

INTERNAL AUDIT PROGRESS UPDATE

Contact Officer: Lynda Baker Head of Internal Audit Tel: (01908) 252227

1. Purpose

- 1.1 To provide the Committee an update of progress against the Annual Audit Plan 2013/14, performance and significant issues raised.

2. Recommendations

- 2.1 That the Committee note, or comment, on the report and agree revisions to the plan.

3. Issues

- 3.1 The Internal Audit Service transferred to MKSP on 1st September 2013 and is now being delivered through the Partnership. As indicated in the previous update a review is in progress of the Audit Charter, Strategy, Customer Charter & Audit Handbook. The Charter & Strategy are being provided for comment at this meeting.

- 3.2 Performance – the performance measures below are those that have been agreed and are included within the Internal Audit Service Plan.

- 3.2.1 **Audit Plan Completion** – As at 19th October 2013 41 audits from the 2013/14 plan have been completed to draft or final stage (28% of the plan). An additional 20 audits carried forward and 9 pieces of unplanned work (including Investigations) have also been completed (totalling 70 audits completed between since 1st April). 26 audits are currently in progress and 77 (53% of plan) have not yet been started. A mid year review of the remaining plan has been undertaken which has shown some work to no longer be required due to ongoing changes around the Council and we propose to cancel some audits due to insufficient Internal Audit resource. See Annexes A, B and D.

- 3.2.2 **Agreed Actions implemented** – 83% of agreed actions have been implemented. 87% were implemented for general audits and 81% for schools. This is essentially unchanged since the last update. See Annex C

3.3 Significant Issues (including weak and limited reports since last update.)

3.3.1 **Personalised Education Centres (North, South & Central) & The Bridge (Alternative Education)** - Due to weak financial control systems and the lack of robust processes Internal Audit are unable to give assurance that the finances held by the lead school are accurately recorded and all accounted for.

There are no clear Governance arrangements in place. The PEC's have now been converted to Academy status and are no longer within the control of the Local Authority.

3.3.2 **Troubled Families Grant** – This was highlighted at the previous audit committee. Further work has now been undertaken:-

The verification of the proposed results-based claim in July highlighted data issues and a lack of supporting evidence. Internal Audit has worked closely with the Troubled Families team and in October we successfully verified a claim. Internal Audit has been informed that CYPS are currently recruiting a new Programme Manager and a data analyst has already been appointed. A new contractor will commence work with the families in January and has already started preliminary work with MKC. Internal Audit do have concerns over the quality of data provided to us to support the claims and we will continue working with the service to improve.

3.4 Staffing

3.4.1 The future recruitment strategy for Internal Audit is under consideration. and no decisions have yet been made.

4 Implications

4.1 Policy

The Audit Plan is aligned to the Internal Audit Strategy and individual audits provide assurance of compliance with a wide range of Council policies.

4.2 Resources and Risk

There are no direct resource implications.

The LIKLIHOOD of the Plan not being completed to an extent that would impinge on the Annual Audit Opinion is currently LOW with a MEDIUM impact.

<table border="1"><tr><td>x</td></tr><tr><td>x</td></tr></table>	x	x	Capital	<table border="1"><tr><td>x</td></tr><tr><td>x</td></tr></table>	x	x	Revenue	<table border="1"><tr><td>x</td></tr><tr><td>x</td></tr></table>	x	x	Accommodation
x											
x											
x											
x											
x											
x											
	IT		Medium Term Plan		Asset Management						

4.3.1

4.3.2 Legal

This report provides one of the sources for the Council's Annual Governance Statement in order to meet the Council's responsibilities under the Accounts and Audit Regulations. The Accounts and Audit Regulations require every local authority to maintain an adequate and effective audit service.

4.4 Other Implications

<input checked="" type="checkbox"/>	Equalities Diversity	/	<input checked="" type="checkbox"/>	Sustainability	<input checked="" type="checkbox"/>	Human Rights
<input checked="" type="checkbox"/>	E-Government		<input checked="" type="checkbox"/>	Stakeholders	<input checked="" type="checkbox"/>	Crime and Disorder

Background Papers:

Annex A - completed Audits
Annex B - audits in progress, not started
Annex C - follow ups completed
Annex D – Plan Amendments