

# Public Document Pack

**Date of meeting** Monday, 30th July, 2018  
**Time** 7.00 pm  
**Venue** Room FF01 or SF01 Castle House, Barracks Road, Newcastle, Staffs. ST5 1BL  
**Contact** Geoff Durham



**NEWCASTLE  
UNDER LYME**  
**BOROUGH COUNCIL**

Castle House  
Barracks Road  
Newcastle-under-Lyme  
Staffordshire  
ST5 1BL

## Audit and Standards Committee

### AGENDA

#### PART 1 – OPEN AGENDA

- |          |   |                         |
|----------|---|-------------------------|
| <b>1</b> | <b>Apologies</b>  | <b>FIELD_PAGE_RANGE</b> |
| <b>2</b> | <b>DECLARATIONS OF INTEREST</b>   | <b>FIELD_PAGE_RANGE</b> |
|          | To receive Declarations of Interest from Members on items included in the agenda                                |                         |
| <b>3</b> | <b>MINUTES OF PREVIOUS MEETINGS</b>   | <b>FIELD_PAGE_RANGE</b> |
|          | To consider the minutes of the previous meeting(s).   |                         |
| <b>4</b> | <b>STATEMENT OF ACCOUNTS 2017/18 AND EXTERNAL AUDITOR'S AUDIT FINDINGS REPORT</b>                               | <b>FIELD_PAGE_RANGE</b> |
|          | Report to follow.   |                         |
| <b>5</b> | <b>INTERNAL AUDIT SECTION ANNUAL REPORT 2017/18</b>   | <b>FIELD_PAGE_RANGE</b> |
| <b>6</b> | <b>URGENT BUSINESS</b>  | <b>FIELD_PAGE_RANGE</b> |
|          | To consider any business which is urgent within the meaning of Section 100B(4) of the Local Government Act 1972 |                         |

**Members:** Councillors Dymond (Vice-Chair), Pickup, P Waring (Chair), Burgess, Stubbs, Mrs Burnett and Panter

*Working to be a co-operative council*

**PLEASE NOTE:** The Council Chamber and Committee Room 1 are fitted with a loop system. In addition, there is a volume button on the base of the microphones. A portable loop system is available for all other rooms. Should you require this service, please contact Member Services during the afternoon prior to the meeting.

**Members of the Council:** If you identify any personal training/development requirements from any of the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Democratic Services Officer at the close of the meeting.

**Meeting Quorums :-** 16+= 5 Members; 10-15=4 Members; 5-9=3 Members; 5 or less = 2 Members.

**FIELD\_TITLE**

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

**NOTE:** THERE ARE NO FIRE DRILLS PLANNED FOR THIS EVENING SO IF THE FIRE ALARM DOES SOUND, PLEASE LEAVE THE BUILDING IMMEDIATELY THROUGH THE FIRE EXIT DOORS.

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## AUDIT AND STANDARDS COMMITTEE

Monday, 25th June, 2018  
Time of Commencement: 7.00 pm

**Present:-** Councillor Paul Waring – in the Chair

Councillors Dymond, Pickup, Stubbs, Mrs Burnett and Panter

Officers Executive Director (Resources and Support Services) - Kelvin Turner,  
Geoff Durham - Mayor's Secretary / Member Support Officer,  
Simon Sowerby- Business Improvement Manager and  
Nesta Barker - Head of Environmental Health Services

Also in Attendance Mr P Butters – University of Keele  
Mr P Jones – Grant Thornton

### 1. APOLOGIES

There were no apologies.

### 2. MINUTES OF PREVIOUS MEETINGS

**Resolved:** That the minutes of the meeting held on 16 April, 2018 be agreed as a correct record.

### 3. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

### 4. TERMS OF REFERENCE

A copy of the revised Terms of Reference was presented to Members for information. This item was for information only, having previously been agreed by Council.

**Resolved:** That the Terms of Reference be noted.

### 5. WORK PLAN 2018/19

A copy of the Work Plan, for this Committee, for 2018/19 was presented to Members for information. The Plan was not exhaustive and could have items added as and when they arose.

Councillor Stubbs requested that, as 'Standards' matters were now in this Committee's remit, Standards training be arranged for members of the Committee.

**Resolved:** (i) That the work plan for 2018/19 be received.

- (ii) That Standards training be arranged for members of the Committee.

**6. CORPORATE RISK MANAGEMENT REPORT QUARTER 4 2017/18**

Consideration was given to a report informing Members of the progress made in enhancing and embedding risk management for the period January to March, 2018.

Members were advised that there were seventeen overdue risks – ten Planning and seven housing. All risks were due to resourcing issues.

There were no new risk level increases and no new risks had been identified.

Member's attention was drawn to item 5 on page 19 of the agenda. 'failure to achieve income targets'. This was due to volatility in the market place for dry recyclables' prices.

The Council's Business Improvement Manager advised members that this matter would be taken to the next Executive Management Team meeting for discussion.

Councillor Stubbs enquired whether the dry recyclable's issue should be recorded as high risk as prices would be unlikely to return to the previous prices.

With regard number 6 on page 20, Councillor Stubbs had two main areas of concern – the edge of the M6 motorway and Kidsgrove Town Centre. Nothing could be done with this within twelve months and therefore this should possibly also be high risk.

Members were advised that this would be reviewed and Members would be informed. In addition, two reports would be going to the Licensing and Public Protection Committee meeting on 27 June in respect of air quality.

Mr Butters stated that numbers 1-3 on pages 17 and 18 of the agenda had been at 9 for over twelve months – with a lot of activity undertaken to improve them. Members were advised that this would be looked at.

**Resolved:** That the report be received and the comments noted.

**7. HEALTH AND SAFETY ANNUAL REPORT 2017/18**

Consideration was given to a report informing Members of issues and trends regarding health and safety at the Council.

A copy of the Annual Report was attached to the agenda.

Members noted the total days lost to accidents at 344 days. This was due to long term lost time accidents.

Members requested that the trends be monitored.

Members asked if there had been any compensation claims in respect of accidents. Councillor Stubbs stated that if there were a significant number of insurance claims coming in they should be reported to this Committee.

**Resolved:** That the report be noted.

**8. TREASURY MANAGEMENT ANNUAL REPORT 2017/18**

Consideration was given to a report outlining the Treasury Management Annual Report for 2017/18.

Members' attention was drawn to the table on page 32. The chart showed a total debt of £2.5m at 31 March, 2018. This amount had been borrowed by the Council on 20 March, 2018 and paid back in full on 3 April, 2018. The reason for the borrowing was to cover a period where no Council Tax or Business Rates were coming in.

**Resolved:** That the Treasury Management Annual Report for 2017/18 received and be reported to Full Council on 19 July, 2018.

**9. DRAFT STATEMENT OF ACCOUNTS 2017/18**

Consideration was given to a report outlining the draft Statement of Accounts 2017/18 and the financial position at 31 March, 2018.

The Council's Executive Director for Resources and Support Services gave credit to the Council's Head of Finance and his team for the work that had been carried out on this.

This was the first year that the new deadline for producing the accounts had come into force although the Council had successfully carried out dry runs for the past couple of years.

Previously, the Auditors had until the end of September to sign off the accounts but it was now the end of July.

Councillor Pickup enquired about the impairment charge of £844,000 relating to expenditure on Castle House. The Council's Head of Finance would be asked to circulate to Members how this had been calculated. Councillor Stubbs made reference to paragraphs 4.3 and 4.4 on page 42 of the agenda enquiring what the collection rate was for Council Tax at Newcastle. Members were advised that it was over ninety-seven percent.

**Resolved:** That the information be noted.

**10. ANNUAL GOVERNANCE STATEMENT 2017/18**

Consideration was given to a report requesting approval of the Annual Governance Statement 2016/17 for inclusion in the financial statements.

Members were advised that the main change from last year had been the Scallan report, outlined at paragraph 4.15 of Appendix A.

Councillor Stubbs was concerned that complaints about the Council's Constitution had not been listed. Reference needed to be made on how the Constitution would be managed going forward.

At Annual Council in May, Members had agreed that the Constitution and Member Support Working Group be resumed. Councillor Stubbs suggested that a meeting of the Group be held as soon as possible.

Members were advised that the Statement had been signed by the Leader of the Council and the Chief Executive.

**Resolved:** That the Annual Governance Statement for 2017/18 be approved in principle subject to a meeting of the Constitution and Member Support Working Group being held as soon as possible..

**11. INTERNAL AUDIT PLAN 2018/19**

Consideration was given to a report informing Members of the proposed Internal Audit Plan for 2018/19 and seeking approval of the contents.

Members were advised that Mr Peter Harrison – Director at TIAA Ltd had produced the report to the Committee having reviewed all of the necessary documents. Mr Harrison would probably carry out some other pieces of work for the council in the interim.

Members were advised that Mr Harrison was not being paid at consultancy rates – just the ‘going rate’.

**Resolved:** (i) That the Internal Audit Plan for 2018/19 be approved.  
(ii) That the continuation of the reporting arrangements as set out in the report, be agreed.

**12. URGENT BUSINESS**

There was no Urgent Business.

**COUNCILLOR PAUL WARING**  
**Chair**

Meeting concluded at 7.45 pm

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**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO THE  
AUDIT & STANDARDS COMMITTEE**

**Date 30 July 2018**

**INTERNAL AUDIT SECTION ANNUAL REPORT 2017-18**

**Submitted by: Executive Director – Resources and Support Services**

**Portfolio: Finance and Efficiency**

**Ward(s) affected: All**

**Purpose of the Report**

To consider the annual report of the Internal Audit Section for the financial year 2017-18 enclosed as Appendix A.

**Recommendation**

**That the Internal Audit Section Annual Report for 2017-18 be received.**

**Reasons**

In accordance with the Internal Audit Charter our objective is *“To deliver a risk-based audit plan in a professional manner, to provide the organisation with an opinion on the level of assurance it can place upon the internal control environment, and to make the recommendations to improve it”*. This report outlines how Internal Audit has achieved this during the 2017-18 financial year.

**1. Background**

- 1.1 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.
- 1.2 Internal Audit reports directly to the Section 151 Officer who is the Executive Director (Resources and Support Services).
- 1.3 The Section also provides a service to management by giving assurance that there are adequate internal controls in operation, ensuring the proper, economic, efficient and effective use of resources, to include the security of assets and data and to assist management in preventing and detecting fraud. This is achieved by the completion of routine system and regularity audits and, under a wider remit, by value for money and special audits
- 1.4 The Council’s Internal Audit Section consists of 2.0 FTE Audit Technicians and 1.0 FTE Corporate Fraud Officer and is managed by the Head of Audit & Elections.

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- 1.5 This report aims to provide information about the programme of work undertaken by Internal Audit during the financial year 2017-18. Monitoring of the Section's performance against plan is completed and an analysis undertaken of actual work areas across major audit areas.
- 1.6 The section has continued to contract in specialist external computer support. The contract for 2017-18 was awarded to Information Security Advice Limited.
- 1.7 As required by the Public Sector Internal Audit Standards the Head of Audit & Elections has developed an Audit Charter in respect of delivering the Internal Audit Service. The internal audit charter is a formal document that defines internal audit's purpose, authority and responsibility. The charter establishes Internal Audit's position within the organisation, including the nature of the Head of Audit & Elections functional reporting relationship with the Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit's activities. It provides a framework for the conduct of the service and has been approved by the Council's Executive Management Team and the Audit and Standards Committee.
- 1.8 The Internal Audit year-end report also builds upon the assurance given by the section in support of the Annual Governance Statement on internal control.

## 2. **Issues**

- 2.1 The Audit and Risk Committee approved the original Audit Plan for 2017-18 on the 13 February 2017. The plan accounted for 435 audit days.
- 2.2 Completion of the Audit Plan was 81% against a target of 90%.
- 2.3 A total of 43 recommendations have been made during 2017/18, 65% of which have already been implemented.
- 2.4 The work of Internal Audit shows the Council to have an adequate, effective and reliable framework of internal control, which provides reasonable assurance regarding the effective and efficient achievement of the Council's objectives.

## 3. **Options Considered**

- 3.1 The provision of specialist computer skilled auditors is bought in as a more economically and effective option to training and trying to retain the same quality of staff internally.

## 4. **Proposal**

Not applicable

## 5. **Reasons for Preferred Solution**

Not applicable

## 6. **Outcomes Linked to Corporate Priorities**

- 6.1 Internal Audit contributes to the prevention, identification and investigation of fraud and corruption and contributes to promoting an anti-fraud culture.



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6.2 Internal Audit helps to ensure that best use is made of the Council's resources and contributes to improving efficiency whilst underpinning the remaining priorities of the Council.

7. **Legal and Statutory Implications**

The Local Government Accounts and Audit Regulations 2015 require every Local Authority to maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with proper internal audit practices.

8. **Equality Impact Assessment**

There are no differential equality impact issues identified from this proposal.

9. **Financial and Resource Implications**

9.1 The total budget, for the Section for 2017/18 was £229,960.

10. **Major Risks**

10.1 Risk issues are covered in the main report, attached Appendix A.

11. **Key Decision Information**

Not applicable

12. **Earlier Cabinet/Committee Resolutions**

Report to Audit & Risk Committee 13 February 2017 – Internal Audit Plan 2017-18

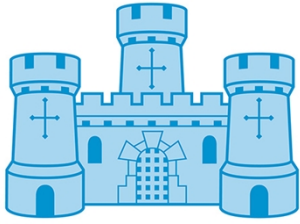
13. **List of Appendices**

13.1 Annual Report of the Internal Audit Section 2017-18

14. **Background Papers**

Pentana audit system  
Public Sector Internal Audit Standards (PSIAS)

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**ANNUAL REPORT OF THE  
INTERNAL AUDIT SERVICE  
2017/18**

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## 1. **INTRODUCTION**

### **The Annual Reporting Process**

1.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit review, appraise and report on the effectiveness of the system of internal control. This report is the culmination of the work during the course of the year and seeks to:

- provide an opinion on the adequacy of the control environment;
- comment on the nature and extent of significant risks; and
- report the incidence of significant control failings or weaknesses.

1.2 This report is a summary of the work of the Section throughout 2017-18. As such it presents a snapshot picture of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by Managers to address the weaknesses identified. The recommendations made will be progressing through the normal management processes.

### **Requirement for Internal Audit**

1.3 The **role of internal audit** is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of a Council's internal control system because it measures and evaluates the adequacy and effectiveness of controls so that:

- Members and senior management can know the extent to which they can rely on the whole system; and
- Individual managers can know how reliable the systems are and the controls for which they are responsible.

1.4 Our mission is;  
*"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight"*

The accepted definition from the Institute of Internal Auditors states:

*"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."*

1.5 The internal control system is comprised of the whole network of systems and controls established to manage the Council to ensure that its objectives are met. It includes financial and non-financial controls, and also arrangements for ensuring that the Council is to achieve value for money from its activities.

1.6 The requirement for an Internal Audit function derives from local government legislation including Section 151 of the Local Government Act 1972 which requires authorities to "make arrangements for the proper administration of their financial affairs". Proper administration includes Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body must "maintain an adequate and effective system of internal audit of its accounting records

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and of its system of internal control in accordance with the proper practices in relation to internal control”

## **2. ADEQUACY AND EFFECTIVENESS OF THE INTERNAL CONTROL ENVIRONMENT**

### **How Internal Control is reviewed**

- 2.1 The Head of Audit & Elections prepares an annual risk based audit plan which takes into account the adequacy of the organisations risk management, and other assurance processes. The plan outlines the areas that will be reviewed in terms of their priority and resources required to undertake the review.
- 2.2 The assessment comprises the two key elements of risk:-
- (i) Impact i.e. the materiality/importance of the system in achieving the Council’s objectives; and
  - (ii) Probability, which includes:-
    - the results of previous work in the service area/system, both internal and external reviews and also takes into account the last time it was audited;
    - the inherent risk, i.e. the underlying potential for fraud; and
    - the nature and volume of the transactions, which includes financial materiality.
- 2.3 This risk based approach to audit planning results in a comprehensive range of audits that are undertaken during the course of the year to support the overall opinion on the control environment. Examples include:-
- system based reviews of all key financial systems that could have a material impact on the accounts e.g. payroll, creditors, council tax and housing benefits;
  - regulatory audits of Council establishments e.g. leisure centres;
  - systems based reviews of departmental systems/service areas e.g., planning, human resources, and health and safety;
  - corporate reviews e.g. corporate governance arrangements and risk management, and
  - a small contingency for special investigations and the provision of ad hoc advice.

### **Internal Audit Opinion for 2017-18 and the Annual Governance Statement (AGS)**

- 2.4 Regulation 4 of the Accounts and Audit Regulations 2015 requires that:-

*“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes risk management arrangements.”*

*“The relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall publish a statement on internal control,*

*prepared in accordance with proper practices, with any statement of accounts it is obliged to publish.”*

- 2.5 Internal Audit, along with other assurance processes of the Council, have a responsibility to provide assurance from the work they undertake during the year in respect of the internal control systems operating within the Council.

*Based on the work undertaken during the year and the implementation by management of the audit recommendations, Internal Audit can provide **reasonable assurance** that the Council’s systems of internal control were operating adequately and there were no breakdown of controls resulting in material discrepancy.*

- 2.6 However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an ongoing process for identifying, evaluating and managing the key risks. These risks are reflected in the audit plan and are the subject of separate reports during the course of the year.

**3. SIGNIFICANT ISSUES ARISING 2017-18**

- 3.1 Internal Audit examined 26 systems in 2017-18. During the conduct of our audit work we have had regard to the following objectives of internal audit:

- to review and appraise the soundness, adequacy and application of the whole system of internal control;
- to ascertain the extent to which the whole system of internal control ensures compliance with established policies and procedures;
- to ascertain the extent to which the assets and interests entrusted to or funded by the Authority are properly controlled and safeguarded from losses of all kinds;
- to ascertain that management information is reliable as a basis for the production of financial, statistical and other returns;
- to ascertain the integrity and reliability of information provided to management including that used in decision making, and
- to ascertain that systems of controls are laid down and operate to achieve the most economic, efficient and effective use of resources.

- 3.2 Within the Audit Plan there are 9 review areas that are categorised as High Risk Business Critical Systems. These reviews are undertaken annually, full reviews of all systems are conducted every other year with key controls being examined in between. For 2017/18 key control reviews were conducted for all systems. A summary of the level of assurance for each review area together with the number of recommendations made is shown in the table below;

Audit Area	Level of Assurance Given	Number of Recommendations made		
		High	Medium	Low
Payroll	Well Controlled	0	2	2
Asset Management (Capital	Well Controlled	0	0	0

Audit Area	Level of Assurance Given	Number of Recommendations made		
Council Tax	Well Controlled	0	0	0
Creditors	Well Controlled	0	0	0
Treasury Management	Well Controlled	0	0	0
NNDR	Well Controlled	0	0	0
Civica Financial System (Main Accounting)	Well Controlled	0	0	1
Housing Benefits	Well Controlled	0	0	0
Sundry Debtors	Adequately Controlled	0	2	0

3.3 A summary of the level of assurance, for all of the systems covered in 2017/18 by risk category, is given in the table below:-

Risk	Assurance			
	Well Controlled	Adequately controlled	Less than adequately controlled	Poorly controlled
High (A)	15	2	0	0
Medium (B)	2	6	0	1
	17	8	0	1

Opinions are classified as:

<b>Well Controlled</b>	Controls are in place and operating satisfactorily. Reasonable assurance can be given that the system, process or activity should achieve its objectives safely whilst achieving value for money (vfm)
<b>Adequately controlled</b>	There are some control weaknesses but most key controls are in place and operating effectively. Some assurance can be given that the system, process or activity should achieve its objectives safely whilst achieving value for money.
<b>Less than adequately controlled</b>	Controls are in place but operating poorly or controls are inadequate. Only limited assurance can be given that the system, process or activity should achieve its objectives safely whilst achieving value for money.
<b>Poorly controlled</b>	Controls are failing or not present. No assurance can be given that the system, process or activity should achieve its objectives safely whilst achieving value for money.

3.4 A total of 43 recommendations were made during 2017/18, recommendations are classified as



**High Risk** – Action that is considered imperative to ensure that the authority is not exposed to high risks; (Implemented within 1 month)

**Medium Risk** – Action that is considered necessary to avoid exposure to significant risks; (Implemented within 3 months)

**Low Risk** – Action that is considered desirable and which should result in enhanced control or better value for money.

The 43 recommendations can be broken down as follows;

	High Risk	Medium Risk	Low Risk
Total	3	33	7

The main themes arising from the recommendations were in relation to compliance with contract procedures, financial regulations, staffing issues in respect of training and the updating of procedure notes. Recommendations during 2017/18 have been monitored on a manual basis whilst work has been on-going to implement a new audit management system, Pentana.

#### 4 **AUDIT PERFORMANCE**

4.1 The table below indicates the Section's performance against the audit plan for 2017-18

	2017-18			
	Planned	Actual	Actual %	Target %
<b>Original Plan</b>	32	<b>26</b>	<b>81%</b>	90%
<b>Revised Plan</b>	26	<b>26</b>	<b>100%</b>	90%

Twenty-six audits were completed in the year out of the thirty-two planned for in the original 2017-18 Audit Plan.

4.2 In addition to the audit plan the Section has also carried out a number of other pieces of ad hoc work and minor consultancy exercises, these have included work on Disabled Facilities Grants and also completion of claims for Election Expenses.

#### 5. **FRAUD & IRREGULARITY WORK**

##### **Pro-active Fraud work**

5.1 The Internal Audit section has taken a proactive approach to the prevention / detection of fraud and corruption. During the year it has:-

- Continued membership of the Midlands Fraud Forum;
- Working with Stoke on Trent City Council on the development of a North West Staffordshire Corporate Fraud Hub..

##### **Fraud/Irregularity Investigations**

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- 5.2 A number of special projects have been carried out, these were due to various breaches of council policy, procedures and regulations. In all cases where a lack of managerial controls were found to contribute to the improper conduct of officers; a managerial report is completed which highlights the weakness and makes recommendations accordingly. The recommendations from these reports are followed up in the usual way
- 5.3 No allegations have been received through the Council's Confidential Reporting or Anti-fraud and Bribery frameworks in the year.

### **National Fraud Initiative Datamatching**

- 5.4 The Council is a statutory participant in the Cabinet Office's National Fraud Initiative (NFI) exercise which is carried out every 2 years. The 2017-18 matches have recently been received and are being reviewed by the relevant departments.

## **6. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

- 6.1 A review of the effectiveness of the system of Internal Audit has been undertaken within the year as part of the Quality Assurance and Improvement Programme as required by PSIAS. There were two key elements to the review:-
- the Head of Audit & Elections has conducted a self-assessment of the section in relation to compliance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN); and
  - an External Quality Assessment carried out by Cipfa in January 2017. The outcome of this review was presented to the Audit & Risk Committee in April 2017.
- 6.2 The review concluded that Internal Audit is effective and conforms sufficiently with the requirements of PSIAS/LGAN to ensure that the opinion given in this Annual Report can be relied upon for assurance purposes. The full results of the review are given in a separate report to the Audit and Risk Committee.
- 6.3 In order to ensure the quality of each audit, Head of Audit & Elections reviews each report to sign it off. These processes form part of the internal quality assurance process and helps to provide a consistent approach between the auditors.

## **7 FACTORS AFFECTING THE EXTENT OF OUR INTERNAL WORK**

- 7.1 There are a number of issues that have affected the extent of our internal audit work during the year, they are:
- the implementation of a new audit management system which has taken longer than anticipated to develop and implement due to limited resources with the audit team.
  - the Head of Audit & Elections in addition to her role of monitoring officer has taken the responsibility for elections and is now the Head of Audit & Elections..

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- In seeking to provide an independent and objective opinion it is accepted that, being located within the organisation, the Internal Audit function cannot be wholly independent of all management. Internal Audit's independence will therefore be achieved through its organisational status although the Head of Audit & Elections is also the Council's Monitoring Officer this does not undermine or compromise the independence. Consideration was given as to whether or not there would be any conflict with regards to the issue of Independence, however given the similarity in nature to both the roles it is felt that there would be no compromise to independence. Any audit work undertaken on electoral services or directly related to the role of the Monitoring Officer will be reported directly to the S151 officer and not to the Head of Audit and Elections

## **8. NON AUDIT AREAS**

- 8.1 This is work undertaken by the Internal Audit Section that is not directly related to audit areas and includes administration, supporting the corporate management of the authority, professional and staff training and attendance at Staffordshire Chief Auditors Group meetings.
- 8.2 The Internal Audit Section provides support; advice and guidance to corporate initiatives, this year this has included attendance at the Corporate Governance Working Group, the Procurement Working Group, the Health and Safety Committee and the Information Security Group. In addition the Head of Audit & Elections is a member of the Resources and Support Services Departmental Management Team and also a member of the corporate Wider Management Team, and in her role as Monitoring Officer attends the Statutory Officers Group.

## **9.0 OPERATIONAL PLANS FOR 2018/19**

- 9.1 Internal Audit will continue to identify ways to actively promote awareness of risks in relation to fraud and corruption in line with the national strategy 'Fighting Fraud Locally'. Training and awareness will continue to be raised across the organisation. During 2018/19 the CIPFA e-learning package in relation to Bribery will be rolled out across the organisation.
- 9.2 The contract for computer auditing will be provided by Information Security Advice who successfully won the contract to provide computer audit services for 2017/18. Quotations for the computer audit work are sought on an annual basis.
- 9.3 The Section will continue to review and improve its service where appropriate. It will also ensure that adequate training is provided and the role of the Audit and Standards Committee is developed in line with best practice.
- 9.4 The Head of Audit & Elections will continue to mentor and coach staff within the section to ensure that the team continues to develop and improve its knowledge and experience in all aspects of audit work.
- 9.5 The Head of Audit & Elections will continue to raise the awareness of Information Security in order to ensure that the Authority maintains high standards in terms of the

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information/data that is held within the organisation, this will be increasingly important as we begin to share accommodation with external partners etc.

- 9.6 The Head of Audit & Elections is a member of the Staffordshire Information Governance Group; this looks at Information Governance issues across the county and in addition has developed an information sharing protocol that enables organisations to share information with partner agencies etc.