

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	26 June 2013
Subject:	Internal Audit Plan Monitoring Report
Report of:	Graeme Simpson, Performance and Audit Manager
Director:	Mike Dawson, Chief Executive
Lead Member:	Councillor Mrs J M Perez
Number of Appendices:	4

Executive Summary:

This report summarises the work undertaken by the internal audit section for the period January 2013 – March 2013.

Recommendation:

To consider the audit work completed, and the assurance given on the adequacy of internal controls operating in the systems audited.

Reasons for Recommendation:

Internal Audit work should comply with the standards specified in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. These standards state that the Head of Internal Audit should make arrangements for interim reporting to the organisation in the course of the year.

Resource Implications:

None.

Legal Implications:

None directly arising from this report other than acknowledging the importance of monitoring and implementing the outstanding essential recommendations set out in Appendix B in order to improve or establish robust systems, processes and procedures to protect the Council and its assets.

Risk Management Implications:

Delays in response to acceptance/implementation of essential audit recommendations lead to weaknesses continuing to exist in systems which have the potential for fraud or error to occur.

Performance Management Follow-up:

Outstanding recommendations made by internal audit that are categorised as essential will be proactively monitored through the recommendation template detailed in Appendix B.

Environmental Implications:

None arising directly from this report.

1.0 INTRODUCTION/BACKGROUND

1.1 At the Audit Committee held on 18 April 2012, Members approved the 2012/13 Internal Audit Plan. This is the final monitoring report for the year and summarises Internal Audit work undertaken for the period January-March 2013.

1.2 The section achieved 92% of the Audit Plan. There were two outstanding audits as at 31 March; Equalities and ICT. Days have been allocated within the 2013/14 Audit Plan to complete this work. The Equalities audit is now complete and the audit opinion is included within Appendix A. With regards to ICT, a formal risk assessment of the ICT environment is to be undertaken. This should help identify the higher risk areas and enable audit resources to be effectively deployed.

2.0 INTERNAL AUDIT WORK FOR THE PERIOD

2.1 The Internal Audit work completed in the period is detailed in Appendix A. In previous years, Members agreed to receive detailed information on 'essential' audit recommendations that had not been implemented. These have been identified as a result of follow-up audits which have been carried out to test the implementation of agreed recommendations. Essential recommendations that remain outstanding as a result of follow-up work are detailed in Appendix B. Additional comments relating to the progress of implementing the recommendations have been obtained from the appropriate Manager(s) and are included in the table.

N.B. Changes from the previously reported position are shown in bold type

2.2 At the Audit Committee meeting held on 29 June 2011, Members agreed that, where the level of internal control operating within systems audited had been classified as 'limited' or 'unsatisfactory', further details of the measures that were being taken to address and monitor these issues would be included in future reports to the Committee. Included within the audit opinions in Appendix A are two areas where a limited assurance opinion has been given:

- 1) Creditors (compliance with Financial Procedure Rules)
- 2) Playground Inspections.

A limited assurance statement, providing more detail on the matters identified can be found in Appendix C and D.

3.0 CORPORATE IMPROVEMENT WORK

3.1 Within the 2012/13 Internal Audit Plan is an allocation of days relating to corporate improvement work. As reported previously to Committee, the Performance and Audit Team can collectively identify corporate type activities that may have 'stagnated' or need resolving. Corporate Management Team and Service Managers are aware of this allocation of days and have been encouraged to put forward suggestions where the Team may be able to help. Work undertaken during the period can also be found in Appendix A and this provides progress of the work that was underway at the time of reporting to the last Committee in March.

4.0 RISK MANAGEMENT UPDATE

4.1 At the Audit Committee held on 18 April 2012, internal audit gave a limited assurance opinion on the accuracy of operational risk registers. A discussion ensued on the overall adequacy of the Council's risk management arrangements. The Performance and Audit Manager identified this as a key corporate improvement area and agreed to develop a programme to review risk management arrangements. This programme was reported to Audit Committee on 27 June 2012.

4.2 The Risk Management Strategy has been updated and was formally reviewed by the Overview and Scrutiny Committee at both a workshop held on 2 October and the committee meeting held on 13 November. The Strategy was approved at Executive Committee on 5 December. The Strategy details the implementation of the new directorate risk registers. Draft registers have been produced and need to be both quality assured by the Corporate Governance Group and the incoming set of new Group Managers. Given the organisational review it is considered prudent to include the risk registers within the 2013/14 quarter 1 performance management report.

5.0 CONCLUSION

5.1 The role of internal audit is to examine, evaluate, and report upon, the adequacy of internal controls. The audit work that has been completed has either identified that controls are adequate, or where weaknesses have been identified, recommendations have been made and agreed with management to improve the level of control. All recommendations are subject to an audit follow-up to give assurance they have actually been implemented.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 Consultation is carried out with appropriate Managers at the conclusion of each audit to agree recommendations and to agree the timetable for implementation of agreed actions.

8.0 RELEVANT COUNCIL POLICIES/STRATEGIES

8.1 Internal Audit Charter

9.0 RELEVANT GOVERNMENT POLICIES

9.1 None.

10.0 RESOURCE IMPLICATIONS (Human/Property)

10.1 None.

11.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

11.1 None.

12.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

12.1 One of the main purposes of the Council's Contract Procedure Rules and Financial Procedure Rules is to help ensure value for money, propriety, and proper spending of public money. Any identified instances of non-compliance with these rules will make it difficult for these elements to be demonstrated.

13.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

13.1 None.

Background Papers: Internal Audit Plan 2012-13 – Audit Committee 18 April 2012

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Appendices: Appendix A – List of audits completed as part of the 2012-13 Audit Plan
Appendix B – List of Outstanding 'Essential' Audit Recommendations
Appendix C – Limited Assurance Statement – Creditors
Appendix D – Limited Assurance Statement – Playground Inspections