

---

**Report to:** Audit & Governance Committee **Date of Meeting:** 10 September 2014

**Subject:** Audit Plan 2014/15 – Internal Audit Performance Report  
April 2014 to August 2014

**Report of:** Head of Corporate Finance & ICT **Wards Affected:** None Directly

**Is this a Key Decision?** No

**Is it included in the Forward Plan?**  
No

**Exempt/Confidential**

No

---

### **Purpose/Summary**

To provide Audit and Governance Committee with a summary of Internal Audit work undertaken during the period April 2014 to August 2014.

### **Recommendation(s)**

Members are requested to:-

- (i) Consider and Note the content of the report.

### **How does the decision contribute to the Council's Corporate Objectives?**

	<b><u>Corporate Objective</u></b>	<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community	✓		
2	Jobs and Prosperity	✓		
3	Environmental Sustainability	✓		
4	Health and Well-Being	✓		
5	Children and Young People	✓		
6	Creating Safe Communities	✓		
7	Creating Inclusive Communities	✓		
8	Improving the Quality of Council Services and Strengthening Local Democracy	✓		

### **Reasons for the Recommendation:**

Audit and Governance Committee require to be informed of and review Internal Audit work as part of their review of the internal control environment and overall Governance arrangements.

### **What will it cost and how will it be financed?**

There are no financial costs associated with the proposals in this report

**(A) Revenue Costs**

**(B) Capital Costs**

**Implications:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<b>Legal</b>		
<b>Human Resources</b>		
None		
<b>Equality</b>		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

**Impact on Service Delivery:**

Internal Audit provide assurance to the Council that Internal Controls are provided for within systems utilised across the Council providing for effective and efficient service delivery for the community.

**What consultations have taken place on the proposals and when?**

The Head of Corporate Finance is the owner of the report (FD3134) and notes that there are no financial implications implied within this report

The Head of Corporate Legal Services (LD2426/14) has been consulted and any comments have been incorporated into the report.

**Are there any other options available for consideration?**

No

**Implementation Date for the Decision**

Immediately following the Audit & Governance Committee meeting.

**Contact Officer:** Janice Bamber, Chief Internal Auditor

**Tel:** 0151 934 4051

**Email:** [janice.bamber@sefton.gov.uk](mailto:janice.bamber@sefton.gov.uk)

**Background Papers :**

The following papers are available for inspection by contacting the above officer :

Completed Internal Audit Client Satisfaction Surveys

## **1. Introduction/Background**

- 1.1. The Chief Internal Auditor, under the Public Sector Internal Audit Standards, is required to provide periodic reports on the performance of Internal Audit to Audit and Governance. These progress reports support the Chief Internal Auditor's Annual Report and opinion and allow the Committee to assess the level of assurance it can gain over the Council's governance and control arrangements. The work of the Internal Audit Section, which is drawn from the Annual Audit Plan, is fundamental in enabling this opinion to be formed. This opinion also contributes to the review of internal control and the Annual Governance Statement (AGS).

## **2. Report April to August 2014**

- 2.1. This is the first progress report of 2014/15 on the work of the Internal Audit Section. It provides Members with a summary of Internal Audit work both completed and at various stages of progress (i.e. draft report, final report, in progress) for the above mentioned period. As part of the Public Sector Internal Audit Standards, the Chief Internal Auditor is required to provide a written report to those charged with governance, i.e., this Committee, which compares the work actually undertaken with that which was agreed as planned work in the Audit Plan. The summary has been compiled taking into account this requirement and identifies the status of each audit (as outlined above) against the plan, the report includes dates of issue and response.
- 2.2. For each relevant Audit Area the numbers of Proposed / Agreed Recommendations are shown together with the following dates; Draft Report Issued, Final Report Issued, Action Plan Returned and Job Closed. For each area reviewed an opinion has been given on the overall control environment pertaining at the time of the review and based on the Auditors assessment on the extent to which the system control objectives identified for the specific audit review have been met and the risks mitigated. Audit opinion classifications given are: 'Very Good', 'Good', 'Fair', 'Weak' or 'Poor'. In the case of VFM Reviews, opinions are expressed in terms of whether the VFM indicators are achieved, partially achieved or not achieved. Where audit reviews are 'In Progress' or 'Pre Draft Report' the outcome of these will be reported on in the next quarterly report. The summary is attached at Annex A.
- 2.3. The performance report for the Benefit Fraud Investigation Team (BFIT) provided by arvato Government Services is attached at Annex B.
- 2.4. Details of investigations undertaken in this period are reported in the separate Internal Audit Fraud Report.

## **3. Matters Arising from Audit Reports issued between April 2014 and August 2014**

- 3.1. There are no significant issues arising from reviews completed in this period to report.

### Audit Performance April 2014 to August 2014

3.2. As part of the planning process every effort has been made to ensure that there has been a reasonable spread of audit work across Departments. As the table below shows, with regard to completed audits, recommendations for improvement identified by Internal Audit continue to have a high level of acceptance by clients (100%). It is expected that a similar level of acceptance will apply to audits in progress.

#### Analysis of Audit Recommendations and Client Responses April 2014 to August 2014

	Proposed	Agreed	Not Agreed	Awaiting Confirmation
Audit Reviews				
– Completed Audits	29	29	0	
– In Progress/Draft etc	119			119
Total	148	29	0	119

3.3 Details of any recommendations that are not agreed will continue to be reported to this Committee during 2014/15.

3.4 Response to Audit Reports is generally good and there are no significant non response issues requiring referral to Members at this stage. Internal Audit continues to receive a very positive response to their Client Satisfaction Surveys with 100% considering services to be Very Good/Good.

### Monitoring Report (Annexe A)

3.5 Annexe A shows that fewer audits than expected have been completed at this stage of the year. It should be noted that a number of reviews are at Draft Report stage and a number of other audits in progress are almost complete. However, it needs to be acknowledged that progress against the Plan is not in line with expectations and it is appropriate to provide the Committee with an outline of the main factors that have impacted on delivery of the 2014/15 Audit Plan to date :

- **Sickness** – Sickness absence to the end of August is approximately 51 days. No contingency for sickness was included in the Plan. Sickness is largely attributable to 2 incidents of non work-related sickness involving 2 different auditors.
- **Authorised Absence** – Unplanned authorised absences accounted for approximately 22 days to the end of August. This is attributable to compassionate leave following a bereavement, a phased return to work and the industrial action in July.
- **Annual Leave** – A higher proportion of annual leave has been taken over the Summer period than will be taken during the remainder of the year. It is estimated that the impact of this is approximately 45 days to the end of August.

- **Project Support** – 15 days was included in the Plan to provide support to the Integrated Adults Social Care System. However, the level of support required has proved greater than anticipated and approximately 30 days will have been spent supporting this project as at the end of August 2014.

3.6 Audit management will continue to monitor the impact of any factors that impact on the delivery of the Plan. If necessary, priorities will be reviewed and any significant changes to the Plan that are required will be agreed with Senior Management and reported to the Audit and Governance Committee in accordance with the Public Sector Internal Audit Standards.