



Committee report

Committee	AUDIT COMMITTEE
Date	26 SEPTEMBER 2016
Title	INTERNAL AUDIT PROGRESS REPORT AND INITIAL PLANNING FOR 2017-18 PROGRAMME
Report of	TECHNICAL FINANCE MANAGER (AS HEAD OF INTERNAL AUDIT)

EXECUTIVE SUMMARY

1. This report introduces the performance report from the council's internal audit provider against the 2016-17 audit plan. It provides executive summaries of the two reports completed since the last Audit Committee, and key performance indicators for members to note.
2. The report also includes an introduction to the planning for the 2017-18 internal audit programme, following on from documents circulated to committee members in advance of today's meeting.

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 two reports issued, one of which is rated 'medium' risk and one as 'low'.
4. Executive summaries of the two reports are presented in the progress report attached as Appendix A.

2017-18 INTERNAL AUDIT PROGRAMME PLANNING

5. In previous years, the audit committee has had the opportunity to discuss the internal audit plan at an effectiveness "away day", typically held in September or October. This year, the effectiveness day has not yet been scheduled, so an alternative approach to the initial stages of the internal audit plan for 2017-18 is being taken.
6. A list of auditable areas, and a schedule of audit reviews in the period to 2019-20, are attached at appendix B, and were circulated to committee members in advance of this meeting.

7. Committee members were asked to select their five top ranked audit areas for consideration in advance of the meeting to inform discussions with senior management in formulating the 2017-18 audit plan.
8. A summary of the responses from committee members will be provided at today's meeting, for brief discussion.
9. The timetable for the formation of the 2017-18 internal audit plan is:
 - Audit committee initial review – 26 September 2016
 - Discussions with senior management – October/November 2016
 - Update on progress at Audit Committee meeting – 5 December 2016
 - Corporate Management Team review – 17 January 2017
 - Committee approval of 2017-18 internal audit plan – 13 February 2017

STRATEGIC CONTEXT

10. 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 all of the council's objectives.

CONSULTATION

11. 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'.
12. In terms of the formation of the 2017-18 internal audit plan, today's meeting forms the start of the consultation process, which will be reported to future committee meetings.

FINANCIAL / BUDGET IMPLICATIONS

13. There are no direct financial implications of this progress report. Some of the recommendations from internal audit 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..

LEGAL IMPLICATIONS

14. 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

15. 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

16. 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

17. To receive the progress report of the council's internal audit provider and consider where any further information or action is necessary.
18. To note the process for the formation of the 2017-18 internal audit plan.

APPENDICES ATTACHED

19. [Appendix A](#) – Internal audit progress report.
20. [Appendix B](#) – Schedule of auditable areas.

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