

Head of Internal Audit Update

Audit Committee

Date: 28th November 2017

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 September 2017, 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 Audit Committee comment on the proposed appointment of the Council's external auditor and note the remainder of the report.

3. Detail

Appointment of External Auditor

- 3.1 At the last Committee meeting members were informed that Public Sector Audit Appointments Ltd (PSAA) were proposing to appoint Grant Thornton (UK) LLP to audit the accounts of Swindon Borough Council for five years from 2018/19.
 - 3.2 Members indicated that they were satisfied with this appointment and therefore didn't want to make any representation regarding the proposed appointment.
 - 3.3 The Council are now awaiting PSAA's confirmation of the appointment. The published timescale states that they will write to all bodies to confirm the final decision on, or before 21st December 2017.
 - 3.4 PSAA will consult on scale fees for 2018/19 in due course and will publish confirmed scale fees for 2018/19 for opted-in bodies on their website in March 2018. PSAA has stated that the results of the audit procurement indicate that a reduction in scale fees in the region of approximately 18 per cent should be possible for 2018/19, based on the individual scale fees applicable for 2016/17.
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Further information on the subject of this report can be obtained from Nick Hobbs,
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Progress on completion of Internal Audit Plan 2017/18

- 3.5 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.
- 3.6 Appendix 2 sets out progress against the 2017/18 plan as at the year-end. As at the end of October 2017, 56% of the number of audits in the audit plan has been completed against a target of 56%. However, the target of completion of key audits has fallen below target 33% against a target of 50%.

Staffing update

- 3.7 The section had been without a Senior Auditor since January 2017. However, at the last Committee meeting the Head of Internal Audit reported that someone had been recruited to the post. Unfortunately this appointment has not worked out and the post is now vacant again.

Corporate Fraud Team

- 3.8 Continued HRA funding for the Corporate Fraud Team has been agreed with the Head of Housing Services for 2017/18.
- 3.9 So far in 2017/18 the Corporate Fraud Team has received a total of 254 referrals. To the end of October the team has:
- Recovered 14 housing properties (estimated savings £252,000)
 - Stopped 3 right to buy properties (discount saved of £220,043)

PSIAS update

- 3.10 Since the last Committee meeting the Head of Internal Audit has carried out an external assessment of South Gloucestershire Council's Internal Audit section against the Public Sector Internal Audit Standards.

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.

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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 Director of Finance (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, Corporate Directors and Members who have contributed to individual audits to date during the course of 2017/18.

7. Background Papers

7.1 None

8. Appendices

Appendix 1 – Internal Audit Reports finalised since the September 2017 Audit Committee.

Appendix 2 – Progress against the Internal Audit plan 2017/18