

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director for Corporate Services

to

Audit Committee

on

25 June 2014

Report prepared by: Linda Everard, Head of Internal Audit

Summary Audit Progress Report

Executive Councillor – Cllr Ron Woodley

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To update the Audit Committee on the progress made in delivering the Internal Audit Strategy for 2013/14.

2. Recommendation

- 2.1 **The Audit Committee notes the summary findings reported from the work completed this quarter.**

3. Background

- 3.1 To comply with the UK Public Sector Internal Audit Standards, the Head of Internal Audit's Annual report includes details of the team's final performance in 2013/14 in delivering:
- its targets
 - the Audit Plan.

4. Key Themes from Completed Audits (Appendix 1)

- 4.1 Audits completed this quarter with audit opinions given are as follows:
- Evaluating Risks in Corporate Reports, *Improvement Required*
 - Data Quality, Performance Indicators, *Adequate*
 - Council Tax, *Good*
 - National Non-Domestic Rates, *Good*
 - Housing Benefit, *Adequate*
 - General Ledger, *Adequate*
 - Accounts Receivable, General Debtors, *Good*
 - Accounts Payable, General and Batch Input Payment File for Foster Carers' Payments, Adoption Allowances and Residence Orders, *Adequate*
 - Payroll, *Improvement Required*
 - Income Receipting and Banking, *Good*

- Treasury Management, *Good*
- Continuous Auditing Project *no opinion given*
- Housing Rents, *Good*
- Bournes Green Junior School, *Good*
- Cecil Jones School, *no opinion given*
- Earls Hall Junior School, *Good*
- Eastwood Primary School, *Adequate*
- Hamstel Junior School, *Good*
- Lancaster School, *Good*
- Porters Grange Primary School, *Adequate*
- Richmond Avenue Primary and Nursery School, *Good*
- Temple Sutton Primary School, *Good*
- Parking Management Scheme, *Improvement Required*
- Financial Reporting, *Adequate*
- Agresso Controls Summary, *Good*
- Cash Receipting System Implementation, *Good*
- Troubled Families Programme, Payments by Results Scheme Grant, *no opinion*
- Adoption Grant, *Statement of Grant Claim Usage signed off by Head of Finance and Resources*
- Procurement Review Group, *no opinion*
- Community Retrofit Through Sustainable Technology Funding Scheme *no opinion*
- South East Alliance of Landlords *no opinion*
- Direct Payments, Mental Health, *no opinion*
- Pre-Employment Vetting Checks, *Good re permanent staff and Adequate re Agency Staff*
- Teachers' Pensions, *no opinion*
- Procurement Cards, *no opinion*

5. Implementing recommendations made

- 5.1 Only the 2012/13 financial systems audits have been followed up in this period. The results of this work have been reflected in the reports issued for 2013/14.

6 Corporate Implications

6.1 Contribution to Council's Aims and Priorities

Audit work contributes to the delivery of all corporate Aims and Priorities.

6.2 Financial Implications

The Audit Plan was delivered within the approved budget.

6.3 Legal Implications

The Council is required, by the Accounts and Audit (England) Regulations 2011 (the Regulations) Section 6, to maintain an adequate and effective internal audit function, that complies with relevant professional standards and report upon this annually to the Audit Committee. This has been included in the Head of Internal Audit's Annual report.

The UK Public Sector Internal Audit Standards require the Audit Committee to approve (but not direct) the annual Internal Audit Plan and then receive regular updates on its delivery. Therefore this report discharges that duty.

6.4 People and Property Implications

People and property issues that are relevant to audit within the plan are considered as part of the review.

6.5 Consultation

Discussions are held with the Chief Executive, Corporate Directors / Director, and Heads of Service when updating the audit risk assessment and producing the Audit Plan. The Audit Plan is then presented and discussed with the Corporate Management Team before being approved by the Audit Committee.

All terms of reference and draft reports are discussed and agreed with the relevant Corporate Directors / Director and Heads of Service before being finalised.

6.6 Equalities Impact Assessment

The relevance of equality and diversity is considered during the initial planning stage of each audit before the Terms of Reference are agreed.

Equality Impact Assessments are completed on relevant internal audit policy / strategy documents whenever they are updated.

6.7 Risk Assessment

Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework which may impact on the Council's ability to deliver its corporate aims and priorities.

The key team risks have been:

- its inability to recruit to vacant posts
- that external supplier won't deliver contracted in work within the required deadlines to the expected quality standards.

Time has been built into the audit plan for managing external contractors. A further recruitment exercise will be completed by the first week in June. The impact on both of these factors is to reduce the days available to deliver audit work.

6.8 Value for Money

Opportunities to improve value for money in the delivery of services are identified during some reviews and recommendations made as appropriate.

Internal Audit also considers whether it provides a value for money service periodically. This was last reported upon in January 2014.

6.9 Community Safety Implications and Environmental Impact

These issues are only considered if relevant to a specific audit review.

7. Background Papers

- The Accounts and Audit (England) Regulations 2011
- UK Public Sector Internal Audit Standards
- CIPFA Local Governance Application Note for the UK Public Sector Internal Audit Standards
- CIPFA: The Role of the Head of Internal Audit in Public Service Organisations 2010
- CIPFA: Audit Committees, Practical Guidance for Local Authorities and Police 2013
- CIPFA / SOLACE: Delivering Good Governance in Local Government - Framework.

8. Appendices

- Appendix 1: Key Themes Arising from Audit Reviews