

AUDIT COMMITTEE	AGENDA ITEM No. 4
4 NOVEMBER 2013	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	John Harrison, Director of Strategic Resources Steve Crabtree, Chief Internal Auditor	☎ 452 398 ☎ 384 557

INTERNAL AUDIT: HALF YEAR UPDATE 2013 / 2014

R E C O M M E N D A T I O N S	
FROM : John Harrison, Director of Strategic Resources	Deadline date : N/A
Audit Committee are asked that :	
1. The Internal Audit Update Report to 30 September 2013 be received and the Committee note in particular:	
(a) Progress made against the plan and the overall performance of the section.	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee as a routine planned report within the work programme of the Committee. It sets out Internal Audit performance and progress with regards to the 2013 / 2014 Audit Plan (Audit Committee approval: 27 March 2013).

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to inform the Audit Committee on Internal Audit activities and performance progress against the Annual Audit 2013 / 2014 as at 30 September 2013.

2.2 The report is for the Committee to consider under its Terms of Reference No. 2.2.1.3 – *To consider reports dealing with the management and performance of the providers of internal audit services.*

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. OVERVIEW

- 4.1 This report outlines the work undertaken by Internal Audit up to 30 September 2013, progress against our plan and other issues of interest.

5. ASSURANCE OPINION

- 5.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: **FULL**; **SIGNIFICANT**; **LIMITED**; and **NO ASSURANCE**. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews will be included in an appendix to this report, once the audit review has been agreed and finalised. **There are no reports that currently fall into this category but a number of reports presently in draft with limited or no assurance will be reported next time once they are finalised.**
- 5.2 Initial work throughout the first six months has focused on activities which have been date demand led as well as focussing on risk and the closure of previous years reviews. These have included 7 audit projects involving the verification and certification of grants. This area of work has been found to be particularly time consuming due to regulations and evidence required to demonstrate we meet European funding rules along with numerous changes in staff administering the grants. As much of the work has been specific to the area being reviewed, the Chief Internal Auditor is unable to provide an opinion on the internal control environment across the organisation at this juncture.

6. AUDIT PLAN 2013 / 2014

6.1 Progress against Plan

- 6.2 **Appendix A** shows the Operational Plan that was agreed by the Audit Committee on 27 March 2013. It shows the audits that are due to be performed during 2013/2014 and the status of those audits. It includes audits brought forward from the previous year that have either been finalised during 2013/2014 or the present status of the audit. It also includes audits that were not planned when the Annual Audit Plan was approved.

- 6.4 To date, 14 audit projects for 2013/2014 have been finalised along with 4 audits from 2012/13. There are also 20 audit assignments that are in various stages of completion.

- 6.5 The original plan was produced to reflect the number of staff available for the year, but it included a reserve list of audits that would be undertaken depending on when the two vacant posts are filled mid-year. One audit from the reserve list has commenced as a result of business needs and changing priorities, however it is unlikely that all of the reserve audits will be undertaken this year unless additional resources are obtained. The recruitment process is underway and the reserve list will be reviewed once resources are finalised with a view to prioritising review work from this section of the plan. Progress against the main 2013/2014 plan is reasonable and it is anticipated that this part of the plan will be achieved provided there is no change in business need or focus.

6.6 Other Performance Matters

- 6.7 There has been no sickness absence during the 6 months to 30 September 2013, compared to a target of 2.5 days. This figure has continued to improve on the figure of 0.36 days per person at his time last year.

- 6.8 Post audit customer satisfaction questionnaires continue to demonstrate that audit reviews are meeting the needs of the organisation with an average score of 4.5 (the maximum score available is 5).

7. CONSULTATION

- 7.1 This report and the accompanying appendices have been issued to the deputy s.151 Officer for consideration.

8. ANTICIPATED OUTCOMES

- 8.1 That the Audit Committee is informed of Internal Audit's progress against the Annual Audit Plan and its business plan performance. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work since the last progress report.

9. REASONS FOR RECOMMENDATIONS

- 9.1 The Council is subject to the Accounts and Audit Regulations and, as such, must make provision for Internal Audit in accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards. It must also produce an Annual Governance Statement to be published with the Council's financial accounts. This report and associated papers demonstrate how the audit service is progressing against the audit plan how it will contribute to the Statement.

10. ALTERNATIVE OPTIONS CONSIDERED

- 10.1 The alternative of not providing an Internal Audit service is not an option.

11. IMPLICATIONS

11.1 Corporate Resource Implications

During the year, Internal Audit makes a number of recommendations. While implementing these may have resource implications for the various areas under review, Internal Audit discuss and agree recommendations with the Auditee prior to the issue of the final audit report. Therefore, it is assumed that their implementation can and will be undertaken either with existing resources or with additional resources that they can readily call upon.

11.2 Legal Implications

The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations. There would be a legal implication if an Internal Audit service was not provided for, and if mechanisms were not in place to carry out a review of internal control, governance and risk management as a basis for the Annual Governance Statement.

12. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

Internal Audit Annual Plan 2013/2014

13 APPENDICES:

Appendix A Progress of Audit Plan 2013 / 2014 (To 30 September 2013)

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