

The Vale of Glamorgan Council

Audit Committee: 20th September 2016

Report of the Operational Manager - Audit as the Head of Audit

Internal Audit - Outturn Report - April to August 2017

Purpose of the Report

1. To present to members of the Committee the actual Internal Audit performance for the five months of the audit plan year covering April to August 2017.

Recommendation

THAT Members note the content of the report in respect of Internal Audit performance for April to August 2017.

Reason for the Recommendation

To keep the Audit Committee informed.

Background

2. The 2017/18 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 24th April 2016. The Plan outlined the assignments to be carried out and their respective priorities.
3. The Plan provides for a total of 1,145 productive days covering the period April 2017 to March 2018.

Relevant Issues and Options

4. Attached at Appendix A and B are the detailed reports (including the Head of Audits five months position report) on the work undertaken by Internal Audit so far this year.
5. The following table shows an analysis of work done in relation to the plan (1,145 available days).

| Directorate | 2017/18 Audit Plan Year | April to Aug 17 Budget days Expected | April to Aug 17 Actual days Delivered |
|--|-------------------------------|--|---|
| Managing Director / Resources | 315 | 131 | 121 |
| Social Services | 130 | 54 | 15 |
| Environment & Housing | 150 | 63 | 51 |
| Learning & Skills | 130 | 54 | 17 |
| Cross Cutting (including Fraud & Error) | 420 | 175 | 136 |
| TOTALS | 1,145 | 477 | 340 |

6. The figures show that 340 actual days have been achieved, which is less than that expected by 137 days.
7. As at the 1st April 2017 the overall structure of the Section is based on 18 Full Time Equivalents (FTE), of which, the Section is carrying 9.5 vacant posts at present.
8. The opinion contained within the report at Appendix A relates to the system of internal control at the Council and the overall control environment in place. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate/service policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. Included within Appendix B is the supporting evidence which lists all those assignments which have been commenced / completed during the first five months and where an assignment has been completed; an audit opinion has been applied.
9. On the basis of internal audit work undertaken so far this year, and taking into account all available evidence, it is my opinion that a satisfactory assurance level can be applied to standards of internal control at the Vale of Glamorgan Council so far to date.

Resource Implications (Financial and Employment)

10. None directly from this report.

Sustainability and Climate Change Implications

11. None directly from this report.

Legal Implications (to Include Human Rights Implications)

12. None directly from this report.

Crime and Disorder Implications

13. Pursuing initiatives to prevent, detect and deter crime is encompassed within the terms of reference under which the audit function operates.

Equal Opportunities Implications (to include Welsh Language issues)

14. None directly from this report.

Corporate/Service Objectives

15. The work of audit is intended to assist in the achievement of all corporate and service objectives.

Policy Framework and Budget

16. The proposals in this report are in accordance with the policy framework and budget.

Consultation (including Ward Member Consultation)

17. No further consultation is proposed

Relevant Scrutiny Committee

18. Corporate Performance and Resources

Background Papers

None

Contact Officer

Helen Smith - Operational Manager - Audit

Officers Consulted

None

Responsible Officer:

Carys Lord - Head of Finance / Section 151 Officer

**Bridgend and Vale Internal Audit Service: Head of Internal Audit's Interim Opinion Report April 17 to August 17
Vale of Glamorgan Council**

Executive Summary

This report provides a summary of the work completed by the Bridgend and Vale Internal Audit Shared Service for the first five months of the Financial Year April 2017 to August 2017 and provides the Head of Audit's interim opinion on the Council's framework of governance, risk management and internal control. Therefore, based on our work carried out so far this year, my overall opinion is that the Council's framework of governance, risk management and internal control is satisfactory.

Introduction

The aim of the Shared Service is to help both Councils meet high standards of service delivery. Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resources. The Shared Service supports the Audit Committees in discharging their responsibilities for:

- Advising on the adequacy and effectiveness of the Council's risk management, internal control and governance processes in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2015 as amended from time to time.
- Supporting the Head of Finance with her delegated responsibility for ensuring arrangements for the provision of an adequate and effective internal audit.
- Monitoring the adequacy and effectiveness of the Internal Audit Shared Service and Director's / Heads of Service responsibilities for ensuring an adequate control environment.
- Supporting the Council Leader and the Managing Director in their annual certification of the Annual Governance Statement.

- Supporting the Head of Finance in discharging her statutory responsibilities under Section 151 of the Local Government Act 1972.
- Ensuring that the Council's External Auditor in relation to our work on the main financial systems audits can place reliance on this.

Definition of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. (Source:- Public Sector Internal Audit Standards).

Statutory Framework

Internal Audit is a statutory requirement for local authorities. There are two principal pieces of legislation that impact upon internal audit in local authorities; these are:-

- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs.
- Section 5 of the Accounts and Audit (Wales) Regulations 2015 (as amended from time to time) states that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2015 (as amended from time to time) must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

Audit Committee

It is important to ensure that the Council has a sufficiently independent and effective Audit Committee that follows best practice. Audit Committees are a key component of corporate governance. They are a key source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. In addition, Internal Audit provides a key source of assurance to the Committee as to whether controls are operating effectively.

External Audit

The Council's External Auditor examines the work of Internal Audit on an annual basis in order to place reliance on this work when undertaking their audit work on the Council's Financial Statement of Accounts. The Council's External Auditors are the Wales Audit Office (WAO).

Public Sector Internal Audit Standards (PSIAS)

The Standards the Internal Audit Shared Service works to are the Public Sector Internal Audit Standards. These standards set out:

- The definition of internal auditing;
- Code of ethics.

- International standards for the professional practice of internal auditing. These standards cover the following areas:
 - Purpose, authority and responsibility.
 - Independence and objectivity;
 - Proficiency and due professional care;
 - Quality assurance and improvement programme;
 - Managing the internal audit activity;
 - Nature of work;
 - Engagement planning;
 - Performing the engagement;
 - Communicating results;
 - Monitoring progress;
 - Communicating the acceptance of risks.

The PSIAS apply to all internal audit service providers, whether in-house or outsourced. During 2016-17 an External Assessment was undertaken to review our compliance with the Public Sector Internal Audit Standards. The External Assessor concluded that; overall the assessment identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity. Indeed, the Assessor has further stated that all auditees and statutory officers were positive in their responses and understanding of the audit process and the value it added.

It is important to note that there is a requirement within the PSIAS for an external assessment to be undertaken once every five years. The PSIAS came into effect from 1st April 2013 and therefore as a consequence of the external assessment undertaken during 2016/17, the Internal Audit Shared Service has met this requirement.

Internal Audit Coverage – April to August 2017

The level of internal audit resources required to examine all the Council's activities far exceed those available each year. It is, therefore, essential that the work of Internal Audit be properly planned to ensure that maximum benefit is gained from the independent appraisal function that internal audit provides.

Resources must be appropriately targeted by assessing the Council's total audit needs and preparing a plan that ensures systems are reviewed on a risk basis according to the impact they have on service delivery.

The Internal Audit Plan for 2017/18 is based, to a large extent, on the Council's Corporate Risk Register. This was complemented by:

- Priorities identified by Corporate Directors;
- Heads of Service key risks,
- The requirements of the Council's Section 151 Officer;
- External Audit and
- Those concerns / issues raised by Internal Audit in previous audits and our knowledge of potentially high-risk areas.

The Plan was submitted and approved by the Council's Audit Committee on 24th April 2017. The plan provided for a total commitment of 1,145 productive days for the year. Table 1 below provides the outturn for the service so far this year and further detail is provided in Appendix B. The current structure for the Shared Service is under review; it currently comprises 18 Full Time Equivalent employees (FTE's), however, the proposal is to reduce the number of FTE's to 14 whilst revisiting the grades to ensure the service can attract the

calibre of staff required in a competitive market place. The Head of Audit aims to achieve best practice, but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year, the service was carrying 7.5 vacant FTE posts; this has subsequently increased to 9.5 FTE. This has had an impact on the number of days delivered for the first five months of this year as indicated below.

Table 1 – Productive outturn for the period April 2017 to August 2017

| Directorate | 2017/18 Full Year Plan Days | Proportion of Days Expected April to Aug 17 | Actual Days Achieved April to Aug 17 |
|---|-----------------------------|---|--------------------------------------|
| Managing Director / Resources | 315 | 131 | 121 |
| Social Services | 130 | 54 | 15 |
| Environment & Housing | 150 | 63 | 51 |
| Learning and Skills | 130 | 54 | 17 |
| Cross Cutting – (including Fraud and Error) | 420 | 175 | 136 |
| Total | 1,145 | 477 | 340 |

As can be seen from the table above, the actual outturn for the period shows that the overall productive days originally planned for have not been achieved. The shortfall of 137 productive days on that expected is as a direct result of staff vacancies and long term sickness absence. The ability to move forward with the re-structure has been hampered by sickness absence but it is envisaged that this will be resolved before the end of September. The lack of resources within the Service is of specific concern; however work is underway to address the shortfall in productive days.

A total of 19 reviews have been completed so far to-date, 13 (68%) of which have been closed with either a substantial or reasonable assurance opinion level. 3 (16%) of the reviews completed have identified weaknesses in the internal control environment to such an extent that the overall audit opinion was limited. Of the remaining 3 reviews (16%), although necessary, they did not culminate in an overall audit opinion.

It should be noted that of the 3 reviews where weaknesses have been identified 2 were as a result of a specific investigation.

Internal Control Weaknesses identified during the period (excluding those subject to a special investigation).

Leisure Equipment & Plant Security – An audit review was undertaken as part of the 2017/18 audit plan. The Parks teams within Visible Services and Transport use a high number of high value equipment and machinery that is easily portable to undertake their role of maintaining parks and playing fields throughout the County Borough. Due to the high value and high portability of this equipment there have been recent instances of items going missing. A number of strengths in the control environment were identified, however the key issues related specifically to equipment being stored at Court Road Depot but repaired at the Alps Depot with different computer systems used at each location. Equipment is accepted for repair at the Alps Depot without a formal request from Parks and there is no cover for the Storekeeper in times of absence. Six recommendations for improvement have been made, all of which have been accepted by management and immediate action taken.

Our overall opinion on a system is based on both the materiality and impact of the system and our opinion on the internal control arrangements within the system. The combination of these factors then results in a category of risk to the Council as shown in Table 2 below:

Table 2.

| | | MATERIALITY AND IMPACT | | |
|---|--|------------------------|-------------------|-----------------|
| | | HIGH | MEDIUM | LOW |
| | SYSTEM CONTROL | | | |
| 1 | Satisfactory | Moderate | Minimal | Minimal |
| 2 | Reasonable | Moderate | Moderate | Minimal |
| 3 | Limited – Significant Improvements required | Of Concern | <i>Moderate</i> | Moderate |
| 4 | No Assurance – Fundamental weaknesses identified. | Significant | Of Concern | Moderate |

Therefore, having regards to the reviews completed so far to-date and the overall opinions given and the responses received from the Chief Officers, and the follow up work undertaken, my overall opinion is the Council's overall internal control arrangements are considered to be **satisfactory**, resulting in a "**minimal**" level of risk.

Audit Recommendations – 2017/2018

Following each audit, report recipients are asked to complete an action / implementation plan showing whether they agree with the recommendations made and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions. For the five month period, Internal Audit has made a total of **19** recommendations, of which management has given written assurance that all of these will be implemented.

From time to time and where it is deemed appropriate to do so, Merits Attention recommendations will be made. By their very nature they relate specifically to an action that is considered desirable but does not necessarily have an impact on the control environment. To this end, these recommendations are not included on the Management Implementation Plan or logged on the Internal Audit Management Information system. Therefore a formal written response is not required from the client or included in the table below.

Table 3.

| 2017 -18 Recommendation Priority | No. Made | No. Agreed | No. Implemented | No. not Yet due to be actioned | No. Over due action date |
|--|-----------------|-------------------|------------------------|---------------------------------------|---------------------------------|
| | | | Complete | Pending | Outstanding |
| Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation | 0 | | | | |
| Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months | 19 | 19 | 9 | 3 | 7 |
| Total | 19 | 19 | 9 | 3 | 7 |

Table 4.

| Analysis of Overdue Implementation of Recommendations for 2017-18 | No. Overdue | One / Two months overdue Target date | Three or more months overdue target date |
|--|--------------------|---|---|
| | | Amber | Red |
| Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation | 0 | 0 | 0 |
| Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months | 7 | 7 | 0 |
| Total | 7 | 7 | 0 |

Resources, Qualifications and Experience

The Head of Internal Audit requires appropriate resources at their disposal to undertake sufficient work to offer an independent opinion on the Council’s internal control environment. This is a fundamental part of the Vale of Glamorgan Council’s governance arrangements. The Internal Audit Annual Plan was presented to the Audit Committee in April 2017, based on a provision of 1,145 productive days.

The Vale of Glamorgan Council leads the Bridgend and Vale Internal Audit Shared Service and provides all internal audit services to its partner Bridgend County Borough Council. As at the 1st April 2017 the staffing structure is listed in table 6 below.

Table 6

| 2015-16 Staffing Structure | FTE |
|---|------------|
| Operational Manager Audit - Head of Audit | 1 |
| Principal Auditor (1 vacant at present) | 2 |
| Group Auditor | 2 |
| Group Auditor (Information Systems – vacant at present) | 1 |
| Auditor (5.5 posts are vacant at present) | 9.5 |
| Trainee Auditor (vacant at present) | 1 |
| Trainee Auditor (Information Systems) (vacant at present) | 1 |
| Administrative Assistant | 0.5 |
| Total | 18 |

The Head of Audit aims to achieve best practice but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year the Section was carrying 7.5 vacant posts, and this has increased to 9.5 vacant full time equivalent posts. The level of vacancies and the ability to recruit is of serious concern. A re-structure of the service is underway which should be concluded by the end of September in addition contingency plans are proceeding to address the shortfall in the ability to deliver the productive days planned.

In accordance with the Public Sector Internal Audit Standards, the Head of Audit must ensure that Internal Auditors possess the knowledge, skills and competencies needed to perform their individual responsibilities. Internal Auditors are therefore encouraged to study for and obtain professional qualifications. In addition, it is a requirement of the standard that the Head of Audit must hold a professional qualification and be suitably experienced. The following information outlined in table 7 below demonstrates the experience and qualification mix for the Internal Audit Shared Service.

Experience and Qualifications

Table 7

| No of Years Experience | No of years in Auditing | No of Years In Local Government | Professional Qualifications | No of Staff. |
|------------------------|-------------------------|---------------------------------|--|--------------|
| Up to 1 year | 0 | 0 | Accountants (CIPFA; FCCA; ICAEW) | 2 |
| 1 to 2 years | 0 | 0 | Certified Information Systems Auditor (CISA) | 1 |
| 2 to 5 years | 0 | 0 | Institute of Internal Auditors – full membership and Prince2 Practitioner Level | 0 |
| 5 to 10 years | 3.5 | 3.5 | Institute of Internal Auditors – practitioner level; part qualified or audit certificate | 2 |
| Over 10 years | 5 | 5 | Association of Accounting Technicians (AAT) | 0 |
| | | | Part Qualified AAT | 0 |
| | | | Studying (CISA, AAT, IIA, CIPFA etc.) | 0 |
| Total Staff | 8.5 | 8.5 | Total | 5 |

All staff are encouraged to attend relevant courses and seminars to support their continual professional development. All staff have the opportunity to attend courses run by the Welsh Chief Auditors Group on a diverse range of topics. Individuals keep records of their continuing professional development based on their professional body requirements.

Internal Audit – Other Activities

- **Anti-Fraud** – the Internal Audit Shared Service continues to assist in promoting an anti-fraud and corruption culture. We have ensured that staff are made aware; via StaffNet; of any recent scams and frauds that have occurred in both the public and private sectors.
- **National Fraud Initiative** – The Council, via Internal Audit, has again participated in the National Fraud Initiative (NFI) as part of the statutory external audit requirements. This brings together data from across the public sector including local authorities, NHS,

other government departments and other agencies to detect “matches” i.e. anomalies in the data which may or may not be indicative of fraud, for further investigation.

- **Advice and Guidance** – Internal Audit continues to provide advice and guidance both during the course of audits and responding to a wide range of ad-hoc queries.
- **Attendance at and contribution to, working groups etc.** - The Section continues to contribute to the development of the Council and ensuring that we are up to date with best practice by attending the following:-
 - Audit Committee;
 - Scrutiny Committees (as required);
 - Cabinet (as required);
 - Corporate Management Team (as required);
 - Corporate Improvement Group.
 - The Welsh Chief Auditors Group and all its sub-groups (including South Wales Computer Audit Group; South East Wales Education Audit Group; Social Services Audit Group).
- **Investigation Work** – We continue to support Senior Management in providing resources and expertise in investigating allegations of fraud and misappropriation.

Internal Audit – Review of Performance Management and Quality Assurance Framework

The Public Sector Internal Audit Standards requires that the Head of Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. The section has a “Quality Assurance and Improvement Programme (QAIP) that has been presented to, and approved by, the Audit Committee.

1. **Performance Management** – the section’s key performance indicators are set out in the section below.
2. **Quality Assurance** – each individual audit report and supporting working papers / documents are reviewed by either a Principal Auditor or the Head of Audit. Appropriate standards have been set by the Head of Internal Audit in accordance with the

Standards. The file reviews ensure the audits comply with the Section’s internal processes and procedures and the overall Public Sector Internal Audit Standards. Where necessary corrective action is taken.

Internal Audit – Performance

The Section participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2016/17 have been received and are shown below. It is disappointing to report that only 10 of the 22 Welsh authorities responded representing 45%.

| Performance Indicator 2015/2016 | IASS Performance For the Vale 2016/17 | Overall WCAG Average Performance 2016/17 | IASS Performance For the Vale 2015/16 | Overall Average Performance 2015/16 |
|---|--|---|--|--|
| Percentage of Planned Audits Completed | 95% | 84% | 99% | 85% |
| Number of Audits Completed | 106 | 90 | 135 | 96 |
| Percentage of Audits Completed in Planned Time | 81% | 69% | 93% | 68% |
| Percentage of directly chargeable time, actual versus planned | 71% | 69% | 103% | 90% |
| Average number of days from audit closing meeting to issue of draft report. | 3 | 4 | 9.5 days | 7.3 days |
| % of staff leaving during the Financial Year | 30.6%* | 10 | 3% | 10% |

*This relates to the whole shared audit service

Governance Arrangements

Corporate governance is essential to the provision of high quality public services and in raising public trust. It describes how organisations direct and control what they do in a way that demonstrates accountability, openness and honesty. Councils also have a role in governing and leading their communities. Effective local government relies on public confidence in elected members and officers.

The Vale of Glamorgan Council is committed to the principles of good governance and as a result has adopted a formal Code of Corporate Governance for the last seven years. The Council's Code of Corporate Governance was reviewed during 2016/17, with the amendments made being based upon the "Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE, 2016). The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of good governance processes and structures. The focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term.

The Vale of Glamorgan Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Vale of Glamorgan Council sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Strong, transparent and responsive governance enables the Vale of Glamorgan Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain "citizens" confidence, these mechanisms must be sound and be seen to be sound.

One of the main issues raised and highlighted over the last few years has been the ability of the Council to carry on meeting its service objectives and delivering positive outcomes for its customers and clients in the light of continued reductions in Welsh Government Funding.

The Council recognises that it is facing unprecedented challenges with continuing year on year reductions in Council funding and the impact this has on the services delivered. At the same time the Council is dealing with increasing expectations and demands on services. The Council has already identified approaching £35 million in savings since 2010 yet, the challenges continue. With diminishing funding impacting on how the Council delivers its services, embarking on an ambitious programme of transformational change makes planning for the future difficult.

The Council addressed this by undertaking regular Budget reviews and putting in place a financial strategy for the Council which presently runs until 2018. The purpose of this is to ensure:

- A sustainable budget is achieved within predicted funding levels,
- The budget is aligned to the Council's priorities as set out in the Corporate Plan,
- Best value for money is being obtained, i.e. identifying efficiency savings, opportunities for income generation and better use of external grants and.

- Collaborative initiatives and options for alternative service delivery are considered.

Separate financial strategies have been established for funding education and schools, social services and other services having regard to the relative risks and priorities of each. In total over the next 3 years to 2018-19 savings of £17.072M minimum will need to be achieved. In accordance with the financial strategies agreed, savings targets together with areas for savings have been identified. In addition, the Council continues its Reshaping Services programme in order to fundamentally review the need for and methods of service delivery across all Council services. It is anticipated that 60% of the required savings will be found through the programme and a number of specific services have been identified in two tranches for delivery from this Financial Year onwards. Further work will be required to ensure that all necessary action has been taken to mitigate any potential impact upon service delivery and clients e.g. consultation and scoping/completion of equality impact assessments.

The Head of Audit's Annual Opinion report was presented to the Audit Committee at their meeting held on 24th April 2017. Based on the work carried out during 2016/17, the overall opinion was that the Council's framework of governance, risk management and internal control was satisfactory. Significant issues were identified and reported to Audit Committee during 2016/17 which related to the Internal Audit reviews undertaken within Waste Management. The overall findings of the reviews demonstrate that the Council was exposed to unacceptable levels of risk. As a result of the Internal Audit findings and conclusions, a number of recommendations were made and a Management Action Plan produced to address the significant control weaknesses identified. The Council's Corporate Management Team actively monitored the implementation of a number of the recommendations to improve the overall control environment and the Council's Audit Committee was kept fully apprised. In addition, the Council's Contract Management Guidance and Toolkit was reviewed and updated and Corporate Management Team agreed that this would form part of the mandatory training being rolled out on Project Management. Therefore, as a consequence of the significant amount of work that was undertaken, which was fully supported by Corporate Management Team, to address the governance issues, this is no longer considered to be a significant risk. However, Contract Management across the Council has been included in the 2017/18 audit plan.

In addition to these areas the challenge from an audit perspective, as recognised by corporate and senior management, continues to be the financial context in which the Council is required to operate. The impact of delivering the further programme of savings will be substantial, impacting on all areas of the business and is predicated on a range of reasonable but ambitious assumptions. There has been extensive planning and ongoing consultation on the budget proposals and efficiency targets have been set out in directorate plans and encompassed within the Council's Reshaping Services programme. Whilst the Council is well placed to respond to this challenge, and the Section 151 Officer is of the opinion that the savings whilst extremely challenging are achievable, the scale and pace of required change continues to remain a fundamental risk. Of significant issue for the Internal Audit Shared Service is the current lack of resource and this is having an impact on the 2017/18 Audit Risk Based Plan. Carrying over 53% of its resource in vacant posts is unsustainable

and without doubt will be a very difficult year for the service. A re-structure is underway which should be concluded by the end of September together with contingency measures to address the shortfall in the delivery of productive days.

In addition, Internal Audit is very mindful of the fact that in a Council of this size and complexity, with its significant savings requirements, there is an inherent risk of breakdown in the systems of control particularly where roles, responsibilities and systems are changing. As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of service delivery there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible.

| <u>Cod</u> | <u>Job</u> | <u>Job Name</u> | <u>Days</u> | <u>Budget</u> | <u>Date Commenced</u> | <u>Date Closed</u> | <u>Opinion</u> |
|------------------|--------------------|--|--------------|---------------|-----------------------|--------------------|----------------|
| ASSURANCE | | | | | | | |
| | Directorate | MANAGING DIRECTOR AND RESOURCES | | | | | |
| V | 921 | VOG - C/F Creative Rural Communities | 4.76 | 3.00 | 03/04/2017 | 18/04/2017 | Substantial |
| | 922 | VOG - C/F NNDR | 3.58 | 2.00 | 03/04/2017 | 13/04/2017 | Substantial |
| | 923 | VOG - C/F Treasury Management | 3.24 | 2.00 | 03/04/2017 | 21/04/2017 | Reasonable |
| | 924 | VOG - C/F Main Acct & Bud Control | 3.55 | 4.00 | 03/04/2017 | 02/05/2017 | Reasonable |
| | 929 | VOG - Advice & Guidance MD & Resources | 1.82 | 5.00 | 03/04/2017 | | |
| | 939 | VOG - TRIM System Review | 14.93 | 15.00 | 03/04/2017 | 15/05/2017 | Reasonable |
| | 940 | VOG - IT Systems & Security Review | 10.20 | 10.00 | 24/04/2017 | 27/06/2017 | Reasonable |
| | 947 | VOG - Communities for Work | 15.00 | 15.00 | 22/05/2017 | | |
| | 954 | VOG - Disciplinary Hearing TC | 0.88 | 2.00 | 03/04/2017 | 28/04/2017 | N/A |
| | 959 | VOG - Recruitment Fact Finding | 3.68 | 5.00 | 23/06/2017 | | |
| | 962 | VOG - Registration Services | 1.69 | 15.00 | 03/07/2017 | | |
| | 963 | VOG - E-Procurement | 18.14 | 20.00 | 03/07/2017 | | |
| | 969 | VOG - Recharges | 16.49 | 20.00 | 03/07/2017 | | |
| Total | Directorate | MANAGING DIRECTOR AND RESOURCES | 97.97 | 118.00 | | | |
| | Directorate | SOCIAL SERVICES | | | | | |
| V | 925 | VOG - C/F Mental Health | 5.57 | 8.00 | 03/04/2017 | 23/06/2017 | Substantial |
| | 930 | VOG - Advice & Guidance Social Services | 0.54 | 5.00 | 03/04/2017 | | |
| Total | Directorate | SOCIAL SERVICES | 6.11 | 13.00 | | | |
| | Directorate | ENVIRONMENT & HOUSING | | | | | |
| V | 931 | VOG - Advice & Guidance Env & Housing | 1.82 | 5.00 | 03/04/2017 | | |
| | 949 | VOG - Bus Svs Support Grant 16-17 | 5.00 | 5.00 | 24/05/2017 | 11/07/2017 | Reasonable |
| | 970 | VOG - Leaseholder Surveys | 15.51 | 20.00 | 24/07/2017 | | |
| | 971 | VOG - Housing Rents & Universal Credits | 3.92 | 20.00 | 18/08/2017 | | |
| Total | Directorate | ENVIRONMENT & HOUSING | 26.25 | 50.00 | | | |
| | Directorate | LEARNING & SKILLS | | | | | |
| V | 932 | VOG - Advice & Guidance Learning & Skill | 1.45 | 5.00 | 03/04/2017 | | |
| | 942 | VOG - CRSA & Assurance Schools 16-17 | 4.66 | 3.00 | 03/04/2017 | 31/05/2017 | Reasonable |
| | 960 | VOG - School Summary Report | 5.03 | 5.00 | 20/06/2017 | | |
| | 972 | VOG - EIG Grant Verification | 3.41 | 5.00 | 07/08/2017 | | |
| | 975 | VOG - Disciplinary Appeal Youth Svs | 2.03 | 2.00 | 29/08/2017 | | |
| Total | Directorate | LEARNING & SKILLS | 16.59 | 20.00 | | | |

| | | | | | | | |
|------------------------------------|--|--|---------------|---------------|------------|------------|-------------|
| | Directorate | VOG CROSS CUTTING | | | | | |
| V | 920 VOG - Finalising 16-17 Jobs | | 19.09 | 30.00 | 03/04/2017 | 07/07/2017 | N/A |
| | 928 VOG - Audit Planning | | 10.68 | 30.00 | 03/04/2017 | | |
| | 934 VOG - Pool Cars | | 17.20 | 20.00 | 03/04/2017 | | |
| | 941 VOG - Section 106 | | 12.77 | 15.00 | 26/04/2017 | 31/08/2017 | Substantial |
| | 958 VOG - Waiver Requests | | 0.81 | 5.00 | 03/04/2017 | | |
| Total | Directorate | VOG CROSS CUTTING | 60.54 | 100.00 | | | |
| Total | Function | ASSURANCE | 207.47 | 301.00 | | | |
| ANTI-FRAUD & CORRUPTION | | | | | | | |
| | Directorate | MANAGING DIRECTOR AND RESOURCES | | | | | |
| V | 944 VOG - Area Renewal Grant Issue | | 1.76 | 2.00 | 03/04/2017 | | |
| Total | Directorate | MANAGING DIRECTOR AND RESOURCES | 1.76 | 2.00 | | | |
| | Directorate | SOCIAL SERVICES | | | | | |
| V | 955 VOG - Misuse of Pool Car | | 2.03 | 3.00 | 01/05/2017 | 11/07/2017 | N/A |
| Total | Directorate | SOCIAL SERVICES | 2.03 | 3.00 | | | |
| | Directorate | VOG CROSS CUTTING | | | | | |
| V | 945 VOG - Expenses > 3 Months | | 1.52 | 3.00 | 03/04/2017 | | |
| | 946 VOG - NFI | | 1.69 | 15.00 | 03/04/2017 | | |
| | 953 VOG - Flying Start petty cash | | 4.97 | 5.00 | 25/05/2017 | 11/07/2017 | Limited |
| | 965 VOG - Missing Items Court Rd Depot | | 0.88 | 3.00 | 05/07/2017 | 21/07/2017 | Limited |
| Total | Directorate | VOG CROSS CUTTING | 9.05 | 26.00 | | | |
| Total | Function | ANTI-FRAUD & CORRUPTION | 12.84 | 31.00 | | | |
| GOVERNANCE | | | | | | | |
| | Directorate | MANAGING DIRECTOR AND RESOURCES | | | | | |
| V | 961 VOG - Service Planning | | 18.31 | 20.00 | 03/07/2017 | | |
| | 966 VOG - New Member Support | | 4.83 | 10.00 | 18/07/2017 | | |
| Total | Directorate | MANAGING DIRECTOR AND RESOURCES | 23.14 | 30.00 | | | |
| | Directorate | SOCIAL SERVICES | | | | | |
| V | 935 VOG - Adoption Collaboration | | 9.16 | 10.00 | 03/04/2017 | 27/06/2017 | Reasonable |
| Total | Directorate | SOCIAL SERVICES | 9.16 | 10.00 | | | |
| | Directorate | ENVIRONMENT & HOUSING | | | | | |
| V | 937 VOG - Leisure Equip & Plant Security | | 10.61 | 10.00 | 03/04/2017 | 19/07/2017 | Limited |

| | | | | | | | |
|--|---|-----------------------------------|---------------|---------------|------------|------------|-------------|
| | 964 VOG - Supporting People Outcomes | | 3.82 | 5.00 | 04/07/2017 | 16/08/2017 | Reasonable |
| | 974 VOG - Supporting People Grant 16-17 | | 1.69 | 5.00 | 29/08/2017 | | |
| Total | Directorate | ENVIRONMENT & HOUSING | 16.11 | 20.00 | | | |
| | Directorate | VOG CROSS CUTTING | | | | | |
| V | 933 VOG - Audit Committee / CMT | | 4.19 | 30.00 | 03/04/2017 | | |
| | 938 VOG - Counter Fraud Framework | | 12.64 | 15.00 | 01/05/2017 | | |
| | 948 VOG - AGS 2016-17 | | 6.89 | 10.00 | 01/05/2017 | | |
| | 951 VOG - IASS Monitoring | | 4.66 | 10.00 | 03/04/2017 | | |
| | 956 VOG - New COCG - AGS | | 6.69 | 10.00 | 03/04/2017 | | |
| Total | Directorate | VOG CROSS CUTTING | 35.07 | 75.00 | | | |
| Total | Function | GOVERNANCE | 83.48 | 135.00 | | | |
| RISK & PERFORMANCE MANAGEMENT | | | | | | | |
| | Directorate | ENVIRONMENT & HOUSING | | | | | |
| V | 957 VOG - SRS Financial Controls & F/Up | | 8.48 | 10.00 | 12/06/2017 | 18/07/2017 | Substantial |
| Total | Directorate | ENVIRONMENT & HOUSING | 8.48 | 10.00 | | | |
| | Directorate | VOG CROSS CUTTING | | | | | |
| V | 936 VOG - School Milk Contract Review | | 19.97 | 20.00 | 03/04/2017 | | |
| | 943 VOG - Insurance | | 4.43 | 20.00 | 01/05/2017 | | |
| | 952 VOG - Internal Audit PI's | | 3.48 | 3.00 | 03/04/2017 | | |
| Total | Directorate | VOG CROSS CUTTING | 27.87 | 43.00 | | | |
| Total | Function | RISK & PERFORMANCE MAN | 36.35 | 53.00 | | | |
| | | Grand Total | 340.14 | | | | |