

Local Members Interest
N/A

Audit and Standards Committee – 12 December 2017

Internal Audit Plan 2017/18 - Update

Recommendations

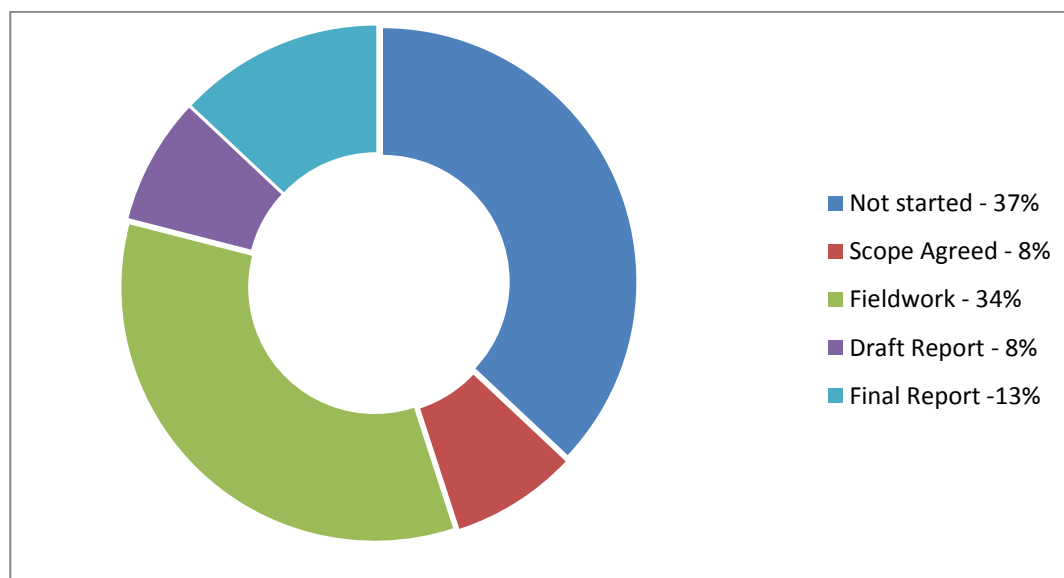
1. To note progress against the 2017/18 Internal Audit Plan and the amendments to the original plan, including those audits which have been cancelled since its approval in June 2017.
2. To note progress on the implementation of high level recommendations made during 2017/18.

Report of the Director of Finance and Resources

3. Given the changing operating module of the County Council the annual plan approved by the Committee in June 2017 continues to be reviewed to ensure that areas originally included remain relevant and reflect the risk profile of the organisation. Internal Audit has undertaken a proactive advisory role within the implementation of the new financial systems project and have expanded work where requested in order to help assist in the determination of the new control environment. Ongoing liaison has also taken place with the External Auditor to ensure that where possible the work of internal audit can provide additional assurance over the new financial management system. Additional time has also been spent on expanding the original scope of a number of audits previously identified within the approved plan e.g. the data transfer and interface testing reviews. As a direct result of the additional work a number of smaller reviews have been cancelled, these are detailed in Appendix 1 of the report:
4. At this stage in the year the section remains on schedule to meet its key performance targets. The response rates from the Customer Satisfaction Surveys has continued to rise during the year, together with the number of positive comments. In addition work has concluded to re procure the Staffordshire External Support Contract which became operational with effect from 1st November 2017. A number of audits have now been allocated to providers and it is anticipated that the reviews will commence shortly.
5. Overall, delivery against the 2017/18 audit plan is summarised below. Previously the Audit & Standards Committee agreed that only the reports of the high risk reviews (Top 10), limited assurance audits and major special investigations would be considered as part of the agenda, where relevant other reports would be emailed to Members for information.

Area	Plan	Not Started	Terms of Reference Agreed	Fieldwork Ongoing	Draft Report Issued	Final Report Issued	Cancelled	Total
Systems Audits								
Planned Audits	105	47	6	18	10	16	(8)	97
Additional Work	6	0	0	3	0	3	0	6
Total	111	47	6	21	10	19	(8)	103
Compliance Audits								
Schools incl themed	41	24	0	5	9	3	0	41
Educational Endowment Funds	3	0	0	3	0	0	0	3
Other compliance – Adults	12	0	0	0	0	12	0	12
Total Compliance	56	24	0	8	9	15	0	56
Pro-active Counter fraud Work	26	15	0	7	2	2	0	26
Special Investigations/ Exercises	n/a	n/a	n/a	6	1	10	n/a	17
Overall Totals	193	86	6	42	22	46	(8)	202

- Since the last meeting of the Audit & Standards Committee, there has been no limited assurance opinion reports finalised requiring Members consideration.
- Delivery of the work for the External Clients is important in ensuring that the section meets its income targets for the year. Performance to date is detailed below and each audit plan is on course to be fully delivered by the end of the audit year. The results of these exercises are reported to the individual bodies' Audit Committee.



- During 2014/15 the Team successfully bid for the contract to deliver the Internal Audit function, including the management of the existing in-house team, for South Staffordshire District Council. This equates to an additional 100 days per annum and is on track to be fully delivered by the end of the financial year. The total value to the section for this work is £34,000

9. Through the introduction of the electronic management and working paper system within the internal audit team, the implementation of all recommendations made is monitored. As part of the process responsible managers are reminded via email once the implementation deadline date has past, until a positive response is received by Internal Audit.
10. Previously those recommendations which have not been actioned by the target implementation date together with an explanation of the delay by the appropriate officer have been reported to the Audit & Standards Committee. The number remaining outstanding has reduced significantly over time when compared to previous years, due in part to the involvement of the Audit & Standards Committee. Progress in implementing those outstanding agreed recommendations has been monitored and there are a small number of high level recommendations that have not been fully implemented by their due date. Additional information has been included within the table regarding the number of outstanding medium and low level recommendations for those reports with an outstanding high level recommendation. The details are attached as Appendix 2 to the report and include a commentary regarding action taken to date by the respective manager, where appropriate. Internal Audit will continue to monitor their implementation and will include the results of this exercise within the annual outturn report.

Equalities Implications

11. There are no direct implications arising from this report.

Legal Implications

12. Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations specifically require that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

Resource and Value for Money Implications

13. The net budget of the Internal Audit Section is estimated at £640,450.

Risk Implications

14. Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Where relevant, the results of individual reviews will link into the Annual Governance Statement, providing assurance on the operation of key controls. Internal Audit will continue to align its work with the Corporate Risk Register.

Climate Change implications:

15. There are no direct CO2 implications arising from this report.

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List of Background Papers:

2017/18 Internal Audit Strategy & Plan
2017/18 Internal Audit Charter

Appendix 1

Details of Audits Contained in the Audit Plan approved in June 2017 which have been cancelled.

Local Sustainable Transport Fund
Centralisation of Archive Services
Rural Enterprise Programme
Developers Contributions s106
Deprivation of Liberty Safeguards
Banking Services Contract – Deputyships
Brokerage Performance Monitoring

Deferred into 2018/19 – Strategic Property Asset Management & Governance