

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	12 December 2018
Subject:	Internal Audit Monitoring Report
Report of:	Head of Corporate Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	3

Executive Summary:

The monitoring report provides the Audit Committee with the findings of the individual audit assignments undertaken for the period September to November 2018 and the status of internal audit recommendations that have been followed-up within the period. Appendix 1 is the internal audit opinion for each individual audit assignment completed in the period. Appendix 2 provides details of previous audit recommendations that have been followed-up and, by using a Red, Amber, Green (RAG) key, identifies whether the recommendations have been implemented or not. All recommendations that were due for follow-up, have been followed-up. Appendix 3 provides an overview on the status of the Internal Audit Plan.

Recommendation:

To CONSIDER the internal audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.

Reasons for Recommendation:

As confirmed from the internal audit peer assessment completed during 2017/18 the work of internal audit is in broad compliance 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 arising directly from this report.

Legal Implications:

By monitoring the implementation of their recommendations, internal audit assists the Council to minimise risk areas and thereby reduce the prospects of legal challenge.

Risk Management Implications:

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

If there are delays in response to the acceptance/implementation of internal audit recommendations then this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance remaining within the systems audited.

Performance Management Follow-up:

All recommendations made by internal audit are followed-up within appropriate timescales to give assurance they have been implemented. In response to recommendations made following the independent review of internal audit, the final report template has been amended. All recommendations made from an audit can now be clearly visualised within the final report itself.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** Internal audit work to a six-monthly audit plan. Six monthly plans were approved by Audit Committee on 28 March and 19 September 2018. This monitoring report summarises the work of the Internal Audit team for the period September to November 2018. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Head of Corporate Services) reports formally to the 'board' (Audit Committee) on the work of internal audit.

2.0 COMPLETED AUDIT ASSIGNMENTS FOR THE PERIOD

- 2.1** In relation to the individual audits within the approved plans, the findings of those audits completed during the period September to November can be found in Appendix 1. This provides commentary on the activity audited, risk identification, the level of control in place to mitigate that risk, the overall audit opinion and any related recommendations.
- 2.2** When reporting, a 'split' opinion can be given. This means an individual opinion is given for each risk category identified. 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'. With regards to the opinions issued, overall the majority are of at least a satisfactory level of control except for a 'limited' opinion around operational risks relating to the vehicle fleet audit.

3.0 FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS

- 3.1** All audit recommendations that were due to be followed up in the period have been followed-up. This provides the Committee with an overview of the breadth of work undertaken and allows Members to monitor the implementation of the audit recommendations. The list of these recommendations and their status can be found in Appendix 2. Of the 15 recommendations followed-up during the period, six have been implemented, three partially implemented and six are yet to be implemented. Of the recommendations not yet implemented, none are categorised as 'high' though a number have been outstanding for a length of time.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 All managers are consulted prior to the commencement of the audit to agree the scope and each manager has the opportunity to comment on the draft report and complete a client survey at the end of the audit.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Internal Audit Charter and Internal Audit Annual Plan.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None.

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

9.1 None.

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

10.1 Internal Audit contributes to value for money through its improvement work.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: None

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Appendices: Appendix 1 – 2018/19 audit work (September – November)
Appendix 2 – Audit recommendations followed-up (Qtr 3)
Appendix 3 – Audit Plan Status