

## Head of Internal Audit Update

### **Audit Committee**

**Date: 21<sup>st</sup> February 2017**

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

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### **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 November 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 September 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 September 2016, 67% of the number of audits in the audit plan has been completed against a target of 74%.
- 3.3 Customer Feedback received during 2016/17 shows that 82% of respondents rate the audit provided as between good and excellent against a target of 86%. The remaining 18% rated the service provided as between good and average. No respondents have rated the service as below average or poor.

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#### Section update

- 3.4 As reported at the last Audit committee meeting one of our Senior Auditors has handed in his resignation after nine years of working in the section. He has now moved to New Zealand. Where possible audits allocated to the Senior Auditor have been reallocated over the rest of the section with lower priority audits being either carried over to next year or dropped altogether. The following audits will no longer be included in the plan for 2016/17:
- Tenant strategy
  - Statutory compliance – corporate buildings: follow-up
  - Youth Offending team
  - Strategy for capacity building
  - Health and Safety – Corporate Manslaughter: follow-up
  - Mobile devices

#### Corporate Fraud Team

- 3.5 The Corporate Fraud Team has received a total of 236 referrals in the seven months to 31/10/16, compared to a total of 88 in the whole of 2015/16. To the end of August the team has:
- 7 housing properties recovered (estimated savings £126,000)
  - 5 Right to Buy applications stopped (discount value: £206,400)
  - £12,975 raised in invoices relating to Council Tax, Housing Benefits and Parking
  - Total nominal savings: £345,375.67 for 2016/17

#### Appointment of External Auditor

- 3.6 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.
- 3.7 A paper regarding this went to Cabinet and had subsequently been agreed at Full Council. The Chief Executive has since written confirming that the Council's wish to have the external auditor appointment made through PSAA.

### **4. Alternative Options**

- 4.1 Not Applicable

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#### **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

##### 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

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### **8. Appendices**

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

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