



Committee report

Committee	AUDIT COMMITTEE
Date	19 FEBRUARY 2015
Title	INTERNAL AUDIT PERFORMANCE REPORT
Report of/to	BUSINESS IMPROVEMENT MANAGER

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 seven reports issued at the time of writing this report, none of which concluded with a risk rating other than medium (6) or low (1).
4. At the last meeting, members were informed that, with regard to the issue highlighted of an erroneous payment to a company in administration that Court proceedings were ongoing and the matter would next be considered by the Court on the 12 December 2014. In the event, those proceedings were postponed until 29 January and have now been adjourned again until 13 February. The Chairman of the committee will continue to be kept informed of any developments in the case.

FOLLOW UP OF AUDIT RECOMMENDATIONS

5. The committee will be interested to know that recommendations made in previous internal audit reports have been actioned. In terms of numbers the following table sets out the statistics at the time of writing:

Year		Total recommended actions	Completed	Open	% complete
2012-13	Advisory	1	1	0	100
	Low	39	23	16	59
	Medium	52	19	33	36
	High	1	1	0	100
	Total	93	44	49	46
2013-14	Advisory	3	2	1	66
	Low	40	20	20	50
	Medium	40	17	23	43
	High	0	0	0	n/a
	Total	83	39	44	47
	Grand total	176	83	93	47

INTERNAL AUDIT CHARTER

6. Under the public sector internal audit standards (PSIAS), the council is required to adopt an Internal Audit charter which sets out how the council's internal audit arrangements are established. Accordingly, a draft charter is set out at Appendix B for the committee's approval.

STRATEGIC CONTEXT

7. 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

8. 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

9. 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

10. 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

11. 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

12. 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

13. (a) To receive the progress report of the council's internal audit provider and consider whether any further information or action is necessary.
(b) To approve the Internal Audit charter at Appendix B.

APPENDICES ATTACHED

14. [Appendix A](#) – Internal Audit performance report
[Appendix B](#) – Internal Audit charter

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