4.1 IA is in the process of upgrading the software system it uses which coincides neatly with the council's upgrade to Windows 7 and Office 2010. In addition, the entire BA team is in the process of being relocated to the second floor of Shute End. As a result of the BA staff being predominantly smart workers, this office move should cause very little disruption in service to BA.
- 4.2 There are no other matters that the Director of Business Assurance and Democratic Services needs to bring to the attention of CLT or Audit Committee at this time.

Muir Laurie ACCA CMIIA MAAT

Director of Business Assurance and Democratic Services (and Head of Internal Audit)

11 January 2013

DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2012/13**Key:**

- **VH** = Very High
- **H** = High
- **M** = Medium
- **L** = Low
- **NP** = Notable Practice
- **ToR** = Terms of Reference
- **BAC** = Business Assurance Contingency (ad-hoc requests for work, etc)

Residual 2011/12 IA Reviews (completed after 31 March 2012)

IA Ref.	IA Review Area	Timing	Status as at 11 January 2013	Assurance Level	Priority					PAQ Received?
					VH	H	M	L	NP	
064	Cashiers	Q4	Final report issued 3 April 2012	Good	-	1	-	-	-	Yes
047	Debtors	Q3	Final report issued 5 April 2012	Reasonable	-	1	4	-	1	Yes
063	Bank Reconciliations	Q4	Final report issued 16 April 2012	Good	-	-	-	1	-	Yes
075	Schools - Financial Management (including Internal Controls)	Q4	Final report issued 20 April 2012	Reasonable	-	5	9	1	-	Yes
014	Governance Arrangements for Local Authority Trading Companies: WEL	Q1	Final report issued 4 May 2012	Reasonable	-	2	4	6	-	Yes
014a	Governance Arrangements for Local Authority Trading Companies: Optalis	Q1	Final report issued 4 May 2012	Reasonable	-	1	7	6	1	Yes
038	Governance Arrangements for Local Authority Trading Companies: WHL	Q2	Final report issued 4 May 2012	Reasonable	-	2	7	6	-	Yes
058	Performance Management	Q4	Final memo issued 4 May 2012	N/A	-	-	-	-	-	N/A
068	Treasury Management	Q4	Final report issued 16 May 2012	Good	-	-	3	1	-	Yes
082	Council Tax and NNDR	Q4	Final report issued 16 May 2012	Good	-	-	1	-	1	Yes

(Ctd)

IA Ref.	IA Review Area	Timing	Status as at 11 January 2013	Assurance Level	Priority					PAQ Received?
					VH	H	M	L	NP	
062	BACS	Q4	Final report issued 28 May 2012	Good	-	-	1	-	-	Yes
065	Budgetary Control	Q4	Final report issued 29 May 2012	Good	-	-	-	4	-	Yes
033	Information Governance	Q2	Final report issued 18 June 2012	Reasonable	-	-	6	1	2	Yes
066	Capital Accounting and Fixed Asset Register (including Capital Planning and Allocations)	Q4	Final report issued 19 June 2012	Reasonable	-	-	5	3	-	Yes
061	Corporate Governance	Q4	Final report issued 31 July 2012	Reasonable	-	4	7	2	-	No
027	Payments Kiosk	Q2	Draft report issued 15 March 2012 but Management response delayed; Final report issued 17 August 2012	Reasonable	-	2	-	-	1	Yes

2012/13 Planned IA Reviews

IA Ref.	IA Review Area	Timing	Status as at 11 January 2013	Assurance Level	Priority					PAQ Received?
					VH	H	M	L	NP	
001	Property	Q1	Fieldwork delayed due to other BA priorities; now due for completion in Q4. ToR issued 8 January 2013.	-	-	-	-	-	-	-
002	Town Centre Regeneration – Project Management	Q1	Final report issued 4 September 2012	Reasonable	-	3	3	-	-	-
003	Corporate Governance	Q1	Deferred by CEO to link into new performance management framework. Consultancy work on Effectiveness of Joint Board completed instead. Now due for completion in Q4	-	-	-	-	-	-	-
004	Organisational Change	Q1	Project Board role discharged	-	-	-	-	-	-	-
005	Housing Rents	Q1	Final report issued 12 October 2012	Reasonable	-	4	6	8	1	Yes

(Ctd)

IA Ref.	IA Review Area	Timing	Status as at 11 January 2013	Assurance Level	Priority					PAQ Received?
					VH	H	M	L	NP	
006	Main Accounting	Q1	Final report issued 3 September 2012	Good	-	-	1	3	-	Yes
007	Legal Shared Services	Q1	Deferred to 2013/14	-	-	-	-	-	-	-
008	S106 Infrastructure Delivery	Q1	Opening meeting held. Fieldwork commenced.	-	-	-	-	-	-	-
009	Third Sector Commissioning	Q1	Final report issued 22 August 2012	-	-	-	-	-	-	Yes
010	Appraisals	Q1	Final report issued 5 November 2012	Reasonable	-	8	13	2	-	Yes
011	Facilitation – Risk Management Group	Q1	RM Group meeting held on 22 May 2012	-	-	-	-	-	-	-
012	Facilitation – Corporate Risk Register	Q1	Corporate Risk Register presented to June Audit Committee	-	-	-	-	-	-	-
013	Facilitation – Annual Governance Statement	Q1	AGS presented to Audit Committee at its meeting of 28 June 2012	-	-	-	-	-	-	-
INV01	Corporate Investigations	Q1	Completed – details at para 3.3	-	-	-	-	-	-	-
INV02	Benefits Fraud	Q1	Completed – details at para 3.2	-	-	-	-	-	-	-
INV03	Proactive Fraud Prevention	Q1	Completed – details at para 3.3	-	-	-	-	-	-	-
017	Consultancy on Fosters Project Governance	Q2	Final report issued 26 November 2012	Reasonable	-	-	-	-	-	Yes
018	Recharges	Q2	Final report issued 23 November 2012	Good	-	-	1	3	1	Yes
019	Scrutiny Arrangements	Q2	Fieldwork completed							
020	ICT Management of Joiners and Leavers	Q2	Fieldwork completed							
021	Grounds Maintenance	Q2	Deferred to 2013/14	N/A	-	-	-	-	-	-
022	Environmental Health and Licensing Shared Service	Q2	Deferred to August 2013 at Management's request	N/A	-	-	-	-	-	-
023	Leisure Connection/Services	Q2	Final report issued 20 December 2012	Reasonable	-	1	8	-	-	Yes

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IA Ref.	IA Review Area	Timing	Status as at 11 January 2013	Assurance Level	Priority					PAQ Received?
					VH	H	M	L	NP	
024	Adult Social Care - Personal Budgets & Direct Payments	Q2	Draft ToR issued 7 January 2013							
025	Public Health Transition	Q2	Draft ToR issued 11 January 2013							
026	Service Planning	Q2	Final memo issued 27 September 2012	N/A	-	-	-	-	-	-
027	Procurement Benchmarking	Q2	Final report issued 9 January 2013	N/A	-	-	-	-	-	Yes
028	Frameworki - Project Management	Q2	Final report issued 11 January 2013	Reasonable	-	-	-	-	-	No
029	Organisational Change Programme Board	Q2	IA work concluded	N/A	-	-	-	-	-	-
030	Performance Management Project Board	Q2	IA work completed for Q2	N/A	-	-	-	-	-	-
031	Housing Benefits	Q2	Draft report issued 23 November 2012							
032	Children's Centres - Data Quality	Q2	Final report issued 11 January 2013	Limited	-	8	2	6	-	-
033	Key Control Review of Top Three Council Risks	Q2	ToR issued on 28 August. Fieldwork completed.							
034	WISE Replacement Project	Q2	IA work completed	N/A	-	-	-	-	-	-
035	Effectiveness of Internal Audit	Q2	Final report issued on 18 October 2012 (scope expanded to include investigations)	Good	-	1	7	8	-	Yes
036	Risk Management Facilitation	Q2	Risk Management Group meeting cancelled due to leave. Work completed via email and review.	N/A	-	-	-	-	-	-
037	Corporate Risk Register	Q2	Corporate Risk Register presented to September Audit Committee	N/A	-	-	-	-	-	-

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IA Ref.	IA Review Area	Timing	Status as at 11 January 2013	Assurance Level	Priority					PAQ Received?
					VH	H	M	L	NP	
INV04	Investigations	Q2	Completed – details at para 3.3	N/A	-	-	-	-	-	-
INV05	Benefits Fraud	Q2	Completed – details at para 3.2	N/A	-	-	-	-	-	-
INV06	Proactive Fraud Prevention	Q2	Completed – details at para 3.3	N/A	-	-	-	-	-	-
040	Debtors	Q3	Fieldwork in progress							
041	Creditors	Q3	Fieldwork completed							
042	Payroll	Q3	Fieldwork completed							
043	Cashiers	Q3	Draft report in progress							
044	Council Tax & NNDR	Q3	ToR issued 4 December 2012							
045	Treasury Management	Q3	ToR drafted							
046	Service Planning Assessment	Q3	Fieldwork commenced							
047	Information Security Awareness	Q3	Work commenced							
048	Youth Service - Management Data	Q3	Deferred to 2013/14	N/A	-	-	-	-	-	-
049	Children's Services Income Generation	Q3	Deferred to 2013/14	N/A	-	-	-	-	-	-
050	Section 106 - Infrastructure Delivery (Deferred from Q1)	Q3	Fieldwork in progress							
051	Transition Planning (Children to Adults)	Q3	ToR being drafted							
052	Review of Lean Programme	Q4	Deferred to 2013/14	N/A	-	-	-	-	-	-
053	Review of Major Projects Governance	Q4	ToR drafted							
054	Capital Accounting	Q4	ToR drafted							
055	Budgetary Control & Financial Reporting	Q4	ToR issued 8 January 2013							

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IA Ref.	IA Review Area	Timing	Status as at 11 January 2013	Assurance Level	Priority					PAQ Received?
					VH	H	M	L	NP	
056	VAT	Q4	Assurance to be gained from HMRC inspection							
057	BACS	Q4	Fieldwork completed							
058	Material Schools	Q4	Incorporated into IA ref 067							
059	Corporate Governance	Q4	ToR issued 11 January 2013							
060	Information Governance	Q4	Fieldwork in progress							
061	Review of Risk Management	Q4	ToR being drafted							
062	Annual Governance Statement 2012/13 Facilitation	Q4	Process has commenced							
063	Bank Reconciliations	Q4	ToR being drafted							
064	Procurement Model	Q4	Consultancy work in preparation							
065	Recruitment - Reference Checks	Q4	ToR drafted							
066	Children's Services Resource Panel	Q4	Deferred to 2013/14	N/A	-	-	-	-	-	-
067	Schools Financial Value Standard	Q4	ToR drafted							
068	WISE Replacement Project	Q4	Consultancy/ assurance work on this project is in progress							
069	Technology Futures Programme - Project Assurance/ Project Advice	Q4	Fieldwork completed							
070	Internal Audit Follow-ups	Q4	Majority of work completed in Q4							
071	Risk Management Facilitation	Q4	Q4 risk management work is in progress							
072	Corporate Risk Register	Q4	Q4 risk management work is in progress							

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(Ctd)

IA Ref.	IA Review Area	Timing	Status as at 11 January 2013	Assurance Level	Priority					PAQ Received?
					VH	H	M	L	NP	
073	Performance Management Project Board	Q4	Consultancy work on this project is in progress							
INV07	Investigations	Q3-Q4	Q4 Investigations work is in progress	N/A	-	-	-	-	-	-
INV08	Benefits Fraud	Q3-Q4	Q4 Benefits fraud work is in progress	N/A	-	-	-	-	-	-
INV09	Proactive Fraud Prevention	Q3-Q4	Q4 Fraud prevention work is in progress	N/A	-	-	-	-	-	-
BAC 1	Troubled Families Grant	Q1	Initial verification of eligibility of families identified	N/A	-	-	-	-	-	-
BAC 2	Children's Centre Imprest Reconciliations	Q2	Final memo issued 17 October 2012	Limited	-	-	-	-	-	-
BAC 3	Waste Collection Implementation	Q2	Report issued 3 August 2012	N/A	-	-	-	-	-	-
BAC 4	Waste Collection – Project Assurance	Q2	Memo issued 29 October 2012	N/A	-	-	-	-	-	-
BAC 5	Transport Capital Block Funding Grant	Q3	Grant verified 29 November 2012	N/A	-	-	-	-	-	-
BAC 6	Tender Opening Memo	Q2	Final memo issued 16 October 2012	N/A	-	-	-	-	-	-
BAC 7	Service Planning Benchmarking	Q2	Final memo issued 27 September 2012	N/A	-	-	-	-	-	-
BAC 8	Carbon Reduction Commitment	Q3	Fieldwork commenced							
BAC 9	Keep Mobile	Q4	ToR being drafted							
BAC 10	Council Decision Making Governance Arrangements	Q4	IA Consultancy on Analysis of Member and Officer feedback is in progress	N/A	-	-	-	-	-	-

Total 2012/13 IA recommendations raised as at 11 January 2013

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INTERNAL AUDIT ASSURANCE LEVELS AND DEFINITIONS

In our professional opinion the IA assurance levels and definitions are:

Assurance Level	Definition
Outstanding	There is outstanding management of the key risks to the council objectives. There is significant innovation or high levels of user satisfaction. There are examples of best practice. There is an appropriate control environment with due regard to the Council's risk appetite. There is positive assurance that objectives will be achieved.
Good	There is a good level of assurance over the management of the key risks to the council objectives. The control environment ¹ is robust with no major weaknesses in design or operation. There is good assurance that objectives will be achieved.
Reasonable	There is a reasonable level of assurance over the management of the key risks to the council objectives. The control environment ¹ is in need of improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains a risk that objectives will not be achieved.
Limited	There is a limited level of assurance over the management of the key risks to the council objectives. The control environment ¹ has significant weaknesses in either design and/or operation. The level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a significant risk that objectives will not be achieved.
No	There is no assurance to be derived from the management of key risks to the council objectives. There is an absence of several key elements of the control environment ¹ in design and/or operation. There are extensive improvements to be made. There is a substantial variance between the risk appetite ² and the residual risk ³ to objectives. There is a high risk that objectives will not be achieved.

1. Control Environment - The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the authority's objectives;
- the facilitation of policy and decision-making;
- ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
- ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty;
- the financial management of the authority and the reporting of financial management; and
- the performance management of the authority and the reporting of performance management.

2. Risk Appetite - The amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time.

3. Residual Risk - The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

INTERNAL AUDIT RECOMMENDATION PRIORITY RATINGS AND DEFINITIONS

In our professional opinion the priority ratings and definitions of IA recommendations are:

Priority	Definition
Very High ●	The recommendation relates to a highly significant threat or opportunity that impacts directly on the council's corporate objectives. The action required is to mitigate a serious risk to the council. In particular it has a critical impact on the council's reputation, statutory compliance, finances or strategic priorities. The risk requires immediate senior management attention.
High ●	The recommendation relates to a significant threat or opportunity that impacts the council's corporate objectives. The action required is to mitigate a substantial risk to the council. In particular it has an impact on the council's reputation, statutory compliance, finances or key corporate objectives. The risk requires senior management attention.
Medium	The recommendation relates to a potentially significant threat or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the council. In particular an adverse impact on the department's reputation, adherence to council policy, the departmental budget or service plan objectives. The risk requires management attention.
Low ●	The recommendation relates to a minor threat or opportunity that impacts on operational objectives. The action required is to mitigate a minor risk to the council as a whole. This may be compliance with best practice or minimal impacts on the service's reputation, adherence to local procedures, local budget or Section objectives. The risk maybe tolerable in the medium to short term.
Notable Practice ●	The activity reflects current best management practice or is an innovative response to the management of risk within the council. The practice should be shared with others.