

Southend-on-Sea Borough Council

Report of Corporate Director for Corporate Services

to

Audit Committee

on

24 June 2015

Report prepared by: Linda Everard, Head of Internal Audit

Agenda
Item No.

Internal Audit Services, Quarterly Performance Report

Executive Councillor – Councillor Ron Woodley

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To present the final report to the Audit Committee on the delivery of the Internal Audit Strategy for 2014/15.

2. Recommendations

- 2.1 **The Audit Committee notes the progress made in delivering the 2014/15 Internal Audit Strategy.**

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 2014/15 in delivering:
- the Audit Plan
 - its targets.

4. Audit Opinions and Themes

- 4.1 A summary of the key themes drawn from each review issued this quarter, are contained in **Appendix 1** and cover:
- Ethical Governance
 - Corporate Accounts Payable System
 - Accounts Receivable
 - Business Rates
 - Cash Receipting and Banking
 - Council Tax
 - General Ledger
 - Housing Benefit
 - Treasury Management
 - Payroll

- Direct Payments
- Managing Ofsted Action Plans
- Education, Health and Care Plans
- Reablement
- Public Health, Patient Group Directions
- Welfare Reform
- Traffic Management Schemes implemented by Traffic Regulation Orders
- Waste Collection and Street Cleansing Contract Letting Process
- IT Asset Procurement
- Staff End User Devices Strategy
- Chalkwell Hall Junior School
- Earls Hall Infants School
- Kingsdown School
- St Helen's Primary School
- Thorpe Greenways Federated School
- West Leigh Junior School.

5. Implementing Action Plans

5.1 Internal Audit decides which action plans to revisit on a risk basis, focusing mainly on those audits with partial, minimal or improvement required opinions.

5.2 The action plans followed up in the quarter are:

Report Name and Date Original Report Issued		Agreed	No longer applicable	Outstanding
Accounts Receivable, Social Care Debt	Aug 2013	7	0	7
Parking Management Schemes	May 2014	13	2	6

5.3 The supporting explanations where actions agreed remain outstanding are summarised in **Appendix 1**. With audit reports revisited, the level of assurance given reflects how well agreed actions have been dealt with and whether they are now fully embedded in the day to day operation of the service.

5.4 The planned March 2015 follow up of the **Southend Adult Community College** has been rescheduled to August 2015. This was on the basis of the College's advised lack of progress in addressing any more of the outstanding actions. The original report of June 2013 agreed 30 recommendations. 12 were as assessed as implemented after the first follow up audit in February 2014.

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.

Any financial implications arising from identifying and managing fraud risk were considered through the normal financial management processes.

6.3 Legal Implications

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. This report contributes to discharging this duty.

6.4 People and Property Implications

People and property issues that were relevant to an audit within the Audit Plan were considered as part of the review.

6.5 Consultation

The audit risk assessment and the Audit Plan were periodically discussed with the Chief Executive, Corporate Directors / Director, and Heads of Service before being reported to Corporate Management Team and the Audit Committee.

All terms of reference and draft reports were 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 was considered during the initial planning stage of the audit before the Terms of Reference were agreed.

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 that may impact of the Council's ability to deliver its corporate aims and priorities.

The main risks the team has had to manage during the year are the:

- loss of in-house staff and the ability of the service to replace this resource in a timely manner
- the possibility that the external supplier would not deliver contracted in work within the required deadlines to the expected quality standards.

Additional time was built into the Audit Plan this year for managing this contract.

6.8 Value for Money

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

Internal Audit also considers whether it provides a value for money service periodically.

6.9 Community Safety Implications and Environmental Impact

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

7. Background Papers

- The Accounts and Audit Regulations 2015

- UK Public Sector Internal Audit Standards
- CIPFA: Local Government 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

8. Appendices

Appendix 1: Audit Opinions and Themes