



Committee report

Committee	AUDIT COMMITTEE
Date	9 MAY 2016
Title	INTERNAL AUDIT PERFORMANCE REPORT
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report introduces the performance report from the council's internal audit provider. It provides executive summaries of their work, including copies in full of two high risk reports, and key performance indicators for members to note.
2. Council managers responsible for the areas subject to the two high risk reports will be attending the committee meeting today, to respond to questions from committee members on those reports.

BACKGROUND

3. This report is about the latest outcomes of the reviews undertaken by the council's internal auditors. The report at Appendix A provides executive summaries of the reports issued since the committee last considered internal audit's work. There have been nine reports issued, two of which are rated 'high' risk, five as 'medium' risk and one as 'low'. The last report, on Key Financial Systems, covered five areas, each of which was rated separately (four rated as 'medium' risk and one as 'low')
4. Executive summaries of the seven 'medium' and 'low' risk reports are presented in the progress report attached as Appendix A.
5. Of the two 'high' risk reports, the report on Business Continuity and IT Disaster Recovery is reproduced in full, at Appendix B. The, Strategic Manager – ICT and Digital Services, Resilience Manager and the Interim Head of Adult Social Care have been invited to attend today's meeting to provide clarification of the findings of the report and to bring members up to date on the latest position.
6. The other high risk report will be dealt with in the confidential part of the agenda.
7. There are currently four reviews from 2015-16 where reports have yet to be finalised; it is anticipated that these reports will be presented to the June 2016 audit committee.

STRATEGIC CONTEXT

8. 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

9. 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

10. 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 2015 which resulted in savings compared to the previous annual cost.

LEGAL IMPLICATIONS

11. 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

12. 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

13. The key risk associated with this report is that the outcomes of internal audit reviews are ignored. Internal audit is an opportunity for weaknesses in control processes to be identified and for them to be highlighted to members.

RECOMMENDATION

14. To receive the progress report of the council's internal audit provider and consider where any further information or action is necessary.
15. To consider the issues identified in the high risk report, and to seek reassurance that actions are being undertaken to address the findings.

APPENDICES ATTACHED

16. [Appendix A](#) – Internal audit performance report.
17. [Appendix B](#) – Internal audit report: Business Continuity and IT Disaster Recovery

Contact Point: Jo Thistlewood, Technical Finance Manager,
☎01983 821000 e-mail jo.thistlewood@iow.gov.uk

CHRIS WARD
*Director of Finance
and Section 151 officer*

COUNCILLOR JONATHAN BACON
Leader and Executive Member for Resources,
Organisational Change and Children's Services.