

# Gloucester City Council

Meeting:	Audit and Governance Committee		Date:	23 <sup>rd</sup> January 2017	
Subject:	Internal Audit Activity Progress Report 2016/17				
Report Of:	Head of Audit Risk Assurance (Chief Internal Auditor)				
Wards Affected:	Not applicable				
Key Decision:	No	Budget/Policy Framework:		No	
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Appendices:	1: Internal Audit Activity Progress Report 2016/17				

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To inform Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2016/17.

### 2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** that:

- (1) Progress against the Internal Audit Plan 2016/17 be accepted.
- (2) The recommendations contained in the Streetcare Audit Report Action Plan, as outlined below, be endorsed, and appropriate officers report back to the Committee after 6 months and 12 months on progress to implement the Action Plan:
  - a. Review and revise the purpose, terms of reference and arrangements for strategic oversight of the service;
  - b. Formally document and regularly maintain and review key service conditions, specifications and variations to ensure contract compliance;
  - c. Implement a formal contract change process, reflecting past changes where practical, including a up to date Adopted Land Schedule;
  - d. Clarify currently undocumented contract charges and ensure that procedures are appropriate to demonstrate “good value for money”;
  - e. Implement an annually updated Service Plan which documents key service delivery data and in particular costs, staff levels, fleet, H&S, quality measurement, site locations, working methods;
  - f. Review key performance indicators to include strategic, operational and quality related targets and sanctions for non-compliance; and
  - g. Implement appropriate arrangements to monitor/check and document performance.

- (3) Assurance opinions provided in relation to the effectiveness of the Council's control environment comprising risk management, control and governance arrangements as a result of the Internal Audit activity completed to date be noted.

### **3.0 Background and Key Issues**

- 3.1 Members approved the Internal Audit Plan 2016/17 at 14<sup>th</sup> March 2016 Audit and Governance Committee meeting. In accordance with the Public Sector Internal Audit Standards 2016 (PSIAS), this report (through **Appendix 1**) details the outcomes of Internal Audit work carried out in accordance with the approved Plan.
- 3.2 The Internal Audit activity progress report 2016/17 at **Appendix 1** summarises:
- The progress against the 2016/17 Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
  - The outcomes of the Internal Audit activity during the period November and December 2016; and
  - Special investigations/counter fraud activity.
- 3.3 The report is the third progress report in relation to the Internal Audit Plan 2016/17.

### **4.0 Asset Based Community Development (ABCD) Considerations**

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

### **5.0 Alternative Options Considered**

- 5.1 No other options have been considered as the purpose of this report is to inform the Committee of the Internal Audit work undertaken to date, and the assurances given on the adequacy and effectiveness of the Council's control environment operating in the areas audited. Non completion of Internal Audit activity progress reports would lead to non compliance with the PSIAS and the Council Constitution (see report section 6.2 and 6.3).

### **6.0 Reasons for Recommendations**

- 6.1 The role of the Audit Risk Assurance shared service is to examine, evaluate and provide an independent, objective opinion on the adequacy and effectiveness of the Council's internal control environment, comprising risk management, control and governance. Where weaknesses have been identified, recommendations have been made to improve the control environment.
- 6.2 The PSIAS state that the Chief Internal Auditor should report on the outcomes of Internal Audit work, in sufficient detail, to allow the Committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address.
- 6.3 Consideration of reports from the Chief Internal Auditor on Internal Audit's performance during the year, including updates on the work of Internal Audit, is also

a requirement of the Audit and Governance Committee's terms of reference (part of the Council Constitution).

## **7.0 Future Work and Conclusions**

- 7.1 In accordance with the PSIAS, and reflected within the Audit and Governance Committee's work programme, Internal Audit Activity Progress Reports against the 2016/2017 audit plan, are scheduled to be presented to the Audit and Governance Committee at the March and June 2017 meetings.

## **8.0 Financial Implications**

- 8.1 There are no direct financial costs arising out of this report.

(Financial Services have been consulted in the preparation this report).

## **9.0 Legal Implications**

- 9.1 Nothing specific arising from the report recommendations.

(One Legal have been consulted in the preparation this report).

## **10.0 Risk and Opportunity Management Implications**

- 10.1 Failure to deliver an effective Internal Audit Service will prevent an independent, objective assurance opinion from being provided to those charged with governance that the key risks associated with the achievement of the Council's objectives are being adequately controlled.

## **11.0 People Impact Assessment (PIA):**

- 11.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to 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. The Internal Audit Service is delivered by Audit Risk Assurance which is an internal audit and risk management shared service between Gloucester City Council, Stroud District Council and Gloucestershire County Council. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.
- 11.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

### Sustainability

- 12.2 There are no 'Sustainability' implications arising out of the recommendations in this report.

Staffing & Trade Union

- 12.3 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

**Background Documents:** Internal Audit Plan 2016/17  
PSIAS  
CIPFA Local Government Application Note for the UK PSIAS