

Report of the Chief Auditor

Special Audit Committee – 21 July 2016

INTERNAL AUDIT ANNUAL PLAN 2015/16 MONITORING REPORT FOR THE PERIOD 1 JANUARY 2016 TO 31 MARCH 2016

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 January 2016 to 31 March 2016.
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2015/16
Consultation:	Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Debbie Smith
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 The Internal Audit Annual Plan 2015/16 was approved by the Audit Committee on 9 April 2015 and quarterly monitoring reports have been 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 January 2016 to 31 March 2016.

2. Audits Finalised 1 January 2016 to 31 March 2016

2.1 The only vacant post currently within the Internal Audit Section is 0.5 of an Auditor post which was highlighted in the Annual Plan report and was initially being kept vacant until 30th September 2015 but will now continue for the rest of the year.

2.2 The Internal Audit Section has continued to experience unusually high levels of sickness with a total of 102 days sick leave being recorded in the 4th Quarter. This gives a total of 221 days sick leave for the year against an annual budget of 49 days. Further details comparing sick leave in 2015/16 to previous years is provided later in this report.

2.3 A total of 25 audits were finalised during Quarter 4. 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 4th Quarter is shown in the following table

Assurance Level	High	Substantial	Moderate	Limited
Number	8	13	4	0

2.5 A total of 212 audit recommendations were made and management agreed to implement 206 recommendations i.e. 97.2% against a target of 98%. The recommendations which were not agreed were either low risk or good practice and it was shown by management that compensating controls were in place.

2.6 All recommendations made are classified as high risk, medium risk, low risk or good practice. An analysis of the recommendations agreed during Quarter 4 is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
1	39	102	64	206

2.7 To allow the Audit Committee to more closely monitor the progress being made during the year by the Internal Audit Section to achieve its Annual Plan, Appendix 2 shows each audit included in the Plan approved by Committee in April and identifies the position as at 31 March 2016 for each audit. The audits highlighted in bold in Appendix 2 have been brought forward from 2016/17 to replace a number of planned audits which could not go ahead mainly due to service pressures in departments.

2.8 Appendix 3 shows brief details of the significant issues which led to the 4 audits finalised in Quarter 4 being considered to be moderate.

There were other less significant findings also included in the final audit reports issued to management

- 2.9 A Management Action Plan which includes a series of recommendations to address the issues arising from each audit receiving a negative level of assurance has been agreed with management. A follow up audit will be arranged within 6 months of the final report being issued to confirm that the agreed recommendations have been implemented.
- 2.10 Any audit which receives a moderate or limited level of assurance is also reported to the relevant Directorate PFM meeting so that the action taken to implement the agreed recommendations can be monitored by the Director and Head of Service in advance of the follow up audit.
- 2.11 The Internal Audit Section was also involved in the following work during Quarter 4 which was not included in the Audit Plan for 2015/16
- Continued sample testing of Equal Pay calculations prior to offers being made to staff
 - Continued sample testing of Back Pay calculations prior to payments being made to staff.
 - Review of issues regarding salary payments at the request of the Head of Finance and Delivery
 - A review of the accounts of a road surface re-cycling partnership that the Council is part of in order to verify the income and expenditure charged to the partnership.
- 2.12 The high level of sickness being experienced by the Internal Audit Section in 2015/16 has been mentioned in previous monitoring reports and following the presentation of the Quarter 3 report in February 2016, the Committee requested details of sickness levels in previous years.
- 2.13 The following table shows the level of sickness over the last 5 years

Year	Sickness Days	
	Budget	Actual
2015/16	49	221
2014/15	64	49
2013/14	69	41
2012/13	69	98
2011/12	64	45

- 2.14 The table clearly shows that in previous years the actual level of sickness has mostly been less than the budget provided in the Annual Plan and has been manageable. The increase in 2012/13 was caused by an employee taking 48 days as a result of an operation and other

than this all instances of sickness in previous years have been due to short term absences.

- 2.15 The high level of sickness in 2015/16 has resulted from 4 members of staff suffering non-work related stress which has accounted for 206 of the 221 days taken. The reasons for the non-work related stress are varied and support has been provided to the staff to help them return to work.
- 2.16 The impact of the increased sickness in 2015/16 has meant that a number of planned audits have had to be postponed and deferred to 2016/17.

3. Follow Ups Completed 1 January 2016 to 31 March 2016

- 3.1 The follow up procedures operated by the Internal Audit Section include visits to any non fundamental audits which received a moderate or limited level of assurance to confirm and test 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 4th Quarter, a follow up visit was made to confirm the implementation of the recommendations arising from the Victoria Park Kiosk audit which had received a moderate level of assurance in July 2015.
- 3.4 The follow up visit to Victoria Park Kiosk found that all the agreed recommendations had been fully implemented.

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 2015/16

Appendices: Appendix 1 Internal Audit – Monitoring Report Quarter 4 2015/16
Appendix 2 Internal Audit Plan 2015/16 – Progress to 31/03/16
Appendix 3 Moderate Level of Assurance – Significant Issues