

**Report To: Corporate Governance Committee**

**Date of Meeting: 29 January 2014**

**Report Author: Head of Internal Audit Services**

**Title: Internal Audit Progress Report**

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### **1. What is the report about?**

This report updates the Committee on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

### **2. What is the reason for making this report?**

To bring the Committee up to date regarding:

- delivery of our Assurance Plan for 2013/14 (Appendix 1)
- recent Internal Audit reports issued (Appendix 2)
- management's response to issues we have raised (Appendix 3)
- Internal Audit's performance (Appendix 4)

### **3. What are the Recommendations?**

- Committee considers and comments on Internal Audit's progress and performance to date in 2013/14
- Committee considers and comments on recent Internal Audit reports issued and follow ups carried out

### **4. Internal Audit Progress**

#### ***Delivery of the Internal Audit Assurance Plan 2013/14***

- 4.1. Appendix 1 provides a breakdown of our work during 2013/14, compared to the Internal Audit Strategy. It includes assurance scores and number of issues raised for the completed reviews, definitions used to form our audit assurance and the ratings used to assess the risk-levels for issues raised.
- 4.2. During recent one-to-ones within the Internal Audit team, we have prioritised those projects deemed as 'Essential Assurance' to ensure that they are completed to at least draft report stage by 31 March 2014.
- 4.3. Transfer of the service to the Business Improvement & Modernisation service, implementation of the corporate EDRMS system, tendering for an external contract and a move to new laptops has caused some disruption within the service in recent weeks that may lead to a few of the 'Risk-based Assurance' projects not being completed during 2013/14. If this happens, these projects will be prioritised within the assurance planning work for 2014/15.

## Summary of Recent Internal Audit Reports

4.4. Our reports use colours for assurance ratings as follows:

<b>Green</b>	High Assurance	Risks and controls well managed
<b>Yellow</b>	Medium Assurance	Risks identified but are containable at service level
<b>Amber</b>	Low Assurance	Risks identified that require meeting with Director/Lead Member
<b>Red</b>	No Assurance	Significant risks identified that require member / officer case conference

4.5. Appendix 2 provides a summary of the final Internal Audit reports issued since my report in December 2013. Executive summary reports and action plans are also included for further information.

### **Management's response to issues raised by Internal Audit**

4.6. Most of our Internal Audit reports identify risks and control weaknesses. We rate these as critical, major or moderate risk. Management agrees actions to address the risks, including responsibilities and timescales.

4.7 We report all instances where management fails to respond to our follow up work or where they exceed the agreed implementation date by more than three months. This Committee decides whether it needs to take further action, e.g. by calling the relevant people to its next meeting or asking for a written report to explain lack of progress.

4.8 Appendix 3 shows the follow up reviews completed since my last report to this Committee. Due to the Christmas period, we are still working on some of the January 2014 follow ups, so will update the Committee on these at its next meeting.

### **Internal Audit Performance**

4.9 Internal Audit measures its performance in two key areas:

- *Provision of 'Essential Assurance'* - These projects ensure that the Council delivers its S151 Officer obligations, is managing its main corporate risks and has robust arrangements in place for corporate governance and delivery of its corporate priorities.
- *'Customer Standards'* - A range of indicators to ensure that we deliver a good service to our customers.

4.10 Appendix 4 shows our performance to date for 2013/14. We are on target to deliver 100% of 'Essential Assurance' projects by 31 March 2014 as several will be completed during the final quarter of the year. We should achieve 100% on all 'Customer Standards' with one exception where we gave eight working days notice of a project commencement rather than the required 10 days.