



## PAPER G

Purpose: For Noting

# Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>9 MAY 2016</b>
Title	<b>HIGH RISK INTERNAL AUDIT REPORT</b>
Report of	<b>TECHNICAL FINANCE MANAGER</b>

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### EXECUTIVE SUMMARY

1. This report introduces the high risk report in respect of the Highways PFI contract, reported separately from the main internal audit performance report, for members to note.
2. The council's Head of Contract Management will be attending the committee meeting today, to respond to questions from committee members on this report.

### CONFIDENTIAL / EXEMPT ITEMS

3. The appendix to this report is considered to be confidential as a result of the inclusion within the full body of the report of commercial information about the proposals to improve the management of this contract, which may be prejudicial to the council should they be released publicly.

### STRATEGIC CONTEXT

4. 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

5. 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

6. 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

7. 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

8. 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

9. 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

10. 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

11. [Appendix](#) – Internal audit report: Highways PFI

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