

## Report of the Chief Auditor

Audit Committee – 30 October 2014

### INTERNAL AUDIT ANNUAL PLAN 2014/15 MONITORING REPORT FOR THE PERIOD 1 APRIL 2014 TO 30 JUNE 2014

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 <sup>st</sup> April 2014 to 30 <sup>th</sup> June 2014.
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2014/15
<b>Consultation:</b>	Executive Board, Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that: the Committee review and discuss the work of the Internal Audit Section and note the contents of the report
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<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Introduction

- 1.1 The Internal Audit Annual Plan 2014/15 was approved by the Audit Committee on 24<sup>th</sup> April 2014 and quarterly monitoring reports will be presented throughout the year to allow Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.
- 1.2 This report shows the audits which were finalised in the period 1<sup>st</sup> April 2014 to 30<sup>th</sup> June 2014.

## 2. Audits Finalised 1<sup>st</sup> April 2014 to 30<sup>th</sup> June 2014

- 2.1 A total of 125 days was lost in Quarter 1 due to vacancies and secondments to the Accountancy Section. One Auditor gained promotion to cover a maternity leave vacancy until May 2015 while another Auditor was seconded to complete the Fixed Assets accounts for 2013/14 as the accountant suddenly went on sick leave with a serious illness.
- 2.2 A vacant Group Auditor post was filled on 26<sup>th</sup> June 2014 and one seconded Auditor returned to Internal Audit on 1<sup>st</sup> July 2014. Efforts are being made to employ an Auditor on a fixed term contract until May 2015 to cover the maternity leave secondment.
- 2.3 A total of 21 audits were finalised during Quarter 1. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed.
- 2.4 An analysis of the audits finalised during the 1<sup>st</sup> quarter is shown in the following table

Assurance Level	High	Substantial	Moderate	Limited
Number	6	12	3	0

- 2.5 A total of 194 audit recommendations were made and management agreed to implement 191 recommendations i.e. 98.5% against a target of 98%.
- 2.6 The following table shows brief details of the significant issues which led to the audits being considered to be 'moderate'. There were other less significant findings also included in the final audit report issued to management.

Audit	Assurance Level	Reasons
Seaview Primary School	Moderate	<ul style="list-style-type: none"> <li>• Variations in dinner money records to bankings</li> <li>• High dinner money arrears</li> <li>• Discrepancies in school meal records</li> <li>• Official orders not always raised</li> <li>• Failure to follow Contract Procedure Rules</li> <li>• Insurance cover insufficient</li> </ul>

Payroll	Moderate	<ul style="list-style-type: none"> <li>• Authorisation of starter forms by HR staff</li> <li>• Lack of consistency in documentation used</li> <li>• File not available for inspection</li> <li>• Authorised signatory list out of date</li> <li>• Lack of division of duties for Education payroll</li> </ul>
Accounts Receivable	Moderate	<ul style="list-style-type: none"> <li>• Services not collecting income in advance where possible</li> <li>• Raising and recovery of social care and school debts</li> <li>• Authorisation of write off recommendations by Legal</li> <li>• Action required to reduce number of write offs</li> </ul>

### **3. Follow Ups Completed 1<sup>st</sup> April 2013 to 30<sup>th</sup> June 2013**

- 3.1 The follow up procedures operated by the Internal Audit Section includes visits to any non fundamental audits which received a 'moderate' or 'limited' level of assurance to confirm that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 months of the final report being issued and includes testing to ensure that any 'high' or 'medium' risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Head of Finance and Delivery.
- 3.3 During the 1<sup>st</sup> quarter follow up visits were made to the Key Stage 4 Education Centre where it was found that substantial progress had been made in implementing the agreed recommendations.

### **4 Equality and Engagement Implications**

- 4.1 There are no equality and engagement implications associated with this report

### **5. Financial Implications**

- 5.1 There are no financial implications associated with this report.

### **6. Legal Implications**

- 6.1 There are no legal implications associated with this report.

**Background Papers:** Internal Audit Plan 2014/15

**Appendices:** Appendix 1 Internal Audit – Monitoring Report Quarter 1 2014/15