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# Internal Audit

## Interim Report 2015/16

October 2015 - December 2015

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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 2015 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 2015 can be summarised as follows:

### 2.2 Assurance Work

- 1 audit progressed to the draft report stage.
- 7 audits either in progress or the terms of reference agreed with management.
- 3 audits where the terms of reference were 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

- 21 audits completed and reports issued.
- 1 further visit rescheduled for quarter four.

### 2.5 Supporting Corporate Governance

- Continued monitoring of issues raised in the 2014/15 Annual Governance Statement (AGS), update of the

associated AGS Action Plan and development of the proposed process for production of the 2015/16 AGS.

- Details of the above were provided to Members in a report to the December 2015 meeting of this Committee.
- Internal Audit has continued to provide support to, and Chair, the Corporate Assurance Group (CAG).
- This included the production of reports to Management Group Board (MGB) and provision of advice with regards to the continuing development of the Council's approach to governance and risk management, including the draft risk management policy.

### 2.6 Risk Management

- Work to further develop and embed risk management, continued during the quarter. This included the review and update of corporate risks and work within departments to develop operational risk registers.
- A detailed update report will be presented to Committee in June 2016.

### 2.7 Anti-Fraud and Corruption

- The existing Anti-Fraud and Corruption Strategy has been reviewed against best practice and as a result, a new Anti Fraud and Corruption Policy has been developed.

- Approval of this new Anti Fraud and Corruption Policy is sought in a separate report to this Committee.

#### **2.8 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.

#### **2.9 Consultancy and Advice**

- Internal Audit has continued to support management with the provision of advice - at the specific request of management. The nature and scope of these engagements are generally aimed at improving governance, risk management and control and contribute to the overall audit opinion as well as building good relationships across the Council.
- Advice and guidance provided during Quarter 3 has included disposal of assets, suspected scams/frauds in schools and across the council, and management of client monies in social care settings.

#### **2.10 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 2015/16. This will allow the figures to reflect those actions that are due to be implemented during quarter 4.

#### **2.11 Supporting the Audit and Governance Committee**

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

##### 10 December 2015

- Audit and Governance Committee Annual Report
- Risk Management Policy Statement, Strategy and Outline Framework
- Annual Governance Statement Update
- Internal Audit Interim Report
- Internal Audit Charter
- Audit and Governance Committee Self-Assessment
- Audit and Governance Committee Work Plan

The following Member/Officer Groups also met during November 2015:

- Financial Statements and Audit

- Corporate Governance and AGS
- Risk Management
- Fraud

### 3 Ongoing and Forthcoming Areas of Work

- 3.1 As Members will be aware, the ongoing review of Procurement that was discussed in detail at the December 2015 meeting of this Committee took priority over other pieces of work and, as such, the resources available to carry out planned work were reduced.
- 3.2 This work continued until the end of December 2015 when Cheshire Police commenced an investigation into related matters which required Internal Audit to pause their work in this area.
- 3.3 Further updates will be provided to Members with regards to the status of the audit work in this area as and when it is appropriate to do so.
- 3.4 In recognition of these resource issues, the annual plan has been revisited and a refocus of planned audit work for the remainder of the year was completed in order to reflect the revised resource position.
- 3.5 In delivering the remainder of the 2015/16 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

- 3.6 In addition to completing the planned work relating to 2015/16, we will be preparing the Audit Plan for 2016/17.
- 3.7 The plan will need to carefully balance statutory responsibilities and risk with the resources available within the team.
- 3.8 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.
- 3.9 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.
- 3.10 The proposed plan will be presented to the March 2016 meeting of this Committee for consideration and approval.