

## Audit Committee

30 September 2015

### Internal Audit Progress Report Period Ended 30 June 2015



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## Report of the Chief Internal Auditor and Corporate Fraud Manager

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### Purpose of the Report

1. To inform Members of the work that has been carried out by Internal Audit during the period 1 April 2015 to 30 June 2015 as part of the 2015/2016 Internal Audit Plan.
2. The report aims to:
  - Provide a high level of assurance, or otherwise, on internal controls operating across the Council that have been subject to an Internal Audit.
  - Advise of issues where controls need to be improved in order to effectively manage risks.
  - Advise of other types of audit work carried out such as grant certification or consultancy reviews where an assurance opinion on the control environment may not be applicable.
  - Advise of amendments to the Internal Audit Plan.
  - Track the progress of responses to Internal Audit reports and the implementation of agreed audit recommendations.
  - Advise of any changes to the audit process.
  - Provide an update on the performance indicators comparing actual performance against planned.
3. The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

Appendix 1	Progress against the Internal Audit Plan
Appendix 2	Final Reports issued in the quarter ending 31 December 2014
Appendix 3	The number of high and medium priority actions raised and implemented
Appendix 4	Internal Audit Performance Indicators
Appendix 5*	Overdue Actions
Appendix 6*	Limited Assurance Audit Opinions

## Background

4. As an independent consultancy service, the Council's Internal Audit Team strives to continue to add value and improve the organisation's operations as well as providing objective assurance to service managers and the Council.
5. The Internal Audit Strategy and Annual Internal Audit Plan, covering the period 1 April 2015 to 31 March 2016, was approved by the Audit Committee on 29 June 2015.

## Progress against the Internal Audit Plan

6. A summary of the approved Internal Audit Plan for each Service Grouping, updated to include work in progress and any audits brought forward from last year's plan, is attached at Appendix 1. The appendix illustrates the current status of each audit as at 30 June 2015 and, where applicable, also gives the resultant assurance opinion.
7. A summary of the status of audits in 2015/16 is illustrated in the table below:

Service Grouping	Not Started	Planning and Preparation	In Progress	Draft Report	Final Report
Assistant Chief Executive (ACE)	3	7	2	2	3
Children and Adult Services (CAS) excluding Schools	13	30	14	1	8
Children and Adult Services (CAS) - Schools	15	18	11	3	19
Neighbourhood Services (NS)	7	30	12	1	5
Regeneration and Economic Development (RED)	13	6	7	2	3
Resources (RES)	27	23	15	12	4
<b>TOTAL</b>	<b>78</b>	<b>114</b>	<b>61</b>	<b>21</b>	<b>42</b>

8. A summary of the final audit reports issued in this quarter is presented in Appendix 2.
9. The total number of Productive Internal Audit days required to deliver the plan is 4,888. As at 30 June, the service has delivered 1,140 productive days representing 23% of the total plan. The target at the end of the quarter was for 23% to be delivered, therefore performance is in line with the target.

## Audit Activity in the Quarter

### Amendments to the Approved 2015/2016 Internal Audit Plan

10. The following amendments to the approved Internal Audit Plan have been agreed between Corporate Directors and the Chief Internal Auditor and Corporate Fraud Manager in this quarter:

Service Grouping	Audit	Amendment Type	Reason
Neighbourhood Services (NS)	Play Services (S106)	Assurance	Request from key contact to defer review as service is to transfer from Culture & Sport to Direct Services
Neighbourhood Services (NS)	Clean and Green Complaints Handling	Assurance	Request from key contact to cancel review as this area has recently been subject to an in house review undertaken by Projects & Business Services.

11. 13 unplanned reviews have been added to the Internal Audit Plan in this quarter. Of these, 10 are potential fraud or irregularity investigations.
12. The three other reviews, which are to be sourced from the service contingency provision within the Internal Audit Plan, are detailed below:

Service Grouping	Audit	Audit Type	Reason
Regeneration and Economic Development (RED)	Building Control – Online Payments	Assurance	Service request to carry out a review of the online payments process.
Neighbourhood Services (NS)	Allotments Management	Assurance	Follow up review as previous audit provided only limited assurance.
Neighbourhood Services (NS)	Animal Health	Assurance	Follow up review as previous audit provided only limited assurance.

### Outstanding Management Responses to Draft Internal Audit Reports

13. There are currently no draft audit reports overdue at the time of writing.

## Survey Response Rate

14. The table below sets out the response rate and average score, by Service Grouping, for the customer satisfaction surveys issued during the period.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Assistant Chief Executive (ACE)	1	0	0	N/A
Children and Adult Services (CAS) excluding Schools	3	1	33	5.0
Children and Adult Services (CAS) - Schools	6	4	67	4.9
Neighbourhood Services (NS)	4	0	0	N/A
Regeneration and Economic Development (RED)	1	1	100	5.0
Resources (RES)	5	2	40	4.9
<b>TOTAL</b>	<b>20</b>	<b>8</b>	<b>40</b>	<b>4.9</b>

## Responses to Audit Findings and Recommendations

15. Details of the numbers of High and Medium priority ranked recommendations that have been raised and those that are overdue, by Service Grouping, are presented in Appendix 3.
16. A summary of progress on the actions due, implemented and overdue, as at 30 June 2015, is given in the table below:

Service Grouping	Number of Actions Due to be Implemented	Number of Actions Actually Implemented	Actions Overdue by Agreed Original Target Date	Actions with an Agreed Revised Target Date	Actions Overdue by Revised Target Date
Assistant Chief Executive (ACE)	7	5	2	2	0
Children and Adult Services (CAS)	85	85	0	0	0
Neighbourhood Services (NS)	193	184*	9	9	0
Regeneration and Economic Development (RED)	73	64	9	9	0
Resources (RES)	404	391	13	13	0
<b>TOTAL</b>	<b>762</b>	<b>729</b>	<b>33</b>	<b>33</b>	<b>0</b>

17. It is encouraging to note that, of the 762 actions due to be implemented, 729 (96%) have been implemented. The Chartered Institute of Public Finance and Accountancy (CIPFA), benchmarking exercise indicates that average performance in this area to be between 70% to 80%. At present the Council is delivering in excess of this target.
18. Details of the actions that are overdue following their agreed original target dates are included at Appendix 5.

### Limited Assurance Audit Opinions

19. There has been one audit finalised in this quarter that has been issued with a 'limited assurance' opinion. This is:

Service Grouping	Service Area	Audit
Neighbourhood Services (NS)	Direct Services	Allotments

20. Further details of the findings from this audit review is included within Appendix 6.

### Performance Indicators

21. A summary of our actual performance at the end of June 2015 compared with our agreed targets is illustrated in Appendix 4.

### Recommendations

22. Members are asked to note:
  - The amendments made to the 2015/2016 Annual Audit Plan.
  - Work undertaken by Internal Audit during the period ending 30 June 2015 and the assurance on the control environment provided.
  - The performance of the Internal Audit Service during the period.
  - Progress made by service managers in responding to the work of Internal Audit.