

## INTERNAL AUDIT PROGRESS REPORT

### Audit Committee – 14 January 2014

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

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

Portfolio Holder Cllr. Ramsay

Contact Officer(s) Bami Cole, ext.7236

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**Recommendation to Audit Committee:** That Members:

Note the contents of the report and the progress made by the audit team in delivering the 2013/14 Annual Internal Audit Plan

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

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### Introduction

- 1 This report provides details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2013/14 and outcomes of final internal audit reports issued since the meeting of the committee in September 2013. This is the second progress report sent to the Audit Committee since its formation in May 2013.
- 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 Manager, is required to report to the Audit Committee on the progress made in delivering the internal audit plan in meeting the Council's assurance requirements, in accordance with relevant professional standards.

### Summary of Issues Raised Within the Report:

- 3 A summary of progress made towards delivering the assurance requirements for 2013/14 is attached as Appendix A to this report, which sets out details of the reviews agreed initially by the Performance and Governance Committee, in April 2013; and subsequently endorsed by the Audit Committee in June 2013. Members may note that nine planned reviews have been completed, two of which are at draft stage. Eight reviews are work in progress and a further four planned to

commence in quarter four. Thus to date, a total of seventeen reviews have either been completed, or have commenced from this year's annual plan. This is equivalent to 77% of the annual internal audit plan for 2013/14.

- 4 Members are advised that one review, item 22 on Appendix A is proposed to be taken forward to 2014//15 for operational reasons, In particular, the management information system and data management processes are currently being overhauled and upgraded within the relevant service, the faculties section. Hence it would be difficult to carry out a meaningful review at whilst the process is in transition and would be disruptive. It is therefore propose to undertake the review in the first quarter of 2014/15.
- 5 Appendix B sets out details of the reports which were issued since the last meeting of this committee and provides a brief summary of the findings and recommendations agreed with service management, to address any areas for further improvements, required to strengthen internal control. 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

- 6 Internal audit resources have been under capacity during the quarter due to sickness levels. This has consequently put some strain on delivery of the plan. Thus management is reviewing the plan and available resources to year end, to determine whether it would be appropriate to obtain agency staffing resources, or to carry forward some reviews. Senior management will be consulted on this and the Audit Committee will be advised at the next meeting of the Board on the outcome of this process.

**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 2011.

The Council is required to comply with the requirements of the Accounts and Audit Regulations 2011, regarding its "arrangements to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The report indicates that the Council has effective arrangements in place as required by regulatory requirements and professional standards.

Equality Impacts

- 9.

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		N/A

### Sustainability Checklist

10. Not Applicable.

### Conclusions

11. This report sets out progress of the Internal Audit Team in delivering the Council's assurance requirements for 2013/14 and provides a summary of final reports issued since the meeting of the Audit Committee in June 2013. No significant concerns have been identified in audit reviews to date. Where issues for further improvements have been identified, internal audit have agreed appropriate and timely actions to address such issues.

### Appendices

Appendix A – Progress Against 2013/14 Plan

Appendix B - Summary of Final Reports Issued

Appendix C - Audit Opinions - Definitions

### Background Papers:

Internal Audit Annual Plan for 2013/14

New Public Sector Internal Audit Standards 2013

Audit Committee Report 11 June 2013

Accounts and Audit Regulations 2011

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

Adrian Rowbotham

Chief Finance Officer