

Report of the Chief Auditor

Audit Committee – 8 August 2017

INTERNAL AUDIT ANNUAL PLAN 2017/18 MONITORING REPORT FOR THE PERIOD 1 APRIL 2017 TO 30 JUNE 2017

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2017 to 30 June 2017.
Policy Framework:	None
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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1. Introduction

- 1.1 The Internal Audit Annual Plan 2017/18 was approved by the Audit Committee on 28th March 2017 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 1st April 2017 to 30th June 2017.

2. Audits Finalised 1 April 2017 to 30 June 2017

- 2.1 Due to the Chief Auditor's retirement at the end of March, plans were put in place to allow the implementation of the Audit Section's

restructure from April 2017. Competitive interviews took place resulting in the appointment of one of the Senior Auditors as the new Principal Auditor. This has resulted in the loss of one full time equivalent post from 2017/18 onwards.

- 2.2 The Internal Audit Section has continued to experience high levels of sickness in the 1st Quarter of 2017/18 with a total of 46 days against an annual budget of 80 days. As previously reported, most of the sickness in the year was due to a condition experienced by two member of staff.
- 2.3 A total of 20 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 1st Quarter is shown in the following table.

Assurance Level	High	Substantial	Moderate	Limited
Number	6	14	0	0

- 2.5 A total of 195 audit recommendations were made and management agreed to implement 194 recommendations i.e. 99% against a target of 95%. The one recommendation that was not agreed was classed as low risk.
- 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 1 is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
0	14	128	52	194

- 2.7 No grant certifications were required in Quarter 1.
- 2.8 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 March and identifies the position of each audit as at 30 June 2017.
- 2.9 None of the reports issued in Quarter 1 had a moderate assurance rating.

- 2.10 An analysis of the details in Appendix 2 shows that by the end of June 2017, approximately 31% of the Audit Plan was either completed or in progress which is as expected at the end of the first quarter in the year. It should also be noted that a number of the audits finalised in this quarter were those that were in progress at year end and hence had been brought forward from the 2016/17 plan.
- 2.11 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.
- 2.12 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.
- 2.13 The revised questionnaire was sent to 18 primary schools due for audit in 2017/18 during Quarter 1 and audits will be undertaken over the course of the year as and when responses are received.
- 2.14 The Internal Audit Section was also involved in the following work during Quarter 1:
- Ongoing investigation in relation to administrative practices at Bishop Vaughan Comprehensive School.
 - Continuation of work on the National Fraud Initiative 2016 exercise.

3. Follow Ups Completed 1 April 2017 to 30 June 2017

- 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. No follow up visits were required in Q1.

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 1 2017/18
Appendix 2 Internal Audit Plan 2017/18 – Progress to 30/06/17