



TO COUNCILLOR:

N Alam
Miss P V Joshi

J Kaufman
K J Loydall JP (Chair)

D W Loydall
Dr I K Ridley

Dear Sir or Madam

I hereby **SUMMON** you to attend a meeting of the **AUDIT COMMITTEE** to be held at the **COMMITTEE ROOM - COUNCIL OFFICES** on **WEDNESDAY, 4 SEPTEMBER 2019** at **4.00 PM** for the transaction of the business set out in the Agenda below.

Yours faithfully

Council Offices
Wigston
27 August 2019

Mrs Anne E Court
Chief Executive

<u>ITEM NO.</u>	<u>AGENDA</u>	<u>PAGE NO'S</u>
1.	Apologies for Absence To receive apologies for absence from Members to determine the quorum of the meeting in accordance with Rule 7 of Part 4 of the Constitution.	
2.	Appointment of Substitutes To appoint substitute Members in accordance with Rule 26 of Part 4 of the Constitution and the Substitution Procedure Rules.	
3.	Declarations of Interest Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.	
4.	Petitions and Deputations To receive any Petitions and, or, Deputations in accordance with Rule(s) 11 and 12 of Part 4 of the Constitution and the Petitions Procedure Rules respectively.	
5.	Internal Audit Progress Report (Q1 2019/20) Report of the Deputy Chief Executive	1 - 11



For more information, please contact:

Democratic Services

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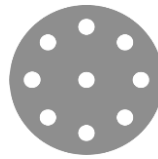
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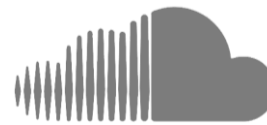
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Agenda Item 5



Audit Committee	Wednesday, 04 September 2019	Matter for Information
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Report Title: **Internal Audit Progress Report (Q1 2019/20)**

Report Author(s): **Stephen Hinds (Deputy Chief Executive)**

Purpose of Report:	To update the Committee on progress made in delivering the 2019/20 Audit Plan and to provide an update in relation to management's implementation of internal audit recommendations.
Report Summary:	The Internal Auditors are satisfied that delivery to date of the 2019/20 Audit Plan is in accordance with the delivery profile agreed with management. For this quarter, five reviews have been completed and final reports have been agreed with management.
Recommendation(s):	That the content of the report be noted.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Stephen Hinds (Deputy Chief Executive) (0116) 257 2681 Stephen.Hinds@oadby-wigston.gov.uk Tim Ridout (Head of Internal Audit, CW Audit Services) 07590 960639 Tim.Ridout@cwaudit.org.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1) Innovation (V4) Teamwork (V3) Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Organisational / Transformational Change (CR8)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	

Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	1. Internal Audit Progress Report (September 2019)

1. Introduction

- 1.1 This report summarises the work of Internal Audit for the period covering quarter 1 for 2019/20. A copy of the Internal Audit Progress Report is attached at Appendix 1.
- 1.2 The purpose of the report is to update the Committee on progress made in delivering the 2019/19 Audit Plan and to provide an update in relation to management's implementation of internal audit recommendations.

2. Information

- 2.1 The Internal Audit Plan for 2019/20 has been agreed, with Section 5 of Appendix 1 giving details of planned audits over the coming months.
- 2.2 The purpose of the report is to show progress against the Audit Plan and to summarise key findings and conclusions arising from the work performed during the period.
- 2.3 The report shows that no audits gave limited assurance.

Oadby & Wigston Borough Council

Internal Audit Progress Report

September 2019



Bringing public value to life

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internal audit services

1. Introduction

This report summarises the work of Internal Audit for the period to the end of July 2019. The purpose of the report is to update the Audit Committee on progress made in delivering the 2019/20 audit plan and to update in relation to management’s implementation of internal audit recommendations.

2. Progress summary

This is the first progress report for 2019/20. We are satisfied that delivery to date is in accordance with the delivery profile agreed with management.

3. Reviews completed and work in progress

For the reporting period two advisory reviews have been completed and the results shared and discussed with management. -one relating to the identification of potential duplicate payment of creditor invoices and, a targeted follow up exercise confirming the implementation of recommendations so recorded by officers on the TeamCentral system. The 2019/20 annual plan at Section 5 sets out other work in progress and planned timings of reviews where known.

Review	Level of assurance
Anti Fraud & Corruption - Completed	N/A - Advisory
Recommendation Tracking – Targeted Follow Up Exercise	N/A - Advisory

4. Recommendation tracking

We provide a system for tracking the actioning of agreed Internal Audit recommendations as a management assurance tool for the Council and specifically this Committee. Managers are responsible for updating actions taken and other key information directly on the system. The first table below represents the status of agreed actions due to be implemented by 31/7/19, the second table outlines the age of the outstanding recommendations (based on the original date due for implementation). The status shown in general is as advised by the relevant manager/Head of Service and does not imply that Internal Audit has verified the status in all cases. However in this case Internal Audit has assessed a targeted selection of actions previously recorded as 'implemented' by managers, to provide independent assurance over the validity of this status. We identified five cases in which actions were not in fact implemented, and the data shown below reflects the corrected status of these actions.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 31/7/19	-	98	384	105	587
Implemented	-	89	341	99	529
Closed (e.g. superseded or system changed)	-	4	24	3	31
Still to be completed	-	5	19	3	27

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	0	6	1	7
3 – 6 months	-	4	5	1	10
Greater than 6 months	-	1	8	1	10

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Total	-	5	19	3	27

As previously requested we provide below details of all outstanding 'high risk' issues, and 'medium risk' issues outstanding for more than 6 months.

'High Risk' outstanding issues (5)

Review	Recommendation	Risk Rating	Current status per Management (or from our follow up work where stated)
17/18 Taxi and Hackney Carriage Licensing	An urgent review of all licensed vehicles needs to be undertaken to ensure that all vehicles have been inspected within the last six months. Any vehicles found to be in breach of licence conditions should immediately have their licence suspended pending inspection or other action by the Authority. A system should be put in place that highlights any vehicles approaching six month inspection dates to ensure that no vehicles are left operating beyond the six month period without passing an inspection.	2	<p>This action was previously recorded as implemented. Our recent targeted follow up exercise found that this is work in progress.</p> <p>Currently the onus is on the owners to ensure vehicle inspections and visual inspections are up to date as per the terms and conditions of vehicle licences issued. The owners contact the Customer Services Centre who enter appointment details (3 days a week) into the LALPAC Diary System to which Licensing Team members have access for visual inspections at the Council. Arrangements are then made for the formal inspections at the nominated inspection site.</p> <p>Changes to be introduced are as follows:</p> <ul style="list-style-type: none"> Termination of visual inspections by OWBC staff except where the vehicle has been involved in an accident to determine whether it should be taken off the road.

Review	Recommendation	Risk Rating	Current status per Management (or from our follow up work where stated)
			<ul style="list-style-type: none"> • Using the Blaby DC model the visual inspections will be linked to the MoT to be carried at two nominated testing stations - Arriva and Leicester City. Staff are preparing the OWBC forms and criteria which these testing stations will have to use • Currently a list of all vehicles whose inspections are out of date is being prepared. This list will be shared with the inspection stations. Letters will also be sent to vehicle owners reminding them of the need to get their vehicles inspected. The OWBC LALPAC system will be updated accordingly. • The planned introduction of the UNIFORM system to replace the LALPAC system by the 2019 year end will then have all details related to the functioning of taxi licensing including inspections. <p>Management has updated that "Visual Inspections now form part of the MOT process and are conducted by the Council's authorized MOT stations".</p>
18/19 Disaster Recovery	Recommendations arising from a June 2018 DR test should be documented on a formal action plan and closed down as quickly as possible.	2	<p>Due to be implemented by 15/2/19 – Mike Dungey.</p> <p>Management has provided updates regarding a range of actions completed or being addressed and has stated that this work will be complete by 30/9/19.</p>
18/19 Housing Repairs, Maintenance and Voids Management	Quotations should be obtained in line with Contract Procedures and held on file in one location accessible to all relevant staff.	2	Due to be implemented by 31/3/19. In progress-rescheduled to 30/6/19 – now assigned to Adrian Thorpe
18/19 Housing Repairs,	The Council should ensure market	2	Due to be implemented by 31/3/19. In progress-

Review	Recommendation	Risk Rating	Current status per Management (or from our follow up work where stated)
Maintenance and Voids Management	testing is undertaken for works where spend levels on individual contractors undertaking these works requires this as per the Contract Procedures.		rescheduled to 30/9/19 – now assigned to Adrian Thorpe
18/19 Housing Repairs, Maintenance and Voids Management	The Council should ensure relevant staff are aware of the policy regarding inspections of contractors' work and ensure that documented inspections are carried out.	2	Due to be implemented by 1/4/19. No update yet provided. Now assigned to new Housing Manager.

Medium (level 3) risks outstanding for over 6 months (8)

Review	Recommendation	Risk Rating	Current status per Management
17/18 Taxi and Hackney Carriage Licensing	Licensing Officers should be adequately trained in the use and reporting abilities of the licensing system.	3	This action was previously recorded as implemented. Our recent targeted follow up exercise found that it is not implemented. A representative from LALPAC met with a temporary consultant then working in the Licensing Team in August 2018 but no formal training was provided. The introduction of a new system (Uniform) to replace LALPAC is underway and due to be completed by 1/11/19.
17/18 Fuel & Valuable Asset Control	Management should ensure that differences in diesel readings above set tolerance levels are investigated and resolved as part of the monthly fuel reconciliation and that evidence exists to support such action.	3	This action was previously recorded as implemented. Our recent targeted follow up exercise found that this is work in progress. The Council is currently looking into procuring a new gauge which will hopefully give a more accurate and consistent

Review	Recommendation	Risk Rating	Current status per Management
			read.
18/19 Cyber Security	All outstanding vulnerabilities should be monitored by the SWG and closed down as soon as possible.	3	Due to be implemented by 29/11/2018. Mike Dungey, Head of ICT, Leics ICT Partnership. In progress.
18/19 Cyber Security	The default administrator account should be renamed and the password to the account changed and kept in a secure location. The account should not be used to run any services.	3	Due to be implemented by 18/11/2018. Mike Dungey, Head of ICT, Leics ICT Partnership. In progress.
18/19 Cyber Security	A daily scan should be scheduled on all full Windows 10 clients.	3	Due to be implemented by 30/10/2018. Mike Dungey, Head of ICT, Leics ICT Partnership. In progress.
18/19 Cyber Security	The details held about computers in Active Directory should be updated.	3	Due to be implemented by 29/11/2018. Mike Dungey, Head of ICT, Leics ICT Partnership. In progress.
18/19 Disaster Recovery	The number of PCs, printers and telephones required by each service area should be included within each business continuity plan (BCP).	3	Due to be implemented by 31/1/19. Jacky Griffith, Head of Customer Services and Transformation Management has advised that all BCPs will be updated by 31/8/19
18/19 Disaster Recovery	Assurances should be sought from ICT on recovery capability and timescales should a major incident have an impact on all partners.	3	Due to be implemented by 31/1/19. Mike Dungey, Head of ICT, Leics ICT Partnership. The backup review recommendations are scheduled to be completed by 30/8/19. The recovery time objectives within the DRBC plan are scheduled for completion by 23/9/19.

5. 2019/20 Internal audit plan

Review	Scheduled Start*	Status	Level of assurance
Performance Management	TBA		
Risk Management	TBA		
Capital Programme	TBA		
Procurement	TBA		
Anti-Fraud and Corruption	Quarter 1/2	Completed	Advisory
Budgetary Control/MTFS	Quarter 3	Scoping	
Financial systems (ledger, creditors, debtors, treasury management, income management & cash receipting-key controls)	Quarter 3	Scoping	
IT Application Security	Quarter 2	Scoping	
Software Asset Management	Quarter 2	Scoping	
Website Content Management	Quarter 2	Scoping	
Payroll & Expenses	TBA		

Review	Scheduled Start*	Status	Level of assurance
HR – Agency Staff	TBA		
Council Tax	Quarter 3	Scoping	
Business Rates	Quarter 3	Scoping	
Benefits/Council Tax Support	Quarter 3	Scoping	
Housing Rents	Quarter 4		
Housing Strategy	Quarter 4		
Housing Repairs, Maintenance & Voids	Quarter 4		
Safeguarding	Quarter 1/2	In progress	
Follow-up	TBA		
Recommendation Tracking – Targeted Follow Up Exercise	Quarter 1/2	Completed	Advisory

*Timings either agreed with management where relevant or proposed by us.

TBA = To be agreed