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# Internal Audit

## Interim Report 2014/15

October 2014 - December 2014

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Internal Audit

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## 1 Introduction

1.1 This report covers the programme of work delivered between October and December 2014 along with a brief outline of work planned for the remainder of the financial year.

## 2 Summary of Audit Work undertaken

2.1 The work carried out between October and December 2014 can be summarised as follows:

### 2.2 Assurance Work

- Three audits have been progressed to the draft report stage.
- Four audits are either in progress or the terms of reference have been agreed with management
- Five audits where the terms of reference have been issued to management.

2.3 In accordance with normal practice, once the reports have been finalised, further detail will be provided to the Committee on any of these audits with 'Limited' or 'No' assurance.

### 2.4 School Audits

- Three audits completed and reports issued
- Three further visits scheduled for quarter four.

### 2.5 Supporting Corporate Governance

- Internal Audit has been closely involved in developing the proposed revision of the Council's Code of Corporate

Governance. This is subject to a separate report to this Committee

- The work completed has included the provision of advice and support to the merger of the previous Corporate Governance Group and the Corporate Risk Management Group into the new Corporate Assurance Group
- Update of the AGS Action Plan as reported to the November Committee
- Internal Audit also contributed to the Compliance with Contract Procedure Rules report that was presented to the November Committee.

### 2.6 Risk Management

- As Members are aware, responsibility for coordinating and monitoring risk management now sits within Internal Audit
- A detailed update on work carried out and proposed developments to the Council's arrangements are detailed in a separate report to this Committee.

### 2.7 Anti-Fraud and Corruption

- A comprehensive update on both national and local developments in this area is provided in a separate report to this Committee.

### 2.8 Investigations

- Support has been provided to a small number of investigations in association with colleagues from Human Resources
- Action has been taken in accordance with the appropriate policies but there are no significant issues arising to bring to the attention of Members.

#### 2.9 Technical Enabler Group

- Attendance at TEG meetings has continued during the period with the provision of support, advice and constructive challenge to the consideration of proposed projects.

#### 2.10 Consultancy and Advice

- Corporate Leadership Board has requested support in obtaining assurance that payments in excess of £5,000 are subject to appropriate controls via a programme of monthly transaction testing
- Having completed the first round of testing, Internal Audit has identified and reported on a number of thematic findings for implementation prior to further testing being carried out.

#### 2.11 Implementation of Recommended Actions

- Work has continued to obtain assurance from management that Internal Audit recommendations have been implemented in accordance with agreed timescales.

- The approach taken is dependent upon the level of assurance provided by the initial audit review. Those with Limited or No Assurance are subject to a more detailed review process.
- In accordance with normal practice, detailed performance figures relating to the implementation of recommended actions within agreed timescales will be reported in the Annual Report 2014/15. This will allow the figures to reflect those actions that are due to be implemented during quarter 4.

#### 2.12 Supporting the Audit and Governance Committee

- Internal Audit has prepared or contributed towards the following reports to this Committee during the quarter:

##### 11 November 2014

- Annual Governance Statement Update
- Internal Audit Interim Report
- Compliance with Contract Procedure Rules

##### 22 January 2015

- Anti-Fraud and Corruption Update
- Internal Audit Interim Report
- Revising the Council's Code of Corporate Governance
- Risk Management Update
- Audit and Governance Committee Work Plan

### 3 Ongoing and Forthcoming areas of Work

3.1 As previously reported to this Committee, changes have been made to the audit structure which have taken effect during Quarter 3. These include:

- The Corporate Manager Audit and Governance joined the organisation on 8<sup>th</sup> December 2014
- The holder of the deleted Audit Manager post has taken up a new position within Finance
- The remaining Audit Manager has responsibility for coordinating and monitoring Risk Management while the Performance and Risk Manager is seconded to the Chief Executive's Office.

3.2 In recognition of these changes, the annual plan has been revisited and a refocus of planned audit work for the remainder of the year will be necessary in order to reflect the revised resource position.

3.3 In delivering the remainder of the 2014/15 Audit Plan, priority will be given to those pieces of work which inform the Corporate Manager Audit and Governance's annual audit opinion, such as:

- Key Financial Systems – assurance that the expected controls are in place and operating effectively.
- Corporate Governance and Risk – supporting and contributing to the production of the Annual Governance Statement
- Anti-Fraud and Corruption - coordination of the investigation of National Fraud Initiative data matches

- Follow up Audits – proactive monitoring of the implementation of audit recommendations

3.4 In addition to completing the planned work relating to 2014/15, we will be preparing the Audit Plan for 2015/16.

3.5 The plan will need to carefully balance statutory responsibilities and risk with the resources available within the team.

3.6 This will involve meetings with senior managers and heads of service to discuss the risks associated with their areas of responsibility and to agree priorities for the coming year.

3.7 It will also require detailed consideration of strategic and service risk registers, other sources of assurance such as external inspection reports and issues identified during the current year.

3.8 The proposed plan will be presented to the March 2015 meeting of this Committee for consideration and approval.