

REPORT TO AUDIT & GOVERNANCE

Date of Meeting: 3rd DECEMBER 2014

Report of: AUDIT MANAGERS

Title: INTERNAL AUDIT PROGRESS REPORT 2nd QUARTER 1st JULY TO 30th SEPTEMBER 2014

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function? COUNCIL

1. What is the report about?

To report on internal audit work carried out during the period 1st July to 30th September 2014, to advise on overall progress against the Audit Plan and to report any emerging issues requiring consideration.

2. Recommendations:

2.1 That the Internal Audit Progress Report for the second quarter of the year 2014/15 be noted.

2.2 Members decide whether the audit report recommendation not accepted by management, as detailed in 8.2, is an acceptable risks to the Council.

3. Reasons for the recommendation:

3.1 One of the roles of this committee is to review quarterly internal audit reports and the main issues arising and seek assurance from management that action has been taken, where necessary.

4. What are the resource implications including non financial resources.

4.1 None.

5. Section 151 Officer comments:

5.1 Any financial implications arising out of the Museums recommendation, will be considered against the risk outlined once the cost of a valuation is known.

6. What are the legal aspects?

None. This report is essentially about risk management.

7. Monitoring Officer's comments:

No comment to make.

8. Report details:

This Committee is responsible for the implementation and active monitoring of audit processes and actions, which includes performance against the annual audit plan, reviewing quarterly internal audit progress reports and seeking responses and assurance from management regarding audit recommendations that have not been accepted or those not implemented within a reasonable timescale. The 2014/15 Audit Plan was approved at this Committee on 12th March 2014.

The purpose of Internal Audit is to provide an independent and objective review of the adequacy and effectiveness of the Council's arrangements for internal control, risk management and governance. The activities we audit are given an assurance rating as follows:

Excellent	★★★★★	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
Good	★★★★	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but a few areas for improvement have been identified.
Some improvement required	★★★	There is a basic control framework in place, but not all risks are well managed and a number of controls are required to be strengthened.
Significant improvement required	★★	Most of the areas reviewed were not found to be adequately controlled. Risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.
Fundamental weakness	★	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

8.1 Work Undertaken

Internal Audit's objective is to examine the Council's financial and non-financial systems to check that there are adequate internal controls in place to prevent loss due to frauds, errors and inefficiency, and due attention is paid to corporate governance and risk management.

A summary of progress against the annual audit plan to date is shown at Appendix A, together with the current status of each area for review and the outcomes of the review, where completed.

The table is based on the audit plan and the systems grouped into the twelve strategic purposes as per the Corporate Plan.

A further summary of the outcomes of audits completed can be found at Appendix B.

Progress against the annual audit plan is on target.

8.2. Issues for consideration

Two reports issued by Internal Audit during this quarter contain recommendations not accepted by management, the details of which are below.

There are no instances of management accepting a recommendation which was not subsequently implemented within a reasonable timescale.

a) Safeguarding

Internal audit recommended that the completion of the e-learning safeguarding training should be made mandatory to all staff (including those at the Museum). Where e-learning is not practical (e.g. Cleansing and Waste Collection employees), tool box talks or basic classroom based training should be provided instead.

Management did not agree with this recommendation and advised that:
"They did not understand the basis for making the e-learning mandatory for all employees. There are many employees who will never encounter situations during their employed role which could give rise to the need or desire for recognition of safeguarding issues. Roles should be prioritised with High requiring classroom based learning, Medium requiring e-learning or tool-box / basic classroom based training. Low having the option of e-learning".

b) Museums

The recommendation not accepted by RAMM management related to valuations in the accessions register. Internal Audit recommended that:

- a) Wherever possible, objects on the Accessions register should be assigned a value.
- b) On an annual basis, the total sum assured for museum objects should be reviewed to check that there is adequate cover. Reports from the Accessions Register on the total value of objects should be referred to when carrying out this review.

RAMM Management did not agree with this recommendation, stating that:

- a) *"Valuing objects is a specialist area covered by auction houses and valuers. Curators do not have the time, access or resources to keep pace with market prices meaning that individual valuation would require a huge amount of research time. Bringing in professional auction house valuers would be a very expensive undertaking for the Council and would need additional funding. Valuations are, however, produced for high value items."*
- b) *"See response above. An inflationary increase to the sum assured is probably the best way of dealing with this."*

However, this matter was reported to the Senior Management Team (SMT), through the normal reporting procedure and SMT have requested that this recommendation is actioned.

9. How does the decision contribute to the Council's Corporate Plan?

Good governance contributes to the Council's purpose of a "Well Run Council".

10. What risks are there and how can they be reduced?

Not applicable.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

Not applicable.

12. Are there any other options?

Not applicable.

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Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-
None

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