

Local Members Interest
N/A

Audit and Standards Committee – 5 December 2016

Internal Audit Plan Update 2016/17

Recommendations

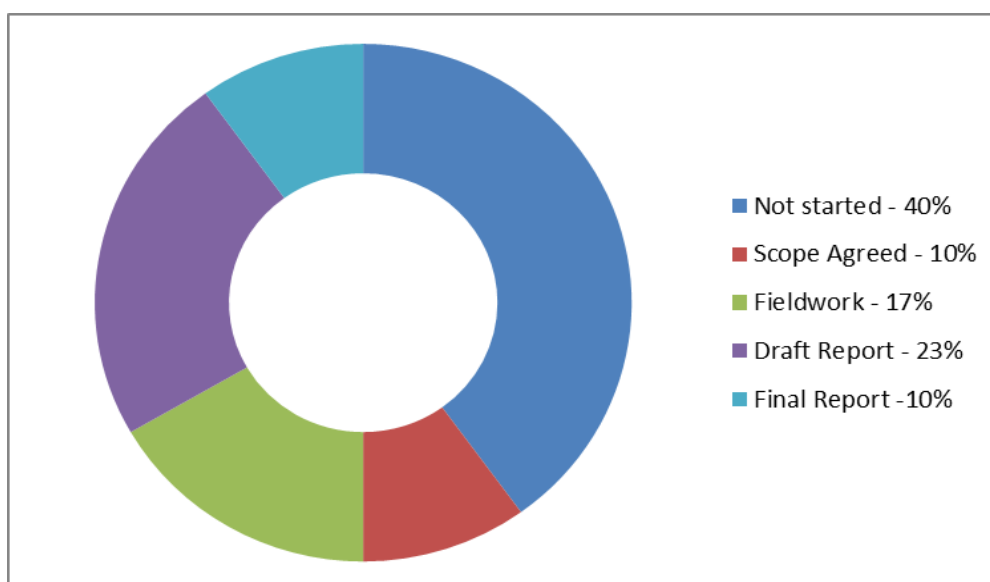
1. To note progress against the 2016/17 Internal Audit Plan and the amendments to the original plan, including those audits which have been cancelled since its approval in June 2016.
2. To note progress on the implementation of high level recommendations made during 2016/17.

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 2016 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 number of additional audits since the original plan was approved including the certification of the Local Growth Fund grant and evaluating governance procedures in place within the Council against those areas of concern reported in the Derby City Council Public Interest report. 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 payroll work has been increased to take account of the change in payroll providers for maintained schools and Liberata for the core County payroll. Additional time has also been allocated to the Penda review to incorporate wider governance related elements. 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: At this stage in the year the section remains on schedule to meet its key performance targets.
4. Overall, delivery against the 2016/17 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	94	38	6	19	8	9	(14)	80
Additional Work	8	1	2	0	3	2	0	8
Total	102	39	8	19	11	11	(14)	88
Compliance Audits								
Schools	22	0	0	15	0	7	0	22
Educational Endowment Funds	5	0	0	0	0	5	0	5
Other compliance – Adults	15	0	0	0	0	15	0	15
Total Compliance	42	0	0	15	0	27	0	42
Pro-active Counter fraud Work	13	3	0	9	0	1	0	13
Special Investigations/ Exercises	11	0	0	4	0	7	0	11
Overall Totals	168	42	8	47	11	46	(14)	154

- 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 £32,000.

8. Through the introduction of the new 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.
9. 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. The details are attached as Appendix 2 to the report and include a commentary regarding action taken to date by the respective manager. Internal Audit will continue to monitor their implementation and will include the results of this exercise within the annual outturn report.

Equalities Implications

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

Legal Implications

11. 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

12. The net budget of the Internal Audit Section is estimated at £575,200.

Risk Implications

13. 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:

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

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List of Background Papers:

2016/17 Internal Audit Strategy & Plan
2016/17 Internal Audit Charter

Appendix 1

Details of Audits Contained in the Audit Plan approved in June 2016 which have been cancelled.

Special Educational Needs Transport
Families First Contract Management
Dynamic Purchasing System
Claims Management Unit – Follow Up
Trading Standards Unit
Economic Regeneration
Superfast Broadband
Multi Agency Safeguarding Hub – computer audit review
Better Care Fund
Rural Enterprise Programme
Libraries in a connected Staffordshire