

AUDIT & GOVERNANCE COMMITTEE

Thursday, 11 January 2018

INTERNAL AUDIT: PROGRESS AGAINST THE AUDIT PLAN 2017-18 (REP1650)

EXECUTIVE SUMMARY

1. This report is being presented to the Audit & 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 2017 - 18, for the period of 1 April 2017 to 31 December 2017.

Is the report Open or Exempt?	Open
Wards Affected:	All Wards within the District
Cabinet Member:	Councillor B Provan Cabinet Member for Resources
Supporting Officer:	Siobhan Martin Head of Internal Audit Tel: 01394 444254 E-mail: siobhan.martin@eastsoffolk.gov.uk

1 INTRODUCTION

- 1.1 On 15 March 2017 the Audit & Governance Committee approved the Internal Audit Plan for 2017 - 18. This report seeks to inform the Audit & Governance Committee of the progress made against the Internal Audit Plan for the period 1 April 2017 to 31 December 2017.
- 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 2017 TO 31 DECEMBER 2017

- 2.1 The Internal Audit Plan for 2017-18 is on target (at present) to be completed.
- 2.2 The Internal Audit Service has recently appointed 2 Senior Auditors following vacancies. The previous Audit Manager left the Service at the end of January 2017. The new Audit Manager commenced at the end of May 2017. The establishment across SCDC and WDC is currently 6.6 full time equivalents with an additional 1.9 full time equivalent provided to Ipswich Borough Council (IBC) as part of contracted partnership arrangements.
- 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 Audit & Governance Committee, 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 An External Assessment of the Service against the PSIAS was undertaken in November 2016. This was performed by the Chartered Institute of Public Finance Accountancy (CIPFA). The result of the review identified no areas of non compliance. Internal Audit will continue to monitor itself against PSIAS by completing a self-assessment checklist to ensure continuous compliance. Any areas of non-compliance against the standards would be reported to the Audit & 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 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 & Governance Committee.
- 2.8 The following table represents the agreed WDC Internal Audit Plan for 2017 - 18, with additional detail over the progress to date:

Audit Area	Progress to Date
Accounts Payable - Creditors	This report is out in Draft.
Accounts Receivable - Debtors	This work is planned to commence in Q4.
Anglia Revenues Partnership (SCDC & WDC joint report) Bailiff Service.	Transferred – Work has been transferred to Fenland District Council as part of the ARP Service Level Agreement.
Annual Governance Statement (AGS)	Review, advice and best practice guidance provided to enable the successful completion of the 2016-17 AGS.

Asset Management (SCDC & WDC joint status report)	Complete – assurance level not applicable.
Audit Area	Progress to Date
Bailiff Service	Work in progress – work being undertaken by Fenland District Council.
Bank Reconciliations and General Ledger.	This work is planned to commence in Q4.
Car parks (SCDC & WDC joint report)	Work in progress.
Cash & Banking (SCDC & WDC joint report)	Work in progress.
Charities	This work is planned to commence in Q4.
Consultancy and Special Investigations	Ongoing – IA remains available to provide professional advice for emerging issues and any required financial, whistleblowing or employment investigations.
Consultancy and Agency Usage (SCDC & WDC joint report)	This work is planned to commence in Q4.
Contract Management (SCDC & WDC joint status report)	Complete – assurance level not applicable.
Corporate Governance and Risk Management	Ongoing – Attendance on Corporate Governance Days and provision of independent professional advice.
Council Tax	Ongoing – work being undertaken by West Suffolk Council.
Data Protection (DP)	Ongoing – Advice, Guidance and Support provided on general DP issues and the new GDPR legislation.
Disabled Facility Grant (DFG)	Complete – assurance level not applicable.
Fixed Asset Register	Deferred until 18/19
Grant Award Process	Used as contingency within other grant work. The remaining work will be deferred until 18/19.
Health & Safety Inspection Regime at SCDC/WDC with Partners	Work in progress.
House Building Project	Ongoing – IA remains available to provide advice and guidance over good governance arrangements.
Housing Benefits	Work in progress – work being undertaken by West Suffolk Council.
Housing Rents	This work is planned to commence in Q4.
Housing Repairs and Maintenance	Work in progress.
IDOX/UNIFORM Process (SCDC & WDC	This work is planned to commence in Q4.

joint report)	
Lowestoft Charter Trustees	Complete - assurance level not applicable.
Members Requests	Ongoing – IA remains available to undertake any requests received.
Audit Area	Progress to Date
Merger	To commence when required
National Fraud Initiative (NFI)	Ongoing – work commenced December 2017
National Non Domestic Rates (NNDR)	Work in progress – IA is undertaking a review of NNDR across all 7 Councils.
Parishing	Ongoing – IA remains available to provide advice and guidance.
Payroll	Work in progress.
Staff Declarations of Interests/Gifts and Hospitality.	This report is out in Draft.
Strategic and other partnerships (SCDC & WDC joint report)	This work is planned for Q4.
Treasury Management	Complete – assurance level good.

- 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, and is the project lead for changes in Data Protection law in May 2018.
- 2.10 The Audit & Governance Committee has the opportunity to put forward requests for additional Internal Audit reviews.

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 & Governance Committee.

4 CONTRACTED WORK

- 4.1 The Council's Internal Audit Service has completed its contractual requirements for 2016-17 and 2017-18 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 and WDC to direct Internal Audit and Corporate Fraud.

5 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

- 5.1 The Audit & 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 & Governance Committee fulfils its terms of reference by considering a summary of Internal Audit activity.

RECOMMENDATION

That the Audit & Governance Committee comment upon the output of Internal Audit Services from 1 April 2017 to 31 December 2017.

BACKGROUND PAPERS: NONE