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Purpose: For Decision

Committee report

Committee	AUDIT COMMITTEE
Date	29 SEPTEMBER 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 includes a further update and performance information in respect of the financial year 2014/15.
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 4 reports issued at the time of writing this report, none of which concluded with a risk rating other than medium (4)
4. With regard to on the issue previously highlighted of an erroneous payment made to a company that had entered administration, the council continues to take legal proceedings to recover the sum involve. 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	32	7	82
	Medium	52	29	23	56
	High	1	1	0	100
	Total	93	63	30	68
2013-14	Advisory	3	2	1	67
	Low	40	28	12	70
	Medium	40	22	18	55
	High	0	0	0	n/a
	Total	83	52	31	63
2014-15	Advisory	6	0	6	0
	Low	53	9	44	17
	Medium	60	12	48	20
	High	1	0	1	0
	Total	120	21	99	18
Grand Total		296	136	160	46

6. The monitoring of actions is now supported by a system provided by PricewaterhouseCoopers called 'TrAction' which will now allow improved performance management of them. That includes the ability to focus on the actions with higher risk ratings and those that have been outstanding for an overdue time.

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. Indeed the contract for the provision of internal audit services was re-let in May of this year with annual savings of c £39,000 compared to the previous annual cost. (A corporate savings target of £20,000 had been set as part of the council's budget strategy.) The annual cost of the service is £184,222 per annum with effect from 1 July 2015.

LEGAL IMPLICATIONS

10. 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

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

APPENDICES ATTACHED

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

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