

## AUDIT AND RISK COMMITTEE

26 January 2016

### 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 <a href="mailto:rashley-caunt@rutland.gcsx.gov.uk">rashley-caunt@rutland.gcsx.gov.uk</a>	
Ward Councillors	N/A		

#### DECISION RECOMMENDATIONS

1. That Members note the Internal Audit update report (Appendix A) including the proposed timing for follow up reporting on “limited” assurance audit reports finalised since the last Committee meeting.

## 1 PURPOSE OF THE REPORT

- 1.1 To update Members on the 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, ten assignments have been finalised, two reports are at draft report stage, and fieldwork and planning is underway on a further six assignments.

### 2.2 Implementation of Recommendations

Internal Audit require Officers to provide updates on all open audit actions on a monthly basis. Since the last Committee meeting, 16 recommendations have

been implemented. At the date of reporting, there are 28 actions which are overdue for implementation. Three of the overdue recommendations (as outlined in Appendix I) 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 following reasons:

- A suite of IT project documentation has been developed and is currently being applied to the key Liquid Logic (social care management system) project. This suite of documentation will be rolled out for all new projects commencing 1<sup>st</sup> April 2016 once reviewed for any lessons learnt or areas for improvement.
- 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.
- The issue re the segregation of duties on the BACS system has been resolved following technical support.

## **2.3 Limited Audit reports**

2.3.1 The Committee previously agreed that where audit work resulted in a “limited” opinion, it would receive the report in full and subsequently receive updates to satisfy itself that issues are being addressed. Limited assurance opinions have been given in the following areas:

- IT Systems Administration (Appendix B);
- External Placements (Appendix C); and
- Oakham Enterprise Park (Appendix D).

2.3.2 Unless the Committee specify otherwise, updates will be provided in September 2016.

## **3 CONSULTATION**

3.1 No formal consultation is required.

## **4 ALTERNATIVE OPTIONS**

4.1 The Committee is asked to note the report but may wish to receive an earlier update on limited assurance reports.

## **5 FINANCIAL IMPLICATIONS**

5.1 There are no financial implications arising from this report.

## **6 LEGAL AND GOVERNANCE CONSIDERATIONS**

6.1 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.

6.2 There are no legal implications arising from this report

## **7 EQUALITY IMPACT ASSESSMENT**

7.1 There are no equality implications.

## **8 COMMUNITY SAFETY IMPLICATIONS**

8.1 There are no community safety implications.

## **9 HEALTH AND WELLBEING IMPLICATIONS**

9.1 There are no health and wellbeing implications.

## **10 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

10.1 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.

## **11 BACKGROUND PAPERS**

11.1 There are no additional background papers to the report.

## **12 APPENDICES**

12.1 Appendix A: Internal Audit Update Report

12.2 Appendix B: System Administration 2015/16 Final Audit Report

12.3 Appendix C: External Placements 2015/16 Final Audit Report

12.4 Appendix D: Oakham Enterprise Park 2015/16 Final Audit Report

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

12.6 Appendix F: IT Updates

12.7 Appendix G: Customer Satisfaction Statistics

12.8 Appendix H: Implementation of Audit Recommendations

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

12.10 Appendix J: Limitations and responsibilities

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