

AUDIT AND GOVERNANCE COMMITTEE

Thursday, 12 January 2017

INTERNAL AUDIT: PROGRESS AGAINST THE AUDIT PLAN 2016-17 (REP 1414)

EXECUTIVE SUMMARY	
1.	This report is being presented to the Audit and Governance Committee in accordance with the Committee’s terms of reference which stipulate, (amongst other functions), that the Committee shall ‘...consider any reports dealing with the management and performance of the internal audit service’.
2.	Internal Audit Services aims to operate in accordance with the Public Sector Internal Audit Standards (PSIAS).
3.	This report provides members of the Committee with an update of progress made against the Internal Audit Plan for 2016-17, for the period of 1 April 2016 to 31 December 2016.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards in the District
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Cabinet Member:	Councillor Mike Barnard Cabinet Member with Responsibility for Resources and Welfare Reforms
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Supporting Officer:	Mrs Siobhan Martin Head of Internal Audit 01394 444254 siobhan.martin@eastsoffolk.gov.uk
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1 INTRODUCTION

- 1.1 On 16 March 2016 the Audit and Governance Committee approved the Internal Audit Plan for 2016-17. This report seeks to inform the Audit and Governance Committee of the progress made against the Internal Audit Plan for the period 1 April 2016 to 31 December 2016.
- 1.2 Since 1 January 2009 Internal Audit Services have been delivered in partnership with Suffolk Coastal District Council, with a joint Internal Audit Plan being produced. The Head of Internal Audit and one of the Audit Managers are shared between Ipswich Borough Council (IBC), Suffolk Coastal District Council (SCDC) and Waveney District Council (WDC).

2. INTERNAL AUDIT PERFORMANCE/OUT-TURN FOR THE PERIOD 1 APRIL 2016 TO 31 DECEMBER 2016

- 2.1 The Internal Audit Plan for 2016-17 is on target (at present) to be completed.
- 2.2 The Internal Audit Service has a vacant position for a Senior Internal Auditor and an Audit Manager will leave the Service at the end of January 2017. The establishment across SCDC and WDC is currently 5.8 full time equivalents with an additional 1.4 full time equivalent provided to Ipswich Borough Council (IBC) as part of contracted partnership arrangements. The Service is currently preparing resource requests to fill these posts.
- 2.3 All Members can access the final Internal Audit reports through the Members' section (confidential reports) on the intranet. Copies are also sent to the Senior Management Team, the relevant Cabinet Members and the External Auditors, as well as key officers who assisted in the completion of the review.
- 2.4 Internal Audit monitors itself against the PSIAS and completes a self-assessment checklist to ensure compliance against said standards. Any areas of non-compliance against the standards would be reported to the Audit and Governance Committee. Areas of partial compliance are fed into our Quality Assurance and Improvement Programme to ensure that the Service strives for continuous improvement.
- 2.5 At present the Service is undergoing an External Assessment against the PSIAS. This is being performed by the Chartered Institute of Public Finance Accountancy (CIPFA). The result of the review will provide this Committee and the Council's Senior Management Team with assurance that Internal Audit Services are compliant with best practice and therefore an effective Internal Audit Service is being provided.
- 2.6 The progress against the delivery of the agreed recommendations is actively pursued by Internal Audit Services, and the Head of Internal Audit can raise any serious concerns at meetings of the Corporate Management Team in accordance with the escalation procedures, before reporting any issues to the Audit and Governance Committee.

2.8 The following table represents the agreed WDC Internal Audit Plan for 2016-17, with additional detail over the progress to date:

Audit Area	Progress to Date
Accounts Payable – Creditors	Draft report produced
Accounts Receivable – Debtors	Work in Progress
Annual Governance Statement	Complete – Review, advice and best practice guidance provided to enable the successful completion of the 2015-16 AGS.
Anglia Revenues Partnership	Work in Progress
Asset Management	Agreed with Director and recently appointed Head of Service to defer to 2017-18 given change management processes taking place this financial year.
Bank Reconciliation	Work in progress
Car Parks	To commence January 2017
Cash and Banking	Work in Progress
Charities	To commence January 2017
Consultancy and Agency Usage	Work in Progress
Consultancy and Special Investigations	Provided on request. See section 2.7 of this report.
Council Tax	To commence January 2017
Corporate Governance and Risk Management	Ongoing – Attendance on Corporate Governance Days and provision of independent professional advice.
Data Protection	Ongoing – currently reviewing and amending procedures in line with General Data Protection Regulations.
Disabled Facilities Grants	Completed
Fixed Asset Register	Consultancy provision to be provided when the project team is set up.
Housing Benefits	To commence January 2017
Housing Rents	To commence February 2017
Housing Repairs and Maintenance	To commence February 2017
Lowestoft Charter Trustees	Completed
National Fraud Initiative	Completed
National Non-Domestic Rates	To commence January 2017
Partnerships	Draft Reports produced
Payment Card Industry	To commence January 2017

Audit Area	Progress to Date
Payroll	To commence February 2017
Social Media	To commence February 2017
Treasury Management (Investments)	Draft report produced

- 2.7 The following additional work to the above WDC Internal Audit plan has also been undertaken:

Audit Area	Progress and reason for work
Internal Audit Controls, Governance, Risk Management & Financial Advice	Provision of strategic advice to service areas on request including project management advice cross Councils

- 2.8 In addition to the above work, Internal Audit Services continue to provide advice and support at the quarterly Corporate Governance Day, the Annual Governance Statement Working Group and the Corporate Risk Management Group. Corporate governance advice is provided continuously by the Head of Internal Audit on strategic and operational matters.
- 2.9 The Internal Audit Service has seen an increase in advice being requested on data protection issues. The Head of Internal Audit is the joint SCDC/WDC Data Protection Officer and Freedom of Information Strategic lead.
- 2.10 The Audit and Governance Committee has the opportunity to put forward requests for additional Internal Audit reviews and a total of 15 days has been allocated to allow for this.

3 EXTERNAL AUDITOR

- 3.1 As from 1 November 2012, Ernst and Young replaced the Audit Commission as the Council's External Audit provider. The Head of Internal Audit has reviewed the Internal and External Audit Protocol and meets regularly (quarterly) with the External Audit Manager. Any significant changes to working practices and expectations upon the Internal Audit Service will be reported to the Audit and Governance Committee.

4 CONTRACTED WORK

- 4.1 The Council's Internal Audit Service has completed its contractual requirements for 2015-16 and 2016-17 to provide Ipswich Borough Council and Suffolk Coastal District Council with strategic and operational audit and fraud services.
- 4.2 Strategic management continues with the sharing of the Head of Internal Audit Services contracted IBC, SCDC & WDC to direct Internal Audit and Corporate Fraud.
- 4.3 Ipswich Borough Council is still progressing with their Transformation Programme which includes the Internal Audit and Corporate Fraud Services. The Audit and Governance Committee will be advised if there are to be any alterations to the existing contractual arrangements.

5 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

- 5.1 The Audit and Governance Committee is directly responsible for supporting good governance arrangements and practices at the Council which underpin the Council's entire strategic and operational workings including the East Suffolk Business Plan.

6 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 6.1 Internal Audit reports and recommendations aim to create and foster a robust corporate governance foundation to support a sustainable service to all its stakeholders. As a consequence, Internal Audit Services aims to mitigate the risk of losses arising from error, irregularity and fraud. In addition, efficiency, effectiveness and economy reviews form part of the work undertaken, and this represents a fundamental function in delivering the Council's corporate governance responsibilities.
- 6.2 The Local Government Act 1972 and the Accounts and Audit Regulations 2015 require a relevant authority to '...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards and guidance'.
- 6.3 The implications and benefits of agreed recommendations produced by the audit work undertaken affect all these areas by improving controls and processes, which contribute towards efficient and effective management of services.

7 OTHER KEY ISSUES

- 7.1 This report does not require us to have considered the results of an equality impact assessment, a sustainability impact assessment or a partnership impact assessment.

8 CONSULTATION

- 8.1 Where appropriate internal consultation has taken place to complete this report.

9 OTHER OPTIONS CONSIDERED

- 9.1 No further options have been considered.

10 REASON FOR RECOMMENDATION

- 10.1 To support the Council's overall governance arrangements and to ensure the Audit Committee fulfils its terms of reference by considering a summary of Internal Audit activity.

RECOMMENDATION

1. That the Audit Committee comment upon the output of Internal Audit Services from 1 April 2016 to 31 December 2016.

BACKGROUND PAPERS Please note that copies of background papers have not been published on the Council's website but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
30 December 2016	Internal Audit Services management information and audit area files	Head of Internal Audit