

**AUDIT COMMITTEE: 27 March 2018**

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**INTERNAL AUDIT PROGRESS REPORT, 2017-18**

**REPORT OF THE HEAD OF FINANCE**

**AGENDA ITEM: 10.1**

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**Appendix C of the report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**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 Terms of Reference requires that Members consider reports from the Audit Manager on Internal Audit's performance during the year.
2. This report has been prepared to provide Audit Committee Members with an update on the work of the audit team as at 28<sup>th</sup> February 2018, for the current financial year.

**Background**

3. An Audit Plan is prepared each year in order to provide a measure of the work performed by Internal Audit function. It is important that the plan allows for flexibility so that professional judgement can be applied to enable work to be prioritised over the life of the Plan, in order to maximise the use of audit resources and add most value to the organisation in targeting changing risks.
4. The Head of Finance prepares progress reports for each meeting of the Audit Committee, outlining the work undertaken by the audit team.
5. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is 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.
6. The progress report is 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. The Progress Update is then presented to Audit Committee.

**Issues**

7. The Internal Audit Progress Report, set out at Appendix A, provides further detail of the performance of the audit team and with particular reference to the Audit Plan. The progress update outlines the challenges facing the audit team, the remedial action already taking place and the information provided to Audit Committee in order to provide it with the assurance that appropriate internal controls are covered. The progress update provides the key points in the following paragraphs.

8. The progress report shows that, to date, 69% of the audit plan has been completed, with a further 11% to be completed by the end of the financial year. Many of the audits not yet completed are substantially complete, with the findings being discussed with managers before the draft reports are issued.
9. Appendix C sets out in detail the audit recommendations issued in this year and the progress to date in implementing them. Progress to date shows that 58% of the recommendations agreed have been implemented. This information has been provided by regular updates from directorates. Where directorates have not provided any information by the deadlines given, then these will be reported as part of the audit progress update. Whilst it is pleasing to note that all recommendations have been commented upon, there will be continued emphasis on the need for audit recommendations to be completed within the agreed timescales.
10. The draft audit plan for 2018/19 was presented to the January meeting of this Committee. Work has been undertaken to develop a more detailed audit plan, and this is reported at agenda item 10.3.

### **Legal Implications**

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

### **Financial Implications**

12. The actions taken in terms of resource as set out in paragraph 6 can be contained within the overall budget for Internal Audit.

### **RECOMMENDATIONS**

13. That the Committee notes the contents of the report and the proposed change to the audit plan for 2017/18 to address the shortfall in audit days.

**IAN ALLWOOD**  
**HEAD OF FINANCE**  
27 March 2018

The following is attached: **Appendix A:** Internal Audit Progress Report, 2017/18  
**Appendix B:** Revised Internal Audit Plan  
**Appendix C:** Schedule of Audit Recommendations:

- Open Audits
- Schools' Open Audits
- Closed Audits
- Schools' Closed Audits
- Audits Not Previously Reported to Committee