

AUDIT COMMITTEE	AGENDA ITEM No. 5
3 NOVEMBER 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lee, 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

RECOMMENDATIONS	
FROM : John Harrison, Director of Strategic Resources	Deadline date : N/A
Audit Committee are asked that :	
<p>1. The Internal Audit Update Report to 30 September 2014 be received and the Committee note in particular:</p> <p style="padding-left: 40px;">(a) Progress made against the plan and the overall performance of the section.</p>	

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 2014 / 2015 Audit Plan (Audit Committee approval: 24 March 2014).

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 2014 / 2015 as at 30 September 2014.
- 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 2014, 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 is one report that currently falls into this category, and one report presently in draft with limited or no assurance that will be reported next time when it has been finalised.**

5.2 Initial work throughout the first six months has focused on activities which have been date demand led as well as focussing the closure of previous years reviews. These have included 10 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 2014 / 2015

6.1 Progress against Plan

6.1.1 **Appendix A** shows the status of those audits included in the original plan, as well as those unplanned audits that have arisen since the plan was approved.

6.1.2 At present 22 audit projects are in progress, 3 are at draft report stage and 1 has been finalised. In addition 11 grant certifications have been completed.

6.1.3 There are 18 audit projects left to be undertaken in the second half of the year, along with the completion of the 22 currently in progress. Progress against the 2014/2015 plan is reasonable and it is anticipated that it will be achieved provided there is no change in business need or focus.

6.1.4 Appendix B is the original plan for 2014/2015, which has been included for the benefit of new members of the Audit Committee.

6.2 Other Performance Matters

6.2.1 There has been 0.33 days of sickness absence per person, compared to a target of 8 days (3%).

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

6.2.3 There has been 100% acceptance of audit recommendations to date.

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)

- 12.1 Internal Audit Annual Plan 2014 / 2015

13. APPENDICES

Appendix A - Progress of Audit Plan 2014 / 2015 (To 30 September 2014)

Appendix B - Internal Audit Plan 2014 / 2015

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