

EAST RENFREWSHIRE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****16 August 2018****Report by Chief Auditor****INTERNAL AUDIT ANNUAL REPORT 2017/18****PURPOSE OF REPORT**

1. To submit to Members an annual report on the activities of internal audit during 2017/18 and to provide an independent audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control systems based on work undertaken in 2017/18.

BACKGROUND

2. The internal audit service is an autonomous unit within the Chief Executive's Office. The service objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of the council's resources. Independence is achieved through the organisational status of internal audit and the objectivity of internal auditors. The council's financial regulations require that an annual report containing an assurance statement and summarising internal audit's activities during the year is submitted to the Audit and Scrutiny Committee.

ANNUAL REPORT 2017/18

3. The 2017/18 strategic audit plan was approved by the Audit and Scrutiny Committee on 6 April 2017. The attached annual report (Appendix 1) summarises the audit work carried out during the year. The internal audit annual statement of assurance is contained within appendix A of the report and concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the council's governance, risk management and internal control systems in the year to 31 March 2018 except for creditors and contracts.

RECOMMENDATION

4. The Committee is asked to note the annual statement of assurance on the adequacy of governance, risk management and internal control systems and submit it to the Council.

5. The Committee is asked to note the contents of internal audit's annual report 2017/18.

Further information is available from Michelle Blair, Chief Auditor, telephone 0141 577 3067.

M Blair, Chief Auditor
1 August 2018

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APPENDIX 1

INTERNAL AUDIT ANNUAL REPORT 2017/18

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Chief Auditor
1 August 2018



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INTERNAL AUDIT ANNUAL REPORT 2017/18**1. INTRODUCTION**

- 1.1 The responsibilities and duties of Internal Audit are summarised in the Council's Financial Regulations which state:

'The primary role of Internal Audit is to provide assurance to the Council on the adequacy of its control environment. Internal Audit will carry out independent examinations of financial and related systems of the Council to ensure the interests of the Council are protected.'

- 1.2 Internal Audit's purpose, authority and responsibilities are set out in more detail in the Audit Charter.
- 1.3 Internal Audit activity during the year was based on the planned work contained in the Annual Audit Plan approved by the Audit and Scrutiny Committee on 6 April 2017. The Annual Plan is derived from the 5 year rolling Strategic Audit Plan which is compiled following a risk based internal audit needs assessment and following consultation with members of the Corporate Management Team, External Audit and elected members.
- 1.4 The audit service is provided by five members of staff of which four employees (3.7 FTE) hold a relevant professional qualification.
- 1.5 The service operates in compliance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013
- 1.6 The assistance afforded by council staff to Audit during the course of work carried out in 2017/18 is gratefully acknowledged and senior management and elected members are thanked for the due regard given to the work of internal audit.

2. INTERNAL CONTROL FRAMEWORK

- 2.1 In order to ensure the proper conduct of its business, the Council has a responsibility to develop and implement systems of internal control. The presence of an effective internal audit function contributes towards, but is not a substitute for, effective controls and it remains primarily the responsibility of line management to ensure that internal controls are in place and are operating effectively. A sound control system will help safeguard assets, ensure records are reliable, promote operational efficiency and ensure adherence to Council policy and procedures. Such systems of internal control can provide only reasonable and not absolute assurance against loss.
- 2.2 As part of its Standing Orders and in order for the business of the council to be dealt with in an efficient manner, the council has in place both a Scheme of Administration and Scheme of Delegated Functions. The former indicates the business to be dealt with by the various bodies of the council, whilst the latter gives details of the authority delegated to officers by the council. In addition to this, a comprehensive set of approved Financial Regulations (recently updated in June 2017) are in place, which ensure that the financial administration of the council is dealt with in a proper manner. The council's Financial Regulations incorporate the requirement that an Annual Audit Report showing the activity of the Internal Audit service and progress achieved against the plan shall be presented to the Audit and Scrutiny Committee each year. Contained within this report shall be an assurance statement on the adequacy of controls.

- 2.3 The Audit and Scrutiny Committee's terms of reference require it to evaluate the internal control environment and provide an annual statement to the Council. To assist with this evaluation, Internal Audit is required to provide the Audit and Scrutiny Committee with an annual statement on the adequacy and effectiveness of internal control.

3. ACHIEVEMENT OF ANNUAL AUDIT PLAN

- 3.1 Internal audit activity during the year was undertaken in accordance with the annual internal audit plan. The results of internal audit's progress against the annual plan has been reported to Audit and Scrutiny Committee quarterly. The 2017/18 plan was completed with all planned outputs delivered except for two which were deferred into 2018/19.

The 2017/18 plan provided 738 (736 2016/17) direct audit days (i.e. excluding 248 days for planning, reporting, administration, training, consultancy work, seminars, secondments and meetings) spread across various audit activities and council departments. The actual number of audit days achieved was 763. Details of audit work carried out analysed by type of audit is shown in table 1 below.

Table 1 – Audit Work by Type of Audit

Type of Audit	Planned Days 2017/18	Actual Days 2017/18	Variance in days
Systems and Regularity	441	451	(10)
Contract	40	44	(4)
Computer	51	58	(7)
General and Fraud Contingency and NFI	91	85	6
Performance Indicators	10	23	(13)
Follow up of previous year	50	59	(9)
Grant Certification	15	0	15
Trust	20	26	(6)
IJB	20	17	3
Total	738	763	(25)

- 3.2 Internal audit issued 41 reports and memos relating to 2017/18 audit work (see Appendix B). Ten of the reports were issued after the year end. Satisfactory responses have now been received for all audit reports relating to 2017/18 except MB1047EL Cashless Catering and Parentpay and MB1049RM City Deal for which the deadlines given for management responses have not yet passed.
- 3.3 There were seven reports where management did not accept all of the recommendations contained in the reports. In total, 13 recommendations were not fully or only partially accepted but reasonable explanations were provided to support the response and therefore all were considered satisfactory. The reports and details of recommendations not fully accepted were:
- MB1014RM Application Audit Roads Job costing System (2)
 - MB1016EL Commercial Rents (2)
 - MB1019NS Environment Follow up (4)
 - MB1020RM Chief Executives Follow up (1)
 - MB1023RM Creditors (1)
 - MB1033NS Cash Income and Banking (1)
 - MB1045NS Housing and Council Tax Benefits (2)

- 3.4 Management are effectively accepting the associated risks of not implementing the recommendations. Internal audit's approach always attempts to be constructive and this appears to have been welcomed by departments. Two of the 13 recommendations were classified as medium risk, the remaining eleven were all classified as low risk. Details of the two medium risks which were not accepted are as follows:
- 3.5 One of these points was within the environment follow up report. The recommendation related to BID (Business Improvement District) and was that the number of businesses shown on the valuation roll should be reconciled annually to the businesses invoiced and exemptions that are in place to ensure all information held was accurate and up to date. Management responded that the database used for invoicing is sent to BID managers to verify accuracy of the information.
- 3.6 The other medium recommendation which was not accepted was within the cash income and banking audit and related to restricting cash reversals to supervisors as currently these are done by cashiers. The response indicated that operationally, this would be impractical as supervisors are not always available and this could lead to delays for customers. As a compensatory control, management suggested that supervisors would run daily reversal reports during end of day cash ups and check these.
- 3.7 An excellent working relationship exists between internal audit and Audit Scotland, the council's appointed external auditors. Information on audit planning and the progress of audit work is regularly exchanged on an informal basis which helps avoid duplication of effort and maximises audit resources. Audit Scotland review the work of internal audit annually to consider whether reliance can be placed on internal audit's work and it is pleasing to be able to report that Audit Scotland continue to be able to place reliance on internal audit's work as the standard of work meets their requirements.

4. SUMMARY OF AUDIT ACTIVITIES 2017/18

- 4.1 Internal Audit carried out a range of activities throughout the year, however systems and regularity based reviews continue to represent two of the main elements of planned activity. Systems reviews focus on identifying, assessing and testing the adequacy and effectiveness of controls in place to ensure the underlying objectives of the system are met whereas regularity focuses more on compliance testing. The key systems and regularity audits carried out were as follows:
- Debtors
 - Contract Audit Variations
 - Commercial Rents
 - Overtime
 - Creditors
 - Contract Spend
 - Housing benefits
 - Council tax billing and collection
 - Care First Finance System
 - Treasury Management
 - Budgetary Control
 - Cash Income and Banking
- 4.2 Overall, the audit findings suggested that whilst some weaknesses were identified and some elements of control were only partially in place, when taken with other findings they did not significantly impair the overall systems of internal control in the areas reviewed except for creditors and contract spend.
- 4.3 In relation to the creditors audit, as previously detailed to Audit and Scrutiny Committee in 2016/17, controls over prevention of duplicate payments were not operating correctly which resulted in a large number of duplicate payments being

identified and reported during 2017/18. Action has now been taken by management to recover these payments and details of how much has been recovered will be confirmed to the Audit and Scrutiny Committee once the audit follow up work has been completed.

- 4.4 It was also brought to the Committee's attention that the process for amending creditor bank details had not been followed correctly. Management action has been taken to recover these payments and Internal Audit will carry out follow up work to verify that they are satisfied with the actions taken.
- 4.5 Within the Contract Spend audit, it was found that the Council's Contract Standing Orders were not being complied with in relation to variations and exemptions. An exemption was only sought in principle to spend £50,000 with a further potential £20,000 contingency to be built in to rectify problems with a heating system. Exemption for this level of spend should have been obtained from the Chief Officer Legal and Procurement but this was never obtained. Furthermore, actual spend with the company exceeded £130,000 and as such the variation exceeded £50,000 which requires Cabinet approval to comply with Contract Standing Orders. Cabinet approval was not sought.
- 4.6 The control weaknesses detailed in paragraphs 4.3 to 4.5 are specifically commented on within the Annual Statement of Assurance at appendix A.
- 4.7 In addition a number of other types of audit were carried out such as computer audit and performance indicators. Following each audit, a report detailing appropriate recommendations to address weaknesses in systems and procedures was issued. In general, audit results suggested that although errors and weaknesses were often noted they were not considered to be generally indicative of absent or inadequate controls and that broadly, the level of compliance was satisfactory.
- 4.8 **Follow up audits:** An ongoing programme of follow-up audits is also carried out to ensure that recommendations previously made by Internal Audit and accepted by management have been implemented. No responses are outstanding in relation to follow-up audit reports issued during the year.
- 4.9 **General contingency:** Two specific requests for consultancy or guidance on queries/anomalies were received during the year, none of which resulted in actual financial loss to the council. One of these relates to a review of the checks carried out by creditors staff prior to payments being made for amounts greater than £10,000 as a result of a large duplicate payment being made in error and not being stopped by the checks in place. The amount was fully recovered.
- 4.10 **Fraud contingency:** Internal audit also has responsibility for investigating as appropriate all alleged frauds and irregularities which have been brought to our attention in accordance with the Council's Anti Fraud and Bribery Strategy. The number of frauds and irregularities and the level of resources required to investigate them are always difficult to estimate. Nine potentially fraudulent matters brought to Audit's attention were investigated during the year using budgeted fraud contingency time. In each case which warranted investigation, the matter was brought to a conclusion and recommendations were made to the relevant director on how to improve controls. Three of these involved a cost or loss to the council. Two were for amounts less than £100 (missing/unaccounted for cash and payroll amounts that the employee was not entitled to) and the third relates to a possible non compliance issues for a framework agreement. None of the other items investigated involved loss of income or additional cost to the council.

- 4.11 In relation to the framework agreement, there has been a failure to award work in compliance with the framework agreement and this has resulted in additional cost to the council and legal challenge from one of the contractors within the framework. This issue was initially brought to my attention by a director. Internal audit investigated the matter and issued a management report and all recommendations were accepted. There is currently a disciplinary investigation of an employee being undertaken and due to this and the possible identification of the individual employee concerned, there is a limit to how much information which can be provided at this time but more detail could be brought to a future audit and scrutiny committee. The audit report contained 20 recommendations, 3 were classified as high risk, 11 as medium risk and 6 as low risk.
- 4.12 It is Audit's opinion that there was a possible breach of contract conditions which resulted in best value not being achieved, there was a lack of segregation of duties in award of work and a lack of clarity of costs invoiced to the council and how these agree to contract rates. These control weaknesses are also specifically commented on within the Annual Statement of Assurance at appendix A.
- 4.13 Various methods of encouraging employees and members of the public to whistleblow or bring matters of concern to the attention of Audit (either anonymously or not) are in place and are used to varying degrees. These are by e-mail via a link on the council's website, by post using a freepost address and by phone to a dedicated phone number within Internal Audit.
- 4.14 Frauds and irregularities included in Audit Scotland's quarterly Fraud Digests were also considered in relation to practices within the Council, to proactively try and identify potential weaknesses and ensure that appropriate measures have been taken or are in place to prevent these happening within East Renfrewshire.

5. COMPLIANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

- 5.1 During the year, an independent external assessment of compliance with PSIAS was carried out and the results presented to the Audit and Scrutiny Committee in June 2018.
- 5.2 The results of that review confirmed that the Internal Audit function has sound documentation standards and reporting procedures in place and complies with the main requirements of PSIAS.
- 5.3 A Quality Assurance and Improvement Plan (QAIP) was included in this review report and contained four recommendations for improvement, three of which have now been implemented. A more detailed progress report on implementation of the recommendations will however be submitted to the Committee at a later date.

6. INTERNAL AUDIT PERFORMANCE INDICATORS

- 6.1 In January 2008, the Audit Committee approved revised key performance indicators to be used to measure Internal Audit's performance. Some of these indicators have been reported to the Audit and Scrutiny Committee on a quarterly basis, whereas it is only appropriate to report others on an annual basis.
- 6.2 A summary of all the indicators is given in Appendix C with the targets and actual achievement for the full year. All targets were met apart from 5.2 which measures the time to complete an audit and 5.3 which measures the time to issue a report. Both of these indicators are linked and failure to meet the targets were heavily impacted by slow responses from departments for some audits to allow reports to be cleared and also by the significant amount of contingency work that was carried out and took priority over planned work which may already have started.

7. ANNUAL INTERNAL AUDIT OPINION

- 7.1 There is a formal requirement for the Chief Auditor to prepare an annual report which contains an assurance statement on the adequacy of governance, risk management and internal control systems. Such systems need to be monitored so that management and Members may be sure that they continue to be effective. Monitoring of controls is done at a number of levels, for example, assessment by line management, internal audit and external audit review and subsequent reporting to management of identified weaknesses and recommendations, and monitoring by the Audit and Scrutiny Committee. If monitoring of control is to be effective, then senior management must foster an environment where internal control is the responsibility of all staff.
- 7.2 The Internal Audit Annual Statement of Assurance is included in Appendix A. The evaluation of the control environment is informed by a number of sources as detailed in the appendix.
- 7.3 In reviewing these different sources of evidence, consideration has to be given as to whether any key controls are absent or ineffective and when taken together with other findings, would lead to the conclusion that the overall system of control has been significantly impaired as a result.
- 7.4 Based on the information available to me, my formal annual statement of assurance did not lead me to conclude that the Council's overall systems of governance, risk management and internal control were significantly or materially impaired however I have added qualifications in respect of the following issues which are detailed more fully in the paragraphs above:
- creditors duplicate payments
 - creditors controls over amending bank details,
 - non-compliance with the Council's contract standing orders in relation to variations and exemptions and
 - possible non-compliance with a framework agreement which has resulted in the Council not achieving Best Value.

8. CONCLUSION

- 8.1 The 2017/18 audit year was satisfactory for Internal Audit as all planned audits were substantially completed despite all contingency time being utilised on unplanned work. External audit continued to place reliance on the work of the service and a reasonable level of performance was achieved against the indicator targets set given the significant additional contingency work that had to be carried out.

INTERNAL AUDIT ANNUAL STATEMENT OF ASSURANCE FOR 2017/18

As Chief Auditor of East Renfrewshire Council, I am pleased to present my annual statement on the adequacy and effectiveness of the governance, risk management and internal control systems of the Council for the year ended 31 March 2018.

Respective Responsibilities of Management and Internal Audit in relation to Governance, Risk Management and Internal Control

It is the responsibility of the Council's senior management to establish appropriate and sound systems of governance, risk management and internal control and to monitor the continuing effectiveness of these systems. It is the responsibility of the Chief Auditor to provide an annual overall assessment of the robustness of governance, risk management and internal control.

The Council's Framework of Governance, Risk Management and Internal Controls

The main objectives of the Council's framework of governance, risk management and internal control are:

- To ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- To safeguard assets;
- To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the effectiveness of its systems of governance, risk management and internal control.

The work of Internal Audit

Internal Audit is an independent appraisal function established by the Council for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control in all service areas as a contribution to the proper, economic, efficient and effective use of the Council's resources.

Public Sector Internal Audit Standards (PSIAS) first came into effect on 1 April 2013. For the year under review, the Internal Audit function has been externally assessed as operating in accordance with the Public Sector Internal Audit Standards. An action plan has been developed to further enhance compliance.

The service undertakes an annual programme of work approved by the Audit Committee based on a five year strategic plan. The strategic plan is based on a formal risk based audit needs assessment which is revised on an ongoing basis to reflect evolving risks and changes within the Council.

All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that an appropriate action plan is provided in response to audit recommendations. Internal Audit is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters arising from internal audit work are reported to the Chief Executive and the Council's Audit and Scrutiny Committee. Follow up work is carried out by Internal

Audit to ensure that recommendations previously accepted by management have been implemented. Copies of these reports are circulated to members of the Audit and Scrutiny Committee.

Basis of Opinion

My evaluation of the control environment is informed by a number of sources:

- The audit work undertaken by Internal Audit during the year to 31 March 2018 and material findings since the year end
- The audit work undertaken by Internal Audit in previous years
- The assessment of risk completed during the preparation of the strategic audit plan
- Assessments of the general control environment within individual departments as completed by each director
- Reports issued by the Council's external auditors and other review and inspection agencies
- Knowledge of the Council's governance, risk management and performance monitoring arrangements
- Any other items brought to the attention of internal audit staff by whatever means which may warrant further investigation.

Basis of Qualified Opinion Paragraph

There has been a possible failure to award work in compliance with one of the council's framework agreements and this has resulted in additional cost to the council and legal challenge from one of the contractors within the framework.

Contract standing orders have not been complied with for exemptions and variations.

Controls to prevent duplicate creditor payments being made were not operating properly resulting in significant overpayments being made.

Controls over changing of supplier bank details were not operating properly which exposed the Council to the risk of erroneous payments being made.

Each of these areas are described more fully within the Annual Audit Report.

Opinion

It is my opinion, except for the matters described in the qualified opinion paragraph above, that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for the year ended 31 March 2018.

Michelle Blair FCA
Chief Auditor

1 August 2018

INTERNAL AUDIT															
REPORTS AND MEMOS ISSUED 2017/18															
FILE REF	Audit No.	SUBJECT	DEPT	DATE AUDIT STARTED	DATE REPORT/MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS	Total	H	M	L	E	Not accepted	
MB/1010/RM	29	Housing Maintenance Team y/e Stocktake	Environment	22/03/17	19/05/17	23/06/17	22/6/17	Satisfactory	4	0	0	4	0	0	
MB/1011/NS	1	HSCP Area Offices – St Andrews House	HSCP	28/03/17	21/04/17	26/05/17	31/5/17	Satisfactory	9	0	3	6	-	0	
MB/1012/NS	24	Schools Cluster – Mearns Castle High	Education	04/04/17	23/06/17	04/08/17	02/10/17	Ext 13/09/17 Satisfactory	27	0	2	25	-	0	
MB/1013/FM	22	School Transport	Education	20/04/17	11/07/17	18/08/17	25/08/17	Ext 25/08/17 Satisfactory	7	0	2	5	-	0	
MB/1014/RM	28	Application Audit – Roads Job Costing	Environment	18/04/17	01/08/17	08/09/17	17/08/17	Satisfactory 2 pts not accepted.	7	0	0	7	0	2	
MB/1015/EL	18	Digital Strategy	Corp & Comm	03/05/17	27/06/17	N/A	N/A	N/A – no response required	0	0	0	0	0	0	
MB1016/EL	26	Commercial Rents	Environment	08/05/17	2/11/17	8/12/17	05/01/18	Ext to 12/1/18 Satisfactory 1 pt not accepted	20	0	2	14	4	1	
			Corp & Comm				29/11/17	Satisfactory							
			Legal Services				12/12/17	Satisfactory 1 pt not accepted						1	
			Accountancy				12/12/17	Satisfactory							
MB/1017/RM	36	HSCP Follow Up	HSCP	08/05/17	20/12/17	08/02/17	21/02/18	Satisfactory	16	0	4	11	1	0	
MB/1018/FM	36	Education Follow Up	Education	30/05/17	14/09/17	20/10/17	30/10/17	Ext 27/10 Satisfactory	2	0	0	2	0	0	
MB/1019/NS	36	Environment Follow Up	Environment	26/05/17	02/10/17	03/11/17	06/11/17	Satisfactory 4 pts not accepted	14	0	1	13	0	4	
MB/1020/RM	36	Chief Executive's Office FU	Accountancy	26/05/17	07/09/17	13/10/17	16/10/17	Satisfactory	4	0	0	4	0	0	
			Legal Services				25/10/17	Satisfactory 1 pt not accepted						1	
MB/1021/FM	11	Council Tax Billing & Collection	Corp & Comm	08/06/17	17/11/17	22/12/17	7/12/17	Satisfactory	5	0	1	4	0	0	
MB/1022/NS	30	Trust	Trust	13/6/17	14/09/17	20/10/17	24/10/17								
MB/1023/RM	10	Creditors	Corp & Comm	13/6/17	10/10/17	10/11/17	7/12/17	Ext 17/11/17 Satisfactory 1 pt not accepted	41	10	12	17	2	1	
			Accountancy				7/12/17	Satisfactory							
MB/1024/NS	4	Thornliebank Resource Centre	HSCP	16/6/17	29/08/17	06/10/17	03/10/17	Satisfactory	8	0	0	8	0	0	
MB/1025/EL	19	Business Continuity Plan	Corp & Comm	20/6/17	09/10/17	10/11/17	9/11/17	Satisfactory	5	0	4	1	0	0	
MB/1026/NS	34	Petty Cash	Accountancy	14/07/17	14/09/17	20/10/17	20/10/17	Satisfactory	8	0	0	8	0	0	

INTERNAL AUDIT

REPORTS AND MEMOS ISSUED 2017/18

FILE REF	Audit No.	SUBJECT	DEPT	DATE AUDIT STARTED	DATE REPORT/ MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS	Total	H	M	L	E	Not accepted
			Corp & Comm				23/10/17	Ext 23/10/17 Satisfactory						
			Education				30/10/17	Satisfactory						
			Environment				10/10/17	Satisfactory						
			HSCP				23/10/17	Satisfactory						
MB/1027/FM	16	Complaints Monitoring	Corp & Comm	15/08/17	26/10/17	01/12/17	1/11/17	Satisfactory	5	0	0	5	0	0
			HSCP				27/10/17	Satisfactory						
			Environment				23/11/17	Satisfactory						
			Education				22/11/17	Satisfactory						
			Legal				12/12/17	Satisfactory						
MB/1028/NS	5	Holiday Funds	HSCP	17/08/17	18/12/17	02/02/18	26/1/18	Satisfactory	8	0	0	8	0	0
MB/1029/NS	23	Schools VAT Free Purchase Scheme	Education	17/08/17	23/10/17	24/11/17	24/11/17	Satisfactory	8	0	1	7	0	0
MB/1030/RM	32	Contract Audit - Variations	Chief Execs Office	18/08/17	23/02/18	06/04/18	03/04/18	Satisfactory	12	0	2	10	0	0
			Environment				14/05/18	Ext 09/05/18 Satisfactory						
MB/1031/EL	30	Trust	Trust	18/08/17	27/10/17	1/12/17	28/11/17							
MB/1032/EL	20	Network Controls	Corp & Comm	30/08/17	12/2/18	16/3/18	19/03/18	Satisfactory	8	0	2	6	0	0
MB/1033/NS	17	Cash Income and Banking	Corp & Comm	14/09/17	22/12/17	09/02/18	8/2/18	Satisfactory 1 point not accepted	6	0	3	3	0	1
MB/1034/EL	38	LGBF Indicator: Payment of Invoices	Corp & Comm	06/10/17	17/11/17	22/12/17	29/11/17	Satisfactory	3	0	0	3	0	0
			Legal & Procurement				04/01/18	Satisfactory						
MB/1035/EL	38	LGBF Indicator: Sickness Absence	Corp & Comm	27/10/17	13/2/18	16/3/18	06/03/18	Satisfactory	3	0	0	3	0	0
MB/1036/FM	13	Overtime	Corp & Comm	03/10/17	22/02/18	06/04/18	05/04/18	Satisfactory	14	0	3	11	0	0
			HSCP				18/04/18	Satisfactory						
			CE				09/04/18	Satisfactory						
			Education				06/04/18	Satisfactory						
			Environment				17/04/18	Satisfactory						
MB/1037/RM	30	Trust	Trust	05/10/17	30/03/18	04/05/18	24/04/18							
			Environment				09/05/18	Ext 9/5/18 Satisfactory						
MB/1038/NS	14	Maximising Attendance	Corp & Comm	11/10/17	03/04/18	11/05/18	09/05/18	Satisfactory	8	0	6	2	0	0
			Education				26/04/18	Satisfactory						
			Environment				14/05/18	Satisfactory						
			HSCP				14/05/18	Satisfactory						
MB/1039/RM	36	Follow up of Chief Executives Audits	Accountancy	20/10/17	12/01/18	16/02/18	09/02/18	Satisfactory	9	0	1	8	0	0

INTERNAL AUDIT

REPORTS AND MEMOS ISSUED 2017/18

FILE REF	Audit No.	SUBJECT	DEPT	DATE AUDIT STARTED	DATE REPORT/ MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS	Total	H	M	L	E	Not accepted
			Legal & Procurement				06/03/18	Satisfactory						
			Corp & Comm				16/01/18	Satisfactory						
			Corporate Business Manager				12/03/18	Satisfactory						
MB/1040/FM	8	Treasury Management	Chief Execs Office (Accountancy)	13/11/17	30/03/18	04/05/18	04/05/18	Satisfactory	8	0	0	8	0	0
MB/1041/NS	9	Debtors Control	Corp & Comm	20/11/17	31/01/18	09/03/18	06/03/18	Satisfactory	7	0	2	5	0	0
			Environment				06/03/18	Satisfactory						
			Education				13/03/18	Satisfactory						
			HSCP				16/03/18	Satisfactory						
			Accountancy				09/02/18	Satisfactory						
MB/1042/RM	7	Budgetary Control	Chief Execs Office	5/12/17	25/04/18	01/06/18	09/05/18	Satisfactory	3	0	1	2	0	0
MB/1043/EL	36	Follow Up of Payments to Providers	HSCP	23/11/17	20/04/18	N/a	N/a	No response required	0	0	0	0	0	0
MB/1044/EL	2	Carefirst Finance Audit	HSCP	6/12/17	20/04/18	25/05/18	25/05/18	Satisfactory	14	4	5	5	0	0
MB/1045/NS	12	Housing and Council Tax Benefits	Corp & Comm	12/12/17	15/05/18	22/06/18	19/06/18	Satisfactory 2 pts not accepted	9	0	2	7	0	2
MB/1046/RM	6	IJB Governance Arrangements	HSCP	12/01/18	22/06/18	27/07/18	31/07/18	Satisfactory	6	0	2	4	0	0
			Corp & Comm				09/07/18	Satisfactory						
MB/1047/EL	21	Cashless Catering & Parentpay	Education	09/03/18	24/07/18	24/08/18								
MB/1048/FM	15	Community Safety Unit	Corp & Comm	06/02/18	31/05/18	06/07/18	09/07/18	Satisfactory	13	0	4	9	0	0
			Environment				28/06/18	Satisfactory						
			HSCP				04/07/18	Satisfactory						
MB/1049/RM	25	City Deal	Environment	07/02/18	06/07/18	10/08/18			10	0	3	7	0	
MB/1050/NS	33	Contract Spend	Environment	14/02/18	20/04/18	25/05/18	25/05/18	Satisfactory	4	2	2	0	0	0
			HSCP		Reissued 16/05/18		17/05/18	Satisfactory						

Indicator	Definitions (where required)	Target (where applicable)	Actual 2017/18	Actual 2016/17	Actual 2015/16
1. Cost					
1.1 Cost of Internal Audit per productive day.	Productive days are those spent on direct audit activities.	-	£363	£346	£354
2. Audit Coverage					
2.1 Actual direct audit days as a % of planned direct audit days per the plan.	Planned direct audit days as detailed in the strategic audit plan.	100%	103%	108%	92%
2.2 Actual direct audit days as a percentage of total days available.	Days available exclude public holidays, annual leave and sickness absence.	75%	77%	79%	77%
2.3 Number of requests for assistance/ queries raised by departments outwith planned audit work.	This will generally include most items met from general and fraud contingency. This is contextual information only.	-	11	12	6
2.4 Percentage of planned contingency time used.	Actual contingency time used as a percentage of total planned contingency time. This is mainly for contextual information	<100%	100%	62%	33%
3. Quality					
3.1 Number of questionnaires issued during the year. (Note: questionnaire sent electronically so this now records the number of responses)			12	19	25
3.2 Percentage of customer questionnaires with overall rating of satisfactory or better.		90%	100%	89%	96%
3.3 Percentage of established audit posts (FTE) at year end filled by staff with relevant professional qualification.		45%	78%	78%	78%
4. Achievement of Plan					
4.1 No of audits achieved as a percentage of all audits planned during the year.	Total number of audits defined as number per strategic annual plan. Number achieved defined as number of audits from plan which were started during the year.	90%	96%	100%	100%
5. Issue of Reports					
5.1 Number of audit reports issued		-	41	48	46
5.2 Average time in weeks from start of fieldwork to issue of report.	Start of fieldwork defined as when auditor starts gathering information or preparing file. Initial phone call to set up the audit would not be counted as start of fieldwork.	12 weeks	16.2 weeks	12.2 weeks	12.6 weeks
5.3 Average time taken to issue report (working days).	Speed of issue of report is measured from date file is handed to Chief Auditor for review to date of issue of report. GENERAL Average weeks calculated as working days divided by 5. Working days exclude weekends, public holidays, annual leave, training and sickness absence.	10 working days	12.0 working days	8.8 working days	10.0 working days