
REPORT TO THE GOVERNANCE & AUDIT COMMITTEE
MEETING ON: 7th March 2018

Status: For information
Title: Internal Audit – progress and performance update
Originator: Trevor Croote – Audit Manager
Where from: CMT / LGSS Internal Audit
Where to next: N/A

1 Outcome Sought from Committee

- 1.1 Members note the reported performance of internal audit, key findings of audits completed and status of outstanding recommendations.
- 1.2 Members note the agreed amendments to the 2017/18 internal audit plan (3.4) and approve the additional amendment to defer the procurement audit to 2018/19 and replace with additional assurances on the payroll system.

2 Background

- 2.1 Internal audit assignments are completed in accordance with the annual internal audit plan agreed by this committee. This report summarises progress against the 2017/18 plan up to 14th February 2018, the latest practical date for reporting to the committee.

3 Progress against the agreed 2017/18 Audit Plan

- 3.1 **Appendix A** summarises progress against the plan together with the latest available performance information. At the time of writing, 100% of the revised plan is either complete or in progress.
- 3.2 Monitoring the implementation of audit recommendations and holding officers to account for any delays is an important function of this committee. There are currently 16 overdue recommendations, of which 11 (69%) are overdue by more than three months. Of these, nine are classified as high or medium risk and further details are provided in **Appendix B**.
- 3.3 Five internal audit reports have been finalised since the last committee (table 1).

Table 1. Audits finalised since the last meeting.		
Assignment	Audit assurance level	Appendix ref.
Counter Fraud and Ethical Governance	Environment: Satisfactory Compliance: Satisfactory Impact: Minor	C(i)
Data Management	Environment: Satisfactory Compliance: Limited Impact: Moderate	C(ii)
Emergency Planning	Environment: Substantial Compliance: Substantial Impact: Minor	C(iii)
Lifeline	Not applicable – consultancy review	N/A
Channel shift	Not applicable – consultancy review	N/A

3.4 The Committee's role includes approving any amendments to the Internal Audit Plan during the financial year. For reasons of timeliness and efficiency the Committee has previously agreed that any proposed amendments can be approved by the Head of Finance and Corporate Services (S151 Officer) in consultation with the Chairman. Members are asked to note the following amendments that have been agreed since the last meeting:

- To defer the audit of Business Continuity and Disaster Recovery to the 2018/19 audit plan and replace it with an audit of Emergency Planning in the current year plan. Work is currently underway internally on Business Continuity and the change in IT staffing means this would not be an ideal time for the audit work.
- To defer the audit of Absence Management to 2018/19 and replace this with consultancy support on the Channel Shift project in the current year. This was discussed at the last committee meeting and reflects the issues during the current year with the payroll system which need to be addressed before commencing the review.

3.5 A recommendation is also proposed for a further amendment to the plan, to defer the procurement audit to 2018/19 and use the time to provide additional assurance on the payroll system. The Commissioning Manager does not have the capacity to support the audit at this time due to pressure of other work

such as the current leisure project and it has been agreed that the testing can be conducted in quarter 2 of 2018/19.

4 Equality Impact Assessment

4.1 Not applicable in this context.

5 Conclusions

5.1 This report provides an update on the progress and outcomes of work undertaken as part of the 2017/18 audit plan and all reports finalised since the last Committee meeting.

Previous report(s): Internal Audit Plan 2017/18 (08/03/2017)
Internal Audit Charter (26/07/2017)
Progress & Performance Update (26/07/2017)
Progress & Performance Update (20/09/2017)
Progress & Performance Update (15/11/2017)

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices:

- A Internal Audit Update – March 2018**
- B Outstanding Audit Recommendations**
- C(i) Internal Audit Report – Counter Fraud and Ethical Governance**
- C(ii) Internal Audit Report – Data Management**
- C(iii) Internal Audit Report – Emergency Planning**