

Audit and Risk Committee

22 September 2015

INTERNAL AUDIT UPDATE

Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Terry King – Portfolio holder for Places (Development and Economy) and Resources	
Contact Officer(s):	Rachel Ashley-Caunt, Head of Internal Audit	Tel: 07824 537900 rashley-caunt@rutland.gcsx.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

1. That Members note the internal audit update report (Appendix A).

1. PURPOSE OF THE REPORT

To update Members on progress made in delivering the 2015/16 Annual Audit Plan and key findings arising from audit assignments completed since the last Committee meeting.

2. BACKGROUND AND MAIN CONSIDERATIONS

2.1 Update on Delivery of Internal Audit Plan

The progress made to date in delivering the 2015/16 audit plan is set out in Appendix A. At the time of reporting, three assignments have been finalised and fieldwork and planning is underway on a further eight assignments.

There has been one change to the audit plan. The review of Data Retention and Disposal has been deferred to 2016/17 and replaced with a review of the Oakham Enterprise Park, as discussed at the last Committee meeting and formally approved by the Chair of the Committee and S151 officer.

2.2 Implementation of Recommendations

Internal Audit request Officers to provide updates on all open audit actions on a monthly basis. Since the last Committee meeting, sixteen recommendations have been implemented. At the date of reporting, there are 22 actions which are overdue for implementation. Two of the overdue recommendations (as outlined in Appendix E) are classified as high priority and were due over 3 months ago. The Director of Resources and Assistant Director – Finance have reviewed the issues outstanding and do not consider the current risk to be high for two reasons:

- Any new significant IT projects are being implemented using a formal project management methodology. The only key live project is Liquid Logic (social care management system) for which the implementation is being led by an interim specialist project manager; and
- The recommendation re Agresso is concerned with the setting up of new accounts rather than addressing weaknesses in the existing set up which compromise the integrity of transaction processing.

2.3 Update on Counter Fraud Activity

The Council is due to launch an 'App' to assist anyone wishing to report a fraud, which they suspect is connected to the Council.

The Council is also working with colleagues across Leicestershire to develop a data hub. The hub, which will be hosted by Leicester City Council, will support a culture of shared data analysis as each partner uploads the data it holds into the central hub.

2.3 Resources

The Audit Plan for 2015/16 was developed based upon the staff resource available within the established Internal Audit team. Since the Audit Plan was prepared, the resource available has reduced due to one Auditor taking maternity leave and an Audit Manager reducing their working hours under the Council's Flexible Working Policy. In order to ensure the delivery of the Audit Plans for all Councils within the Consortium, additional hours are being commissioned from another local authority's Internal Audit department and will be delivered during Quarter 3 and Quarter 4. On this basis, the resource will be in place to deliver the Audit Plan by the end of March 2016.

3. IMPLICATIONS

3.1 FINANCIAL IMPLICATIONS

3.1.1 There are no financial implications arising from this report.

3.2 LEGAL AND GOVERNANCE CONSIDERATIONS

3.2.1 The Audit and Risk Committee is responsible for oversight of the work of Internal Audit including approving the annual report and satisfying itself that the conclusions reached are reasonable in light of the work undertaken. It is also responsible for gaining assurance that internal audit is complying with internal audit standards.

3.2.2 There are no legal implications arising from this report.

3.3 EQUALITY IMPACT ASSESSMENT

3.3.1 There are no equality implications.

3.4 COMMUNITY SAFETY IMPLICATIONS

3.4.1 There are no community safety implications.

3.5 HEALTH AND WELLBEING IMPLICATIONS

3.5.1 There are no health and wellbeing implications.

4. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

4.1 The latest update report, provided in Appendix A, details the findings of recent Internal Audit work and any weaknesses in the control environment highlighted by these reviews, and provides an overview of the performance of the Internal Audit team and the implementation of actions by management. The Committee plays an important role in the oversight of Internal Audit work.

5. BACKGROUND PAPERS

None

6. APPENDICES

Appendix A: Internal Audit Update Report

Appendix B: Internal Audit reports finalised since last Committee Meeting – Executive Summaries

Appendix C: Customer Satisfaction Statistics

Appendix D: Implementation of Audit Recommendations

Appendix E: 'High' and 'Medium' Priority actions overdue for more than three months

Appendix F: Limitations and responsibilities

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.