

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	25 June 2014
Subject:	Internal Audit Plan Monitoring Report
Report of:	Graeme Simpson, Policy and Performance Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor Mrs J M Perez
Number of Appendices:	2

Executive Summary:

This report is the final monitoring report of 2013/14 and summarises the work undertaken by the internal audit team for the period February to March 2014.

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 Public Sector Internal Audit Standards (PSIAS). These standards state that the Chief Audit Executive (CAE) must report functionally to the Board. This includes reporting on internal audit's activity relative to its plan.

Resource Implications:

None.

Legal Implications:

None.

Risk Management Implications:

If the CAE does not report functionally to the Board then this does not comply with the PSIAS.

If there are delays in response to the acceptance/implementation of essential audit recommendations then this potentially increases the risk of fraud or error occurring.

Performance Management Follow-up:

All recommendations made by internal audit are followed-up within appropriate timescales to give assurance they have been implemented. The outcome of the follow-up audit is formally reported to the Audit Committee.

Outstanding recommendations made by internal audit that are categorised as essential will be proactively monitored through the recommendation template detailed in Appendix 2.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The 2013/14 Internal Audit Plan was approved at Audit Committee on 20 March 2013. This is the fourth and final monitoring report for the year and summarises internal audit work undertaken for the period February– March 2014. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Group Manager Policy and Performance) reports formally to the 'Board' (Audit Committee).

2.0 INTERNAL AUDIT WORK FOR THE PERIOD

2.1 As at 31 March 2014, 92% of the Audit Plan was completed i.e. 23 of 25 audits. The team has a target of 90% completion of the plan which is the 'industrial benchmark'. Of the two audits outstanding (HB creditors and risk management) the former is now complete and the opinion included within Appendix 1. The risk management audit has yet to be undertaken as the Council is in the process of bringing in a new corporate risk register. The days for undertaking this audit have been included within the 2014/15 plan.

2.2 As reported previously, the Internal Audit Plan is delivered by two full time Performance and Audit Officers but during the period one of these Officers only worked part time (18.5hrs per week). This was mitigated through the appointment of an agency contractor for the period mid-Feb to the end of March. A permanent solution will be sought in early 2014/15.

2.3 The work undertaken in the period is detailed in Appendix 1. This provides commentary on the activity audited, the control objectives for each activity and the audit opinion for each control objective. Also included is the outcome of any follow-up audits undertaken in the period and whether the audit recommendations have been implemented or not.

2.4 When reporting, a 'split' opinion is given. This means individual opinions are given for different parts of the system being audited. This approach enables internal audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as 'good', 'satisfactory', 'limited' and 'unsatisfactory'. For the period being reported, there is one area with a 'limited' opinion. This relates to an audit undertaken on flood alleviation grants. Details of why this opinion was concluded can be found in Appendix 1 and Appendix 2.

2.5 The Committee also receive information on 'essential' audit recommendations that have not been implemented. These have been identified through the undertaking of follow-up audits. Only small number of essential recommendations are outstanding. As reported to the Audit Committee in March, details of all audit recommendations made will be included within the 2014/15 monitoring reports. This will help provide the Committee with an overview of the breadth of work undertaken and allow the Committee to monitor their implementation.

3.0 CORPORATE IMPROVEMENT WORK

3.1 Included within the 2013/14 Internal Audit Plan is an allocation of days to undertake corporate improvement work. As reported previously to the Committee, the Policy and Performance Team can collectively identify corporate type activities that may have 'stagnated' or need resolving. Corporate Leadership Team and Group Managers are aware of this allocation of days and have been encouraged to put forward suggestions where the team may help. Work undertaken during the period or work to be programmed can also be found in Appendix 1.

4.0 FRAUD/CORRUPTION/THEFT

4.1 There was one fraud investigation which was brought to the attention of internal audit. This was in relation to the Electoral Registration annual canvass and resulted in a Police investigation.

5.0 OTHER OPTIONS CONSIDERED

5.1 None.

6.0 CONSULTATION

6.1 All Managers are consulted prior to the commencement of the audit to agree the scope and each Manager has the opportunity to complete a client survey at the end of the audit.

7.0 RELEVANT COUNCIL POLICIES/STRATEGIES

7.1 Internal Audit Charter and Internal Audit Annual Plan.

8.0 RELEVANT GOVERNMENT POLICIES

8.1 None.

9.0 RESOURCE IMPLICATIONS (Human/Property)

9.1 None.

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

10.1 None.

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

11.1 Internal audit contribute to VFM through their improvement work.

12.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

12.1 None.

Background Papers: None

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Appendices: Appendix 1 – Audit work undertaken February-March 2014
Appendix 2 – Limited Opinion Statement RE: Flood alleviation grants