

# **AUDIT COMMITTEE**

**18 March 2016**

## **REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES**

### **SECTION B – MATTERS FOR INFORMATION**

#### **WARDS AFFECTED - ALL**

#### **Internal Audit Service – Progress Report to End of February 2016**

##### **1. Purpose of the report**

To provide details of the work undertaken for the period from Mid-November 2015 to 29 February 2016 and an update on progress against the 2015/16 Internal Audit Plan.

##### **2. Background**

- 2.1. One of the terms of reference of this Committee is to 'monitor internal (and external) audit performance'. In order to comply with this requirement to monitor the in-house service, a progress report is given below outlining internal audit work undertaken in the last quarter. This work is then set against the original Internal Audit Plan to show what progress has been achieved against that plan.
- 2.2. In addition, information is provided for members on the current position regarding staff vacancies and other staffing issues within the section.

##### **3. Audit Assignments Completed**

- 3.1. A total of 18 formal audit reports have been issued since Mid-November 2015 in line with normal distribution guidelines.
- 3.2. The following is a summary list of the reports that have been issued:
  - 2 Special Investigations
  - 9 Primary Schools
  - 1 Comprehensive School

- Social Media (Corporate)
- Fleet Services
- Social Media (Schools)
- Hillside Secure Centre
- Write offs
- DBS Sample Checks

3.3. Attached as Appendix 1 to this report is a full list of the reports along with a brief summary of their findings.

3.4. In addition to the above, Internal Audit continues to carry out post audit reviews (follow ups) on all the planned audits carried out.

3.5. There are no issues in terms of the post audit reviews that need to be brought to Members' attention.

#### **4. Progress against the Audit Plan**

4.1. Appendix 2 gives details of the work carried out to date against the 2015/16 audit plan.

4.2. There is currently 1 special investigation in progress.

#### **5. Staffing**

5.1 There are currently no staffing issues.

#### **6. Risk Ratings/Categories**

At the meeting in December 2015 Members asked that the risk ratings/categories be reviewed.

A review has been undertaken and the following categories are proposed for 2016/17:

Category 1 – Testing found good controls to be in place.

Category 2 – Testing found some controls that need enhancing which will be achieved by the implementation of the recommendations.

Category 3 – Testing revealed a number of areas where improvements in controls are required. A verbal update will be provided at the committee following the audit.

Category 4 – Testing revealed areas of concern, the Head of Service will provide a written response to the audit report for consideration by Members of Audit Committee.

Category 5 – Testing revealed areas of significant concern. The Head of Service and/or Service Manager will attend Audit Committee.

## **7. Risk Management Policy**

The Council's new Risk Management Policy was approved by Cabinet on 15<sup>th</sup> July 2015 and the Council's Corporate Risk Register was approved by Cabinet on the 2<sup>nd</sup> March 2016.

The policy which was presented to the December Audit Committee has the following defined roles for Audit Committee:

- To review and assess the Council's corporate risk management arrangements.
- To report and make recommendations to the Cabinet on the adequacy and effectiveness of the arrangements.
- To ensure the Internal Audit Plan reflects the corporate risks identified.

The first of these roles will be delivered through the work of the Internal Audit Section. Internal Audit will in 2016/17 carry out a full review of the processes and procedures in place for the delivery of the Risk Management Policy. The Internal Audit Plan contains an allocation of 15 days under the heading 'Risk Registers'.

Based on the findings of that Internal Audit Review the Audit Committee will then report to Cabinet and make any recommendations considered necessary, thus satisfying the second role detailed above. Following this initial baseline review an audit programme will be developed with the Audit Committee for Internal Audit to regularly monitor and review the delivery of the policy and to report back to each scheduled Audit Committee.

In terms of the Audit Plan, the current plan is put together based on overall service risks. However, going forward, this risk analysis will include consideration of the specific items included on the Corporate Risk Register.

At the June Audit Committee a training session will be put together which will assist Audit Committee members to carry out their role in respect of the above.

### **Appendices**

Appendix 1 – Published Reports

Appendix 2 – Audit Plan Monitoring 2015/16

### **List of Background Papers**

Audit Files

### **Wards Affected**

Not Applicable

### **Officer Contact**

Dave Rees – Head of Financial Services

Tel No: 01639 763634

E-mail: d.rees1@npt.gov.uk

Anne-Marie O'Donnell – Audit Manager

Tel No: 01639 763628

E-mail: am.odonnell@npt.gov.uk