

## INTERNAL AUDIT 2015/16 - THIRD PROGRESS REPORT

### Audit Committee - 15 March 2016

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

---

**This report supports the Key Aim of Effective Delivery of the Corporate Plan**

**Portfolio Holder** Cllr. Searles

**Contact Officer(s)** Bami Cole, Ext.7236

---

**Recommendation to Audit Committee:** That Members note the contents of the report and the progress made by the Internal Audit Team in delivering the 2015/16 Annual Internal Audit Plan.

---

**Reason for recommendation:** The Audit Committee is required to review the progress of the Internal Audit Plan and approve amendments to the Annual Plan in compliance with its terms of reference.

---

### Introduction

- 1 This report provides details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2015/16 and outcomes of final Internal Audit reports issued since the meeting of the committee in January 2016.
- 2 The Internal Audit function is a key process of the Council's overall governance arrangements. Its key purpose is to conduct independent reviews of the Council's system of internal controls and to provide an assurance to both Senior Management and Members regarding the effectiveness of such systems. In fulfilling his duty and responsibilities, the Audit, Risk and Anti-Fraud Manager, is required to report the progress made in delivering the assurance requirements to the Audit Committee, in accordance with regulatory requirements and relevant professional standards.

### Summary of Issues Raised Within the Report:

3. A summary of progress made towards delivering the assurance requirements for 2015/16 is attached as Appendix A to this report, which sets out details of the reviews agreed by the Audit Committee in March 2015. Members may note that all the planned reviews are progressing at different stages of

completion, with 63% of reviews at draft or final report stage. Of the remaining 37% (7 reviews) four are at feedback stage and the remaining three are at the closing stages of field work. Hence the bulk of the work required to provide an appropriate level of assurance for the Council is nearing completion and we hope to complete it within the next few weeks.

- 3 Appendix C sets out details of the final reports which have been issued since the last meeting of this committee. It also provides a brief summary of the findings and recommendations agreed with service management, to address any areas for further improvements required to strengthen internal controls. Further details on any of the issues raised on the report summaries would be provided to Members of this Committee on request.

### **Internal Audit Resources**

- 4 Members will be pleased to note that the two new members of staff are settling in well. Appropriate training has been identified to enable them to become fully functional over the next few months. Hence the need to facilitate their development has impacted on the speed of delivery of the audit plan.
- 5 Members may also be pleased to note that senior management has approved the purchase of TeamMate, electronic audit management software. This is part of the agreed actions on the internal audit improvement plan and would facilitate the implementation of more modern ways of working, which we expect would lead to greater efficiency and improved quality of the internal audit service.

### **Progress of Internal Audit Improvement Plan**

- 6 The Internal Audit improvement plan is progressing well. The Chair and vice-chair receive regular updates at meetings with the Chief Finance Officer and the Audit, Risk and Anti-Fraud manager. A full report by the Chief Finance Officer will be presented as part of this meeting.

### **Key Implications**

#### Financial

- 7 Not Applicable.

#### Legal Implications and Risk Assessment Statement.

- 8 No additional legal implication beyond the Council's duty to comply with the Accounts and Audit Regulations 2015.
- 9 The Council is required to comply with the requirements of the Accounts and Audit Regulations 2015, regarding its arrangements for Internal Audit, in order to ensure fitness for purpose and taking into account the Public Sector Internal Audit Standards and professional guidance. The recent recruitment of two new staff now brings the team up to full establishment. Hence the team is now better placed to deliver on the Council's assurance

requirements and mandatory guidance. Training and development needs have been identified, to enable all staff to be equipped with the relevant skills required to perform their roles effectively.

### Equality Assessment

- 10 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

### **Conclusions**

- 11 This report sets out progress of the Internal Audit Team in delivering the Council's assurance requirements for 2015/16 and provides a summary of final reports issued since the meeting of the Audit Committee in January 2016. The team is also making steady progress in implementing the improvement action plan agreed by the Audit Committee in June 2015.

### **Appendices**

Appendix A - Progress Against 2015/16 Plan

Appendix B - Summary of Final Reports Issued

Appendix C - Audit Opinions - Definitions

### **Background Papers:**

[Internal Audit Annual Plan for 2015/16](#)

New Public Sector Internal Audit Standards 2013

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

[Audit Committee Report 23 June 2015](#)

Accounts and Audit Regulations 2011

<http://www.legislation.gov.uk/uksi/2011/817/contents/made>

**Adrian Rowbotham**  
**Chief Finance Officer**