



Committee report

Committee	AUDIT COMMITTEE
Date	19 MAY 2015
Title	INTERNAL AUDIT PERFORMANCE REPORT
Report of	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 previously highlighted 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 11 reports issued at the time of writing this report, none of which concluded with a risk rating other than medium (7) or low (4).
4. The council continues to take legal proceedings to recover an erroneous payment to a company in administration. 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	27	12	69
	Medium	52	25	27	48
	High	1	1	0	100
	Total	93	54	39	58
2013-14	Advisory	3	3	0	100
	Low	40	27	13	68
	Medium	40	20	20	50
	High	0	0	0	n/a
	Total	83	50	33	60
	Grand total	176	104	72	59

STRATEGIC CONTEXT

6. 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

7. 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

8. 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

9. The Accounts and Audit Regulations 2015, require that local authorities undertake an adequate and effective internal audit of their accounts and internal control.

EQUALITY AND DIVERSITY

10. 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

11. 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

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

APPENDICES ATTACHED

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

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