

Report of the Chief Auditor

Audit Committee – 3 January 2017

INTERNAL AUDIT ANNUAL PLAN 2016/17 MONITORING REPORT FOR THE PERIOD 1 JULY 2016 TO 30 SEPTEMBER 2016

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 July 2016 to 30 September 2016.
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2016/17
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
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Legal Officer:	Sandie Richards
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 The Internal Audit Annual Plan 2016/17 was approved by the Audit Committee on 19 April 2016 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 July 2016 to 30 September 2016.

2. Audits Finalised 1 June 2016 to 30 September 2016

- 2.1 A vacant post for 0.5 of an Auditor was filled from the Redeployment Pool with effect from 8 August 2016. This means that all posts within the Section are now filled.
- 2.2 The Internal Audit Section has continued to experience unusually high levels of sickness in the 2nd Quarter of 2016/17 with a total of 68 days. The total number of sick days taken in the first half of 2016/17 is 136 days against an annual budget of 80 days. Most of the sick in Quarter 2 is due to a member of staff with a serious knee problem which severely restricts mobility.
- 2.3 A total of 25 audits were finalised during Quarter 2. 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 2nd Quarter is shown in the following table. It is pleasing to note the large number of audits that received a high level of assurance and equally that no audits received a moderate or limited level of assurance

Assurance Level	High	Substantial	Moderate	Limited
Number	12	13	0	0

- 2.5 A total of 139 audit recommendations were made and management agreed to implement 134 recommendations i.e. 96.4% against a target of 95%. The recommendations which were not agreed were either low risk or good practice or 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 2 is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
2	17	92	23	134

- 2.7 The Audit Plan is a 'living' document which is likely to change during the course of the year due to e.g. emerging risks or new priorities. However it is important that the Audit Committee can monitor progress against the Plan approved at the start of the year. To achieve this, Appendix 2 shows each audit included in the Plan approved by Committee in April and identifies the position of each audit as at 30 September 2016.

- 2.8 An analysis of the details in Appendix 2 shows that by the end of September 2016, approximately 58% of the Audit Plan was either completed or in progress which is excellent progress, particularly in view of the levels of sick mentioned above. It is expected that by the end of the year, the Performance Indicator for the percentage of the Audit Plan completed will be significantly higher than the result for 2015/16.
- 2.9 As reported previously, the way primary schools audits are undertaken has been changed to use a self-assessment questionnaire and a much shorter audit visit. It is hoped that using this basis for primary school audits will have benefits both for the Internal Audit Section by reducing the amount of time for each audit and also for schools by reducing the Service Level Agreement recharge for audits and causing less disruption at school during the audit visit.
- 2.10 The self-assessment questionnaire was completed during Quarter 1 and the opportunity was also taken to review the scope of primary school audits to ensure that it remained relevant and fit for purpose.
- 2.11 A self-assessment questionnaire was sent to 28 primary schools due for audit in 2016/17 during Quarter 1 and by the end of the September, 12 completed questionnaires had been returned. A reminder was sent to all schools that had not responded in October 2016 and to date a further 5 questionnaires have been returned. Work is ongoing to chase the return of the outstanding questionnaires.
- 2.12 The returned questionnaires have been analysed and a short visit of hopefully not more than one day will be arranged to each school during Quarter 3 and 4 to confirm that controls are in place. A draft report will then be sent to the Headteacher before being finalised and reported to the School's Governing Body.
- 2.13 The Internal Audit Section was also involved in the following work during Quarter 2 which was not included in the Audit Plan for 2016/17
- 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.
 - A review of the increased cost of the scheme to demolish Oceana was completed at the request of the Corporate Director (Resources)
 - Continued involvement in the agreement of the settlement figures following the end of a highways surface recycling partnership.
 - Involvement in the production of a Procurement Guide for schools in conjunction with colleagues in Commercial Services.

3. Follow Ups Completed 1 July 2016 to 30 September 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 Chief Finance and Deputy Section 151 Officer.
- 3.3 During the 2nd Quarter, follow up visits was made to the following services to confirm that the agreed recommendations had been implemented
- Outdoor Leisure Spot Checks
 - Portmead Primary School
- 3.4 The follow up visit on the Outdoor Leisure Spot Checks audit showed that of the 7 recommendations made, 3 had been implemented, 3 had been partly implemented and 1 had not been implemented
- 3.5 The results of the follow up visit made to Portmead Primary School showed that 16 of the 25 recommendations made had been implemented while 3 had been partly implemented and 6 had not been implemented.
- 3.6 A second follow up visit for later in the year has been scheduled to both services highlighted above to confirm that the outstanding recommendations have been 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 2016/17

Appendices: Appendix 1 Internal Audit – Monitoring Report Quarter 2 2016/17
Appendix 2 Internal Audit Plan 2016/17 – Progress to 30/09/16