



Purpose: For Decision

## Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>THURSDAY, 11 DECEMBER 2014</b>
Title	<b>INTERNAL AUDIT PERFORMANCE REPORT</b>
Report of	<b>BUSINESS IMPROVEMENT MANAGER</b>

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### EXECUTIVE SUMMARY

1. This report introduces the performance report from the council's internal audit provider. It provides executive summaries of their work and key performance indicators for members to note.

### BACKGROUND

2. This report is about the latest outcomes of the reviews undertaken by the council's internal auditors. It also provides a further update on the issue highlighted in the last report of an erroneous payment made to a company that had entered administration.
3. The report at Appendix A provides executive summaries of the reports issued since the committee last considered internal audit's work. There have been 5 reports issued at the time of writing this report, none of which concluded with a risk rating other than medium (3) or low (2) on the following subjects:
  - Information Management
  - Software Development
  - Public Health
  - Medina Leisure Centre
  - Licencing
4. With regard to the issue highlighted at the last Audit Committee meeting in September, regarding the erroneous payment to a company in administration there is not much more that can be provided as an update, only to confirm that Court proceedings are ongoing and the matter will next be considered by the Court on the 12 December 2014. The Chairman and other members of the committee will be kept informed of any developments in due course. Members will be aware that a report on the remaining works in connection with Cowes Enterprise College was considered by the Executive on 19 November, which included references to this issue.

## STRATEGIC CONTEXT

5. The reviews undertaken by internal audit are an important part of the council's governance arrangements and are directed at ensuring that the council's system of control is effective in helping to deliver the council's objectives.

## CONSULTATION

6. All internal audit reports are considered in draft by those who have been involved in the review, giving them the opportunity to correct any factual errors and to comment on the practicality of any recommendations. All findings and recommendations can therefore be described as 'agreed'.

## FINANCIAL / BUDGET IMPLICATIONS

7. There are no direct financial implications of this report. Some of internal audit's recommendations may require additional resources which will be part of the consideration when implementing recommendations. Unless the recommendations are significant, services are expected to meet the cost from existing budgets. The report is concerned with the performance of the internal audit provider and members will be aware that the cost of the internal audit service continues to appear competitive when benchmarked against other local authorities.

## LEGAL IMPLICATIONS

8. The Accounts and Audit (England) Regulations 2011, require that local authorities undertake an adequate and effective internal audit of their accounts and internal control.

## EQUALITY AND DIVERSITY

9. The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

## RISK MANAGEMENT

10. The key risk associated with this report is that the outcomes of internal audit reviews are ignored. The committee receives regular reports on the status of audit recommendations as a way of gaining reassurance that they have been implemented. Internal audit is an opportunity for weaknesses in control processes to be identified and for them to be highlighted to members.

**RECOMMENDATION**

11. To receive the progress report of the council's internal audit provider and consider whether any further information or action is necessary.

**APPENDICES ATTACHED**

12. [Appendix A](#) – Internal Audit performance report

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