

**REPORT TO THE GOVERNANCE & AUDIT COMMITTEE
MEETING OF 14th July 2015**

Status: For consideration / discussion
Title: Internal Audit – progress and performance update
Originator: Trevor Croote – Audit Manager, Welland Internal Audit Consortium.
Where from: SMT

Objective: To provide Members with an update on the progress made by the Welland Internal Audit Consortium in delivery of the 2015/16 Audit Plan.

To keep the Committee informed of areas where control weaknesses have been identified through the audit process and the management actions that have been agreed and taken to address them.

To provide Members with information on the status of agreed recommendations, that have not been implemented by the agreed due date.

To seek Members' views on the proposed training programme for 2015/16.

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 are invited to suggest any amendments to the Audit Plan that they may consider necessary.
- 1.3 Members are asked to consider and approve the proposed 2015/16 training programme.

2 Background

- 2.1 Internal Audit reviews are completed in accordance with the annual Internal Audit Plan, previously agreed by this committee. This report summarises progress against the plan up to 19th June 2015, the latest practical date for reporting to the committee.

3 Progress against the agreed 2014/15 audit plan

- 3.1 The 2014/15 audit plan is now complete. All audits have been delivered with the exception of the Contract Management review, which has been carried forward into 2015/16 at management's request to coincide with the timetable for renewal of the waste management contract. The audit of Financial Systems Key Controls was

issued to officers in draft on 30th March 2015 but has not yet been finalised as management responses to the action plan remain outstanding.

3.2 A summary of all 2014/15 audit work is set out in the Head of Internal Audit's Annual Report. Reports finalised since the last committee are set out in Table 1 below.

4 Progress against the agreed 2015/16 Audit Plan

4.1 Appendix A summarises progress against the plan together with the latest available performance information. At the time of writing 23% of the plan has been delivered to draft report stage and fieldwork is underway for a further two audits in the plan.

4.2 Five audit reports have been finalised since the last committee (see table 1) and copies of the relevant executive summaries are provided at Appendix B.

| Table 1. Audits finalised since the last meeting. | | |
|---|-----------------------|---------------|
| Assignment | Audit assurance level | Appendix ref. |
| Housing Benefits & Council Tax Support 2014/15 | Sufficient Assurance | B(i) |
| Council Tax 2014/15 | Sufficient Assurance | B(ii) |
| Business Rates 2014/15 | Sufficient Assurance | B(iii) |
| Counter Fraud General Arrangements 2014/15 | Sufficient Assurance | B(iv) |
| Duty to Cooperate 2014/15 | Substantial Assurance | B(v) |

4.3 The Public Sector Internal Audit Standards require the Audit & Governance Committee to undertake the "gate keeper" role approving changes to the audit plan only when it is satisfied that such changes do not compromise the range and level of assurance originally commissioned. The Committee has previously agreed that any proposed changes could be approved by the Head of Finance and Commercial Services (s151 Officer), in consultation with the Chairman. No changes have been made to the plan since the last meeting.

5. Outstanding recommendations

5.1 Monitoring the implementation of audit recommendations and holding officers to account for any delays is an important function of this committee. There are currently 30 overdue recommendations of which five are classified as high priority. Appendix C provides further details of all high and medium risk overdue recommendations.

6. Committee Training

- 6.1 Basic refresher training was provided to Members at the meeting in November 2014 and it was agreed that the Committee training schedule would be reviewed following the elections in May 2015.
- 6.2 Training sessions on key areas such as an Introduction to Internal Audit, Audit Committee effectiveness, Assurance and Independent Assurance and Corporate Governance can be provided as either pre-committee meeting sessions or at convenient times for Members. A schedule of training can be developed and delivered during the year, based on Members' training requirements and preferred timings.

7. Equality Impact Assessment

- 7.1 Not applicable in this context.

8. Conclusion

- 8.1 This report provides an update on the work undertaken and the results of the work as part of the 2014/15 and 2015/16 audit plans.

9. Recommendations

- 9.1 Members note the progress and performance of the consortium.
 - 9.2 Members discuss and agree a schedule of Committee training.
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