

Head of Internal Audit Update

Audit Committee

Date: 15th September 2016

Author: Head of Internal Audit
Wards: None
Locality Affected: None
Parishes Affected: None

1. Purpose and Reasons

- 1.1 To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in June 2016, to update Members with regard to progress against the annual internal audit plan and other key issues.
- 1.2 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.3 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations by Client departments.

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that the contents of the report be noted.

3. Detail

Progress on completion of Internal Audit Plan 2016/17

- 3.1 Details of audits finalised since the June Audit Committee meeting are set out in Appendix 1. The appendix sets out the key audit recommendations made along with the overall risk assessment to the Council.
- 3.2 Appendix 2 sets out progress against the 2016/17 plan as at the year-end. As at the end of August 2016, 30% of the number of audits in the audit plan has been completed against a target of 35%.
- 3.3 Customer Feedback received during 2016/17 shows that 88.24% of respondents rate the audit provided as either good or excellent against a target of 86%. The remaining 11.76% rated the service provided as between good and average. No respondents have rated the service as poor.

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Corporate Fraud Team

- 3.4 The Corporate Fraud Team has received a total of 139 referrals in the first four months of 2016/17 compared to a total of 88 in the whole of 2015/16. To the end of August the team has:
- 5 housing properties recovered (estimated savings £90,000)
 - 3 Right to Buy applications stopped (discount value: £94,400)
 - £11,074 raised in invoices relating to Council Tax, Housing Benefits and Parking

Appointment of External Auditor

- 3.5 Audit Committee has received updates regarding the new arrangements for the appointment of an External Auditor. Audit Committee agreed that the Council should look to make the appointment through a sector led body. The Government has recently confirmed that Public Sector Audit Appointments Ltd (PSAA) has been authorised to make future appointments on behalf of principal local authorities.
- 3.6 PSAA are still finalising the details regarding timescales but it is understood that the aim is to award contracts to audit firms by June 2017, giving six months to consult with authorities on appointments before 31 December 2017 deadline. The Council will need to formally opt in to the scheme. PSAA anticipates that invitations to opt in will be issued before December 2016.

4. Alternative Options

- 4.1 Not Applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

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Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Internal Audit's remit is to examine the adequacy of the Council's governance, risk management and internal controls. Effective systems of governance, risk management and internal control within the Council will help to ensure that the objectives set out in One Swindon and the Council's Corporate Strategy is achieved.

Diversity Impact Assessment

- 5.5 None

Risk Management

- 5.6 Potential risks to the Council are identified in the individual audit reports summarised in Appendices 1 and 2.

6. Consultees

- 6.1 The Corporate Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 All Heads of Service, Board Directors and Members who have contributed to individual audits to date during the course of 2016/17.

7. Background Papers

- 7.1 None

8. Appendices

Appendix 1 – Internal Audit Reports finalised since the June 2016 Audit Committee.

Appendix 2 – Progress against the Internal Audit plan 2016/17