
INTERNAL AUDIT PROGRESS REPORT, 2018-19

REPORT OF THE HEAD OF FINANCE

AGENDA ITEM: 11.3

Appendices D and E of Annex 1 of this report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

Reason for this Report

1. Audit Committee's new Terms of Reference requires that Members consider reports from the Audit Manager on Internal Audit's performance during the year. This report has been prepared to provide Audit Committee Members with an update on Internal Audit work as at May 2018.

Background

2. An Audit Plan is prepared each year, against which the work of Internal Audit is measured. Regular monitoring and review of the plan is required in order to provide assurance that it continues to maximise both the use of audit resources and value by targeting the material risks to internal control within the organisation.
3. The Head of Finance produces progress reports, which outline the work undertaken by the audit team, and highlight any changes to the audit plan that need to be approved by the audit committee. Progress reports are discussed with the Corporate Director Resources, to provide a meaningful update on the work of the team and to give the opportunity to discuss changing priorities.
4. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence continues to be maintained as the Head of Finance reports functionally to the Audit Committee for all audit-related matters. The Head of Finance reports administratively and otherwise professionally to the Corporate Director, Resources.

Issues

5. The Internal Audit Progress Report set out in Annex 1 provides further detail of the audit team with particular reference to the Audit Plan. The report highlights that work for the first couple of months has focussed on completing those audits carried over from 2017/18. The first two months of the year have seen 36 audit reports issued of which one is unsatisfactory and two are insufficient with major improvement needed. An executive

summary of the unsatisfactory audit in respect to Music Service can be found in Appendix D within the Annex.

6. The report sets out the critical findings identified during this first period. Further detail of the assurance mapping process is contained in Appendix B within the Annex and this sets out where assurance has been identified from other sources. The assurance map used is regularly reviewed in order for it to remain current and appropriate for purpose. In association with the review of the assurance map, the audit plan will also be reviewed at set points during the year and any significant proposed changes will be brought to the Audit Committee for approval.
7. The report also outlines the Internal Audit targets for 2018/19, which look to build on performance of 2017/18. All six areas of performance are targeting improvements on 2017/18 performance. The suite of indicators are targeting an increased completion of the 2018/19 audit plan and a marked increase in the productivity of audit reports per full time equivalent. The year 2017/18 was a period of transition for internal audit with a renewed focus on significant recommendations and ensuring that there was capacity and capability to deliver the range of audits required to provide the Council with assurance. It is anticipated that 2018/19 performance will evidence the improvements that have been made.

Legal Implications

8. There are no legal implications arising from this report.

Financial Implications

9. The ambitions and progress set out in the above report can be contained within the existing budget allocation for Internal Audit.

RECOMMENDATIONS

10. That the Committee note the contents of the report.

IAN ALLWOOD
HEAD OF FINANCE

The following is attached:

Annex 1: Internal Audit Progress Report, 2018-19

- **Appendix A** - Reports Issued in Quarter 1
- **Appendix B** – Assurance map
- **Appendix C** – Audit Plan as at May 2018
- **Appendix D** – Music Service executive summary
- **Appendix E** – Audit Recommendations Tracker