

Shared Audit and Investigation Service
Wokingham Borough Council Performance Report
2018/19 to 30 September 2018
Audit Committee 7 November 2018

2018/19 Quarterly Progress Report (to 30 September 2018)

1. Executive Summary

- 1.1 This report summarises the work of Internal Audit and Investigation to 30 September 2018.
- 1.2 The financial years 2017/18 and 2018/19 have seen a period of significant change within the Council as it goes through its 21 Century Council (CC) Transition Programme. It is therefore imperative to ensure during this period of change that the Council's overall Corporate Governance and internal control framework are maintained. In respect of Corporate Governance arrangements, we have found that there is scope for development in certain key areas, including the council vision, service planning, values and behaviours, performance reporting, the effectiveness of organisational culture and training for staff and members. Nevertheless, we have identified that, where possible, compensating controls have been established and a comprehensive work programme is underway to address areas identified for improvement.
- 1.3 We also recognise that the Council has needed to respond to financial constraints placed on the organisation and with the ongoing expectation of effective service delivery. A review of the benefits realised for phase 1 of the programme has been commissioned and will report on how effectively this is evidenced, communicated and shared across the organisation. In the wake of the new 21st Century Council, there is a real opportunity to work with Officers and Members in developing a corporate approach to both review and build an effective and positive culture that supports the new model and concludes the significant piece of work undertaken by Wokingham Borough Council.
- 1.4 Overall, Internal Audit are satisfied that controls over risk management, programme management (IT framework and financial reporting) and governance on the 21 CC Programme are operating effectively.
- 1.5 The 21CC Programme is stated as being on track to break even by the end of the four year period to 2019/20. Detailed financial reports are submitted to the key governance bodies – audit work is ongoing to substantiate the financial savings.

2. Internal Audit

Performance against Audit Plan to 30 September 2018

- 2.1 Appendix A(l) presents progress made against the approved 2018/19 Internal Audit and Investigation Plan approved at the meeting of this Committee on 7 February 2018. We are reporting progress as at the 30th September 2018 and are actively managing the Audit Plan to take account of developments regarding the 21st Century Council initiative to ensure that our audit work is focussed on assisting the organisation to achieve its objectives and to add value.

2.2 There were 10 audits carried forward from 2017/18, 5 are at final report stage and 5 at draft report stage. For 2018/19 audits there are 3 at final report stage, 7 at draft report stage, 3 are work in progress and there is 1 grant certification.

Third Category Audit Opinion Reviews

2.3 There have not been three audit reviews receiving the third or fourth category of audit opinion (Range of Risk Mitigation Controls is incomplete and risks are not effectively Mitigated) that has been completed to Final Report stage since the quarter 1 progress report submitted to the Audit Committee on 25 July 2018 that relate to the 2018/19 financial year. A summary of the audits is as follows:-

2017/18 Housing Rents - Considerable progress has been made to address the concerns raised in 2016/17, with the majority of countermeasures either implemented or near to being implemented. The former and current tenant arrears figures, however, have not reduced and collectively stand at approximately £900k as at 4 March 2018 (it should be noted that work has been carried out on the report data to ensure that all relevant information is captured; we cannot therefore be confident that we are comparing like for like). Despite the work that has been done, the audit opinion remains 3rd of 4 due to the amount of debt involved and the lack of reduction since the previous audit.

2017/18 Debtors - One of the concerns identified in the 2016/17 audit was the absence of management information to identify a true debt position and to inform senior management decision making. While this is still not available, it is not possible to assess any progress in the debt collection performance. It should also be ensured that all budget managers receive their aged debt report each month and there is a need to ensure that resources are sufficient, and that the changes from the 21 CCI initiative are managed, so that they do not have a detrimental effect on the organisation's collection of monies owed.

2017/18 Shared Property/Building Services - The direction of travel of the Shared Building Service is positive, and in view of the current and future changes it is progressing clearly towards a position where controls are substantially complete and generally effective. There are still, however, original risks remaining in the interim which will be re-visited in detail as part of the 2018/19 Internal Audit review. The four High Risks related to Reactive Maintenance work and Service Contracts relevant to WBC, with the concerns encompassing various elements relating to verifying payments, supporting documentation, Health & Safety and contract documentation.

2.4 Where concerns are classified as being Very High or High that have been tolerated by management, these are highlighted to the Audit Committee. There have been no cases in Quarter 2 of Very High or High concerns being tolerated by management.

2.5 Management is given one month between the draft and final reporting stage to address any countermeasures and, where applicable, improve the overall audit opinion. There were no audits (as shown in Appendix A(I)) during this second quarter where the opinion was improved from the draft to final report stage.

2.6 Contingency days to date have been spent on consultancy work requested by management in the following areas. All are currently in progress and the outcome of the reviews will be reported in the next quarterly report:

- Planning Controls – Draft
- Building Control – Work in progress
- Licensing – Work in progress
- Right to buy – Work in progress
- Fosters Extra Care Scheme – Work in progress

3. Corporate Investigations

3.1 Corporate investigations have been working on the areas of housing, disciplinary cases and code of conduct cases. In addition to this there is an ongoing investigation at a school which has been referred to the Police by the Shared Legal Services.

Regulation of Investigatory Powers Act

3.2 No new investigations have been undertaken during 2018/19 that has required Regulation of Investigatory Powers Act surveillance approval to be requested.

Audit and Investigation - Other Work Areas

Audit

IIA External Review Against the Public Sector Internal Audit Standards - Update

3.3. As reported in the Annual Report submitted to the Audit Committee on 6 June 2018, Internal Audit service providers are required to have an independent external assessment every five years. As such, a consultant representing CIPFA was engaged to complete this external assessment during quarter 4 of last year.

3.4 The report was received in April where the service achieved a “Generally Compliant” category which is the top opinion and a small number of recommendations were made to ensure full compliance with the Standards, plus a number of advisory points raised to assist the development of the Shared Service and the achievement of best practice going ahead.

3.5 The Audit Committee should note that progress against the recommendations and suggestions are continuing. Updates on progress will be reported to future meetings of the Audit Committee.

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