

## Head of Internal Audit Update

### **Audit Committee**

**Date: 21<sup>st</sup> April 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 March 2015, 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 March 2015 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 83% of the number of audits in the Annual Internal Audit plan has been completed against a target of 94% as at the end of March 2014. More detail regarding the work carried out during 2014/15 will be included in the Head of Internal Audit's annual report which will be presented to the Audit Committee meeting in June 2015.
  - 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
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Further information on the subject of this report can be obtained from Nick Hobbs,  
Direct Dial Telephone Number: 01793 463940, [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk).

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applied for the Senior Auditor post. We have been successful in recruiting two Auditor/Trainee Auditors and both have now started.

#### 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 left the authority in March. Internal Audit will be providing cover for the risk management function until a new appointment is made.

#### Counter fraud fund bid

- 3.6 As reported to the previous meeting the section was successful in its bid for DCLG Counter Fraud funding. We have now recruited both a Corporate Fraud Investigator and a Fraud Investigation Support officer.

#### Legislation

- 3.7 The new Accounts and Audit Regulations 2015 for local authorities (including police and fire bodies) came in to effect from 1<sup>st</sup> April 2015. The regulations are a statutory instrument made by the secretary of state for communities and local government and are mandatory for the bodies affected.
- 3.8 Key changes from April 2015 include:
- The requirement to undertake an internal audit of its accounting records and of its system of internal control has been widened to undertake an internal audit to evaluate the effectiveness of its risk management, control and governance processes.
  - Changes to the access rights of internal audit requiring the organisation to supply internal audit with the documents, records and information and explanations as are considered necessary by the internal auditors (previously this was as appear necessary to the organisation).
  - Organisations are no longer required to undertake an annual review of the effectiveness of its internal audit. Though it should be noted that the requirements of the Public Sector Internal Audit Standards to have an on-going programme of quality assessment and improvement.
  - There is a new requirement for a narrative statement that includes 'comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.' This applies to the 2015/16 accounts.
- 3.9 Some changes will not be effective until April 2017:

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- The responsible financial officer will need to sign off the accounts by 31<sup>st</sup> May in advance of the public inspection at the beginning of June.
- The annual governance statement and the accounts must be approved by the appropriate body or committee by 31<sup>st</sup> July at the latest, at which point they should be published.
- The external audit should also be complete and the audit opinion published by 31<sup>st</sup> July or 'as soon as reasonably practicable'.

3.10 A copy of the relevant legislation is available at:

[http://www.legislation.gov.uk/ukxi/2015/234/pdfs/ukxi\\_20150234\\_en.pdf](http://www.legislation.gov.uk/ukxi/2015/234/pdfs/ukxi_20150234_en.pdf)

Hard copies are available on request from the Head of Internal Audit.

### **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 are achieved.

#### Diversity Impact Assessment

5.5 None

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### 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

### **8. Appendices**

Appendix 1 – Internal Audit Reports finalised since the March 2015 Audit Committee.

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