

## Head of Internal Audit Update

### **Audit Committee**

**Date: 3<sup>rd</sup> March 2015**

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 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 November 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 67% of the number of audits in the Annual Internal Audit plan has been completed against a target of 78% as at the end of January 2014.
- 3.4 As reported previously a Senior Auditor and a Trainee Auditor left the section in December having gained internal promotions. One of our auditors successfully applied for the Senior Auditor post. We have been successful in recruiting two Auditor/Trainee Auditors and they are due to start in March 2015.

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#### Risk Management

- 3.5 The Council's Risk Manager, who has been in the Internal Audit section since September whilst the support services reorganisation/restructure is being completed, is leaving the authority in March. Internal Audit has been requested to continue to provide cover for the risk management function until a new appointment is made.

#### Counter fraud fund bid

- 3.6 The section was successful in its bid for DCLG Counter Fraud funding. The bid totals £90,516 and runs up to March 2016. The section is currently going through the process to recruit a Corporate Fraud Investigator and a Fraud Investigation Support officer.

#### Housing Capital programme

- 3.7 An Internal Audit review of the Housing Capital programme was completed in October 2013. The audit opinion was that 'significant improvements' were required resulting in an overall 'of Concern' risk assessment to the Council.
- 3.8 Audit Committee selected the report to be presented to their April 2014 meeting. The Head of Property maintenance attended the meeting and updated Members with progress in implementing agreed recommendations. Members requested that a further update be brought back to Audit committee towards the end of the financial year.
- 3.9 Since the issue of the original Internal Audit report a decision to reintegrate the majority of services provided by Swindon Commercial Services (SCS) back in to the Council was made. This included services provided by the Housing maintenance and repairs and Voids Team.
- 3.10 Internal Audit has carried out a follow-up review to establish progress in implementing agreed recommendations. It is pleasing to report that considerable efforts have been made to implement the recommendations made in the initial report. Although the implementation of some audit recommendations are still in progress, given the reintegration of SCS the auditor is of the view that significant progress and improvement has been made.
- 3.11 Given the progress that had been made it was decided in discussion with the Chair of Audit Committee not to request relevant officers to attend. However, a copy of the Internal Audit follow-up report is attached for Members' information.

### **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 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.
- 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

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### **8. Appendices**

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

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

Appendix 3 – Housing Capital Programme Internal Audit report