

Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 15 November 2016

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**Title: Internal Audit Progress Report,
16 July to 31 October 2016**

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Item for Information

Summary

1. To report to the Performance & Audit Committee details of work undertaken by Internal Audit since the last report to the Committee on 28 July 2016 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (16 July to 31 October 2016) be noted

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

4. None

Impact

- 5.

| | |
|---------------------------------|--|
| Communication/Consultation | The Internal Audit Work Programme 2016/17 referred to in this report has been approved by the Corporate Management Team and endorsed by the Performance & Audit Committee. |
| Community Safety | none |
| Equalities | none |
| Health and Safety | none |
| Human Rights/Legal Implications | none |
| Sustainability | none |

| | |
|-----------------------|------|
| Ward-specific impacts | none |
| Workforce/Workplace | none |

Situation

6. The purpose of this report is to provide management and members with:
- i) Details of the work completed by Internal Audit since the last report to the Performance and Audit Committee at its meeting 28 July 2016;
 - ii) Performance against the Internal Audit Work Programme 2016/17;
 - iii) Details of risk level 3 and 4 highest priority recommendations implemented since the last report to Members;
 - iv) Details of any recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 16 July to 31 October 2016

7. Between 16 July to 31 October 2016, 4 audits from the 2016/17 audit programme were completed and 3 final reports issued with a total of 6 recommendations made. All final audit reports issued have been copied to Performance & Audit Committee Members and are available on the Council's Intranet. A summary of 2016/17 final reports issued is presented at Appendix A(i);
8. Corporate Governance audit work for 2016/17 has been restricted to the production of the Annual Governance Statement published with the Statement of Accounts in July 2016; therefore no other final report has been issued for this audit.
9. As reported to Members at the previous meeting on 28 July 2016, there was 1 remaining audit from the 2015/16 audit programme to be completed, the audit of Street Services - Fleet & Fuel Management and Transport Maintenance. The final report for this audit was issued 04 August 2016 and copied to Performance & Audit Committee Members. A summary of the final report is presented at Appendix A (i).
10. Between 16 July to 31 October 2016 work has started on 10 audits from the 2016/17 Audit Programme; progress on the 2016/17 programme is presented at Appendix A (ii).

Audit Work Programme 2016/17

11. The Internal Audit Work Programme is a rolling programme of the audit work expected to be undertaken during 2016/17 and, in accordance with the Internal Audit Strategy, was reviewed and updated in October 2016 to identify the scope of audit work to be undertaken during the remainder of 2016/17.

12. The audit programme has been revised to take into account auditee timing requests, audit resource issues and unplanned investigations work which has reduced the number of anticipated audit days available from 01 October 2016 to 31 March 2017 from 155 to 135.

13. To be able to provide meaningful year-end assurance, the revised programme should allow us to:

i) Complete work on the following audit:

- Asset Management
- Business Continuity
- Customer Service Centre
- Elections
- Electoral Registration
- Grants & External Funding Received
- Housing & Health - Community Health
- Insurance
- Museum
- Partnerships
- Payroll
- Recovery

ii) Commence and completed work on the following audits:

- Cash & Bank (Follow-up work)
- Corporate Health & Safety
- Facilities Management
- Fleet & Fuel Management (Follow-up work)
- Fraud
- Housing – Stock and Voids
- Income, Fees & Charges
- Members' Allowances & Expenses
- NNDR
- Value for Money

iii) Retain the following as provisional audits for 2016/17:

- Budgets
- Car Parking Partnership
- Conservation & Trees
- Grants & Awards (made)
- Housing & Health - Environmental Health - Food Safety & Infectious Disease Control
- Housing & Health - Equality & Diversity incl Access to Services
- Housing & Health - Services for Older People
- Local Land Charges
- Mailroom & Reprographics
- Planning - Housing Strategy
- Planning – Local Plan
- Street Services - Income Generating Services & Asset Management

iv) Carry forward to 2017/18 or later the following previously provisional audits

- Creditors
- Economic Development Service
- LCTS
- Housing Rents
- Housing & Health – Allocations
- Housing & Health – Homelessness
- HR
- Legal Services
- Leisure – Day Centres
- Leisure – PFI

14. The revised programme has been agreed with CMT at its meeting on 21 October 2016 and is presented in Appendix A(ii).

15. As of 31 October 2016, work has been undertaken on 18 out of the revised 26 planned and 12 provisional audits, of these:

- i) 5 audits have been completed and Final Reports issued
- ii) 2 audits are at draft report stage
- iii) 11 audits are currently work in progress

Recommendations Implemented 16 July to 31 October 2016

16. There are 5 risk level 3 & level 4 recommendations which have been implemented in this period; a summary is presented at Appendix A (iii).

Recommendations Not Implemented by due date at 31 October 2016

17. As of 31 October 2016, there are no recommendations currently reported in Covalent as not implemented in accordance with their agreed due dates.

Risk Analysis

18.

| Risk | Likelihood | Impact | Mitigating actions |
|---|---|--|--|
| The issues highlighted in the internal audit reports are not acted upon | 1 Action is already being taken towards the implementation of the recommendations contained in the reports. | 2 There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified. | Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non compliance |

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.