

Head of Internal Audit Update

Audit Committee

Date: 16th September 2014

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 July 2014, 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

Reports Issued

- 3.1 Details of Internal Audit reports finalised since the July 2014 Audit Committee are set out in Appendix 1. The appendix sets out the key audit recommendations made along with the overall risk assessment to the Council.

Progress on completion of Internal Audit Plan 2014/15

- 3.2 The progress made against the 2014/15 audit plan is set out in Appendix 2.
- 3.3 To date 36% of the number of audits in the Annual Internal Audit plan has been completed against a target of 39% as at the end of August 2014.

Section update

- 3.4 As reported previously one of our members of staff has taken a year career break. We have found it difficult to recruit to this position on a temporary basis. After several rounds of adverts and interviews we made an appointment.

Further information on the subject of this report can be obtained from Nick Hobbs,
Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

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Unfortunately the person appointed has found another job so will be leaving us after only a few weeks. We are currently assessing how best to fill this temporary vacancy and will review once we have had a decision from the DCLG regarding our Fraud Bid funding (see below).

Counter fraud fund bid

- 3.5 The Government stated that *it recognises that local authorities have complex and conflicting demands on limited resources. In addition we acknowledge that the transfer of benefit fraud investigators from local authorities to the Single Fraud Investigation Service from 2014 may also create challenges to some authorities' investigative capacity as they adjust to the changes.*
- 3.6 The total scheme is worth up to £16million over the financial years 2014/15 and 2015/16
- 3.7 We have submitted a bid as follows:
- Setting up a Corporate Fraud investigation resource within Internal Audit, working in particular with Council Tax, Business Rates and Housing and developing relationships with Housing Associations.
- 3.8 If successful funding will start in the third quarter of 2014/15.

Internal Audit report: Car Parking

- 3.9 At the April 2014 meeting of the Committee Members selected the Internal Audit report on Car Parking to come to the next (July) meeting due to the audit opinion (of concern). However, Internal Audit had planned to complete a follow-up review of this audit over the summer. It was therefore agreed that Members would await the outcome of that audit before deciding on whether to request that the audit report be presented to committee.
- 3.10 Internal Audit have completed their follow-up review and are pleased to report that a number of the recommendations made have now been implemented and therefore the audit opinion has improved resulting in a 'moderate' risk to the Council.
- 3.11 Following a discussion with the Chair of Audit Committee it was agreed that the report would not be brought to committee.

Internal Audit reports with an 'of concern' or 'significant' risk opinion

- 3.12 At the July 2014 meeting of the Committee Members were presented, as is normal practice, with a summary of audit reports that had been finalised since the previous committee meeting. The only audit that had been given one of these opinions was the audit review of Hillmead.

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3.13 Members decided against looking at this report as they were advised at the meeting by the Board Director: Resources and the Director of Law and Democratic Services that there was a lot going on at the moment with regard to Hillmead and now wouldn't be a good time to review.

3.14 Therefore there is no full audit report to be presented at this meeting.

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 2011. 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 Board Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

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6.2 All Heads of Service, Board Directors and Members who have contributed to individual audits during the course of 2014/15.

7. Background Papers

7.1 None

8. Appendices

Appendix 1 – Internal Audit Reports finalised since the July 2014 Audit Committee.

Appendix 2 – Progress against the Internal Audit plan 2014/15