

**EAST RENFREWSHIRE COUNCIL****AUDIT AND SCRUTINY COMMITTEE****17 August 2017****Report by Chief Auditor****INTERNAL AUDIT ANNUAL REPORT 2016/17****PURPOSE OF REPORT**

1. To submit to Members an annual report on the activities of internal audit during 2016/17 and to provide an independent annual opinion on the adequacy and effectiveness of the internal controls operating within the council.

**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 2016/17**

3. The 2016/17 strategic audit plan was approved by the Audit and Scrutiny Committee on 21 April 2016. The attached annual report (Appendix 1) summarises the audit work carried out during the year. The internal audit annual statement on the adequacy of internal control 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 internal control system in the year to 31 March 2017 except for creditors.

**RECOMMENDATION**

4 The Committee is asked to note the annual statement on the adequacy of internal control and submit it to the Council.

5 The Committee is asked to note the contents of internal audit's annual report 2016/17.

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

M Blair, Chief Auditor  
2 August 2017

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## APPENDIX 1

## INTERNAL AUDIT ANNUAL REPORT 2016/17

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Chief Auditor  
2 August 2017

**INTERNAL AUDIT ANNUAL REPORT 2016/17****1. INTRODUCTION**

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

*'The Internal Audit section shall carry out independent examinations of accounting, financial and other operations of the Council. The primary task of Internal Audit is to provide an assurance to the Council on the system of control.'*

- 1.2 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 21 April 2016. 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.
- 1.3 The audit service is provided by five members of staff of which four employees (3.7 FTE) hold a relevant professional qualification. The service operates in compliance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013.
- 1.4 The assistance afforded by council staff to Audit during the course of work carried out in 2016/17 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 2016/17 plan was completed with all planned outputs delivered. In addition, three audits due to be carried out in 2017/18 were brought forward and completed.

The 2016/17 plan provided 736 (757 2015/16) direct audit days (i.e. excluding 259 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 792. 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 2016/17	Actual Days 2016/17	Variance in days
Systems and Regularity	404	520	116
Contract	40	43	3
Computer	54	32	(22)
General and Fraud Contingency and NFI	112	73	(39)
Performance Indicators	10	5	(5)
Follow up of previous year	51	68	17
Grant Certification	30	13	(17)
Trust	20	22	2
IJB	15	16	1
<b>Total</b>	<b>736</b>	<b>792</b>	<b>56</b>

- 3.2 Internal audit issued 48 reports and memos relating to 2016/17 audit work (see Appendix B). Nine of the reports were issued after the year end. Satisfactory responses have now been received for all audit reports relating to 2016/17 except MB1002 Fostering, Adoption and Kinship Care for which an extension has been given to respond to the report.
- 3.3 There were two reports where management did not accept all of the recommendations contained in the reports and gave acceptable reasons for this. In total, 3 recommendations were not fully or only partially accepted. The reports where recommendations were not fully accepted were
- MB986 Payments to Care Providers Follow up
  - MB984 Payroll
- 3.4 In doing so, management are effectively accepting the associated risks of not implementing the recommendation. Internal audit's approach always attempts to be constructive and this appears to have been welcomed by departments.
- 3.5 One point within payments to care providers follow up report was not accepted by management. It was recommended that a full reconciliation be carried out for 2015/16 between actual and committed expenditure for learning disability. Following discussions between audit and HSCP, it was agreed that this recommendation was impractical in terms of the resource required versus benefit and it was accepted by audit as satisfactory that this recommendation would not be implemented.

- 3.6 In respect of payroll, two points were not accepted. Environment did not accept the recommendation to comply with LGE terms and conditions regarding salary starting points for regraded employees. The response was that they would ensure any instances of non-compliance were approved by Head of Environment and Head of HR, Customer and Communications. Additionally, Corporate and Community did not accept this same recommendation and responded that the Director of Corporate and Community Services has delegated authority to review salary placing. Both of these responses were accepted as satisfactory. There was also a recommendation regarding segregation of duties between HR and payroll functions on the system. Management responded that the system provider has recommended that supervisors have full access as back-up may be required and that additional controls will be introduced to ensure staff confirm that they will not access data unless related to their current role. This response was accepted as satisfactory.
- 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 2016/17**

- 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:
- Rent Accounting
  - Debtors
  - Payroll
  - Financial Ledger
  - Playscheme wraparound
  - Ordering and Certification
  - Housing and council tax benefits
  - Council tax recovery and enforcement
  - Creditor Payments
  - Barrhead and Eastwood Payment Centres
  - Housing Allocations and Homeless persons accommodation
- 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.
- 4.3 As previously mentioned to Audit and Scrutiny Committee in January 2017, routine audit testing carried out as part of a creditors regularity audit in 2016/17 identified some duplicate payments and highlighted related issues, including recovery of the payments and problems with a system that helped identify potential duplicate payments which had not been working properly for a period of time but was now operational again. As part of a creditors system audit in 2017/18 and follow up of the previous report, it has been confirmed that previously agreed management actions relating to this had not been implemented. This is further supported by recent testing carried out by external audit. An exercise is currently under way to determine the extent of total duplicate/erroneous payments which were made and how many of these have yet to be recovered. These control weaknesses within creditors are

specifically commented on within the Annual Statement on the Adequacy of Internal Control at appendix A.

- 4.4 In addition a number of other types of audit were carried out such as computer audit, performance indicators and grant certification. 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.
- 4.5 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.
- 4.6 Six 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 the review of Members Expenses, Taxi Account and Use of Electric Car, the full copy of which has been submitted to the Audit and Scrutiny Committee.
- 4.7 Internal audit also has responsibility for investigating as appropriate all alleged frauds and irregularities which have been highlighted. The number of frauds and irregularities and the level of resources required to investigate them are always difficult to estimate. Six potentially fraudulent matters brought to Audit's attention were investigated during the year using budgeted 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. Four of these involved missing or unaccounted for cash ranging from £150 to an estimated amount of £630. Three of the missing amounts related to one department.
- 4.8 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.
- 4.9 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.

## **5. INTERNAL AUDIT PERFORMANCE INDICATORS**

- 5.1 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.
- 5.2 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 3.2 which measures customer satisfaction and 5.2 which measures the time to complete an audit. Both of these indicators only marginally failed to meet the targets.

## 6. **ANNUAL INTERNAL AUDIT OPINION**

- 6.1 There is a formal requirement for the Chief Auditor to prepare an annual report which contains an assurance statement on the adequacy of 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 the internal 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 internal control is to be effective, then senior management must foster an environment where internal control is the responsibility of all staff.
- 6.2 The Internal Audit Annual Statement on the Adequacy of Internal Controls is included in Appendix A. The evaluation of the control environment is informed by a number of sources as detailed in the appendix.
- 6.3 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.
- 6.4 Most internal audit reports identified weaknesses or areas where controls are only partially in place or missing completely, however, generally the existence of weaknesses did not significantly or materially impair the Council's overall system of internal control except for control weaknesses identified within creditors.
- 6.5 As reported previously to the Audit and Scrutiny Committee, controls to prevent duplicate invoices being paid were not in place as expected. Management agreed to implement this but further testing has confirmed that this was not done. Testing by both internal and external audit is currently in progress to ascertain the extent of payments which have been made twice or in error.
- 6.6 In addition, it was brought to Audit's attention in March 2017 that the Council had been subject to a fraudulent request to change a supplier's bank details. The bank details were changed without the usual checks being carried out. Two subsequent valid invoices were then paid by BACS using the fraudulent bank details. Fortunately, the council did not lose any funds as the bank identified an anomaly with the payment and refunded the Council the full amount paid of £2.3 million. Internal Audit reviewed the circumstances around the details being changed and issued a report in May 2017. A follow up exercise is currently in progress to assess the amended procedures that were implemented as a result and progress by creditors on retrospective checking of all bank amendments made in the period when the checks were not being carried out.

## 7. **CONCLUSION**

- 7.1 The 2016/17 audit year was satisfactory for Internal Audit as all planned audits were completed and an additional three audits brought forward. 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.



## **INTERNAL AUDIT ANNUAL STATEMENT ON THE ADEQUACY OF INTERNAL CONTROL**

As Chief Auditor of East Renfrewshire Council, I am pleased to present my annual statement on the adequacy and effectiveness of the internal control systems of the Council for the year ended 31 March 2017.

### **Respective responsibilities of management and Internal Audit in relation to internal control**

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

### **Sound internal controls**

The main objectives of the Council's internal control systems 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 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 as a contribution to the proper, economic, efficient and effective use of the Council's resources.

The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. 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.

## 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 2017
- 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 agencies such as the Care Inspectorate, Education Scotland, Scottish Housing Regulator and Audit Scotland
- 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.

## Opinion

It is my opinion, based on the information available and work carried out, that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2017 except for creditors.

Two areas of control weakness have been identified within creditors. Firstly, the creditors team were subject to a fraudulent request to change a supplier's bank details. The usual checks were not carried out and the bank details were amended. Two subsequent valid invoices were then paid by BACS using the fraudulent bank details. Fortunately, the council did not lose any funds as the bank identified an anomaly with the payment and refunded the Council the full amount paid of £2.3 million.

The second area where controls failed was in checking for duplicate invoices prior to payments being made. This issue was previously brought to management and Audit and Scrutiny Committee attention following an internal audit report issued in November 2016. Management accepted the recommendation but failed to implement the control. Checks are currently being undertaken to ascertain the scale of erroneous/duplicate payments that have been made.

Michelle Blair ACA  
Chief Auditor

2 August 2017

## INTERNAL AUDIT

## REPORTS AND MEMOS ISSUED 2016/17

FILE REF	Audit No.	SUBJECT	Department	DATE AUDIT STARTED	DATE REPORT/ MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS
MB/962/RM	26	Housing Maintenance Team Y/E Stocktake	Environment	15/03/16	20/05/16	24/06/16	24/06/16	Satisfactory
MB/963/FM	6	Ordering & Certification	Environment	04/04/16	11/07/16	12/08/16	17/8/16	Satisfactory
			C&C				11/8/16	Satisfactory
			Legal				24/8/16	1 <sup>st</sup> rem 23/8/17 Satisfactory
			Accountancy				26/7/16	Satisfactory
			HSCP				19/09/16	1 <sup>st</sup> rem 24/8/17 2 <sup>nd</sup> rem 19/9/17 Satisfactory
			Education				10/8/16	Satisfactory
MB/964/NS	3	Barrhead Resource Centre	HSCP	24/03/16	19/04/16	27/05/16	26/05/16	Satisfactory
MB/965/NS	1	HSCP Area Office (HQ)	HSCP	06/04/16	21/06/16	29/07/16	22/7/16	Satisfactory
MB/966/NS	24	Application Audit: Servitor	Environment	25/04/16	14/10/2016	18/11/16	24/11/16	Ext 25/11/16 Satisfactory
MB/967/NS	36	Corporate and Community Follow Up	Corp & Comm	21/04/16	02/06/16	08/07/16	04/07/16	Satisfactory
MB/968/RM	14	Corporate Debt Recovery	Corp & Comm	04/05/16	19/07/16	26/08/16	23/08/16	Satisfactory
MB/969/EL	28	Rent Accounting	Environment – Housing	13/05/16	06/07/16	12/08/16	17/8/16	Satisfactory
			Legal				24/8/16	Satisfactory
			C&C				12/08/16	Satisfactory
MB/970/RM	18	File Controls	Corp & Comm	11/05/16	18/08/16	30/09/16	27/09/16	Satisfactory
MB/971/NS	21	HQ Cash Catering – Eastwood and Barrhead	Education	25/05/16	21/07/16	02/09/16	09/09/16	Ext 09/09/16 Satisfactory
MB/972/FM	36	Education Follow up	Education	09/06/16	20/12/16	10/02/17	31/01/17	Satisfactory
MB/973/NS	16	Barrhead and Eastwood Payment Centres	Corp & Comm	14/06/16	05/08/16	09/09/16	06/09/16	Satisfactory
MB/974/FM	13	Scottish Welfare Fund	Corp & Comm	16/06/16	01/09/16	07/10/16	05/10/16	Satisfactory
MB/975/EL	17	Application Audit – CARS	Corp & Comm	20/06/16	19/07/16	26/08/16	23/08/16	Satisfactory
MB/976/RM	31	Contract Evaluation	Legal	29/06/16	21/09/16	28/10/16	31/10/16	Satisfactory
			Education				3/11/16	1 <sup>st</sup> rem 1/11/16 Satisfactory
			HSCP				18/11/16	1 <sup>st</sup> rem 1/11/16 Satisfactory
			Environment				27/10/16	Satisfactory
			Corp & Comm				27/10/16	Satisfactory
MB/977/NS	36	CHCP Follow up	HSCP	20/07/16	20/09/16	28/10/16	14/11/16	1 <sup>st</sup> rem 1/11/16 Satisfactory
MB/978/NS	38	LGBF Indicators – Payment of invoices	Corp & Comm	22/07/16	08/09/16	14/10/16	06/10/16	Satisfactory
			Education				17/10/16	Satisfactory
			HSCP				20/09/16	Satisfactory
			Legal Services				17/10/16	Satisfactory
			Accountancy				20/09/16	Satisfactory
			Environment				13/10/16	Satisfactory
MB/979/NS	12	Phone/Internet Payments	Environment	28/7/16	21/09/16	28/10/16	27/10/16	Satisfactory
			Accountancy				11/10/16	Satisfactory
MB/980/RM	9	Council Tax Recovery & Enforcement	Corp & Comm	08/08/16	11/11/16	16/12/16	13/12/16	Satisfactory
MB/981/RM	36	Environment Follow -up	Environment	08/08/16	25/10/16	02/12/16	30/11/16	Satisfactory
MB/982/EL	2	Cash for Kids Grant Monies	HSCP	15/08/16	06/09/16	14/10/16	27/10/16	1 <sup>st</sup> rem 25/10/16 Satisfactory
MB/983/NS	19	Education Support	Education	17/08/16	20/10/16	25/11/16	10/11/16	Satisfactory
MB/984/FM	11	Payroll	Corp & Comm	19/08/16	02/12/16	20/01/17	23/01/17	2 points not accepted – Satisfactory
			Education				19/01/17	Satisfactory
			Environment				20/01/17	1 point not accepted - Satisfactory
			HSCP				31/01/17	Satisfactory
			Legal				10/02/17	Satisfactory
			Accountancy				19/01/17	Satisfactory
MB/985/FM	29	Trust	Trust	23/08/16	19/12/16	03/02/17	24/01/17	Satisfactory

## INTERNAL AUDIT

## REPORTS AND MEMOS ISSUED 2016/17

FILE REF	Audit No.	SUBJECT	Department	DATE AUDIT STARTED	DATE REPORT/ MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS
MB/986/EL	36	Payments to Care Providers Follow Up	HSCP	23/08/16	06/12/16	13/01/17	13/01/17 05/02/17 06/02/17	1 point not accepted - Satisfactory
MB/987/NS	8	Creditor Payments	Corp & Comm	19/09/16	18/11/16	23/12/16	13/12/16	Satisfactory
			Environment				20/11/16	Satisfactory
			Accountancy				09/01/17	Satisfactory
			HSCP				23/12/16	Satisfactory
			Education				16/12/16	Satisfactory
			Legal				10/02/17	Satisfactory
MB/988/NS	29	Trust	Trust	19/09/16	14/12/16	27/01/17	24/01/17	Satisfactory
MB/989/EL	15	Corporate Procurement Cards	Environment	22/09/16	20/12/16	10/02/17	10/02/17	Satisfactory
			C&C				09/02/17	Satisfactory
			Accountancy				10/02/17	Satisfactory
			Legal				28/02/17	Satisfactory
MB/990/EL	20	Playscheme Wraparound	Education	10/11/16	07/02/17	10/03/17	29/03/17	1 <sup>st</sup> Rem 20/03/17 Satisfactory
MB/991/NS	22	Schools Cluster 7 – Barrhead High	Education	11/10/16	20/02/17	24/03/17	26/04/17	Ext 13/04/17 then 24/04/17 Satisfactory
			Corp & Comm				14/03/17	Satisfactory
MB/992/RM	31	Contract Standing Orders Compliance	Chief Officer Legal & Procure	21/09/16	17/02/17	23/03/17	23/03/17	Satisfactory
			Head of Accountancy				27/02/17	Satisfactory
			Corp & Comm				21/03/17	Satisfactory
			Education				22/03/17	Satisfactory
			Environment				22/03/17	Satisfactory
			HSCP				19/04/17	Satisfactory
MB/993/FM	5	Financial Ledger	Head of Accountancy	31/10/16	27/04/17	02/06/17	16/06/17	Satisfactory
MB/994/RM	10	Housing Benefit Payments/Admin/ Post opening	Corp & Community	2/11/16	23/02/17	31/03/17	27/03/17	Satisfactory
MB/995/RM	34	Risk Mgt & Corporate Governance	Corp & Comm	1/11/16	31/03/17	05/05/17	26/04/17	Satisfactory
			HSCP				17/05/17	Satisfactory
			Education				05/05/17	Satisfactory
			Environment				03/05/17	Satisfactory
			Chief Officer Legal & Procure				04/05/17	Satisfactory
			Head of Accountancy				04/05/17	Satisfactory
			Business Manager				24/04/17	Satisfactory
MB/996/EL	27	Housing Allocations and Homelessness	Environment	23/01/17	21/4/17	26/5/17	24/05/17	Satisfactory
MB/997/EL	33	Mobile Working	Corp & Comm	02/12/16	01/02/17	N/A	N/A	N/A
MB/998/EL	36	ICT audits follow up	Corp & Comm	06/12/16	31/03/17	05/05/17	04/05/17	Satisfactory
MB/999/NS	7	Debtors	Corp & Comm	12/12/16	06/02/17	10/03/17	09/03/17	Satisfactory
			Education				17/03/17	Satisfactory
			Environment				09/03/17	Satisfactory
			HSCP				05/04/17	1 <sup>st</sup> rem 20/03/17 Satisfactory
			Legal				10/03/17	Satisfactory
MB/1000/FM		Secondments	Corp & Comm	20/12/16	21/04/17	26/05/17	23/05/17	Satisfactory
			Education				30/05/17	Satisfactory
			HSCP				12/06/17	Satisfactory
			Accountancy				04/05/17	Satisfactory
			Environment				24/05/17	Satisfactory
MB/1001/EL	29	Trust	Trust	20/01/17	30/3/17	5/5/17	16/05/17	Satisfactory
MB/1002/EL	37	Fostering, Adoption and Kinship Care	HSCP	19/01/17	6/6/17	14/7/17		Ext 04/08/17
MB/1003/RM	4	IJB PIS	HSCP	25/01/17	28/04/17	20/06/17	12/06/17	Satisfactory
MB/1004/RM		Records management	Corp & Comm	14/02/17	27/04/17	02/06/17	05/06/17	Satisfactory

## INTERNAL AUDIT

## REPORTS AND MEMOS ISSUED 2016/17

FILE REF	Audit No.	SUBJECT	Department	DATE AUDIT STARTED	DATE REPORT/ MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS
		policy	Chief Execs Office				09/05/17	Satisfactory
MB/1005/FM		Music Service	Education	27/02/17	26/05/17	30/06/17	26/06/17	Satisfactory
			Corp & Comm				27/16/17	Satisfactory
MB/1006/NS	29	Eastwood Leisure Centre	Trust	09/03/17	27/03/17	28/04/17	15/05/17	Satisfactory
MB/1007/MB	23	City Deal Claims	Legal	09/01/17	26/05/17	30/06/17	09/06/17	Satisfactory
			Corp & Comm					
MB/1008/NS	25	SPT Grants	Corp & Comm	15/03/17	05/04/17	n/a	n/a	n/a
MB/1009/RM	36	Follow Up of Corp and Comm Audits	Corp & Comm	16/03/17	17/05/17	22/06/17	26/06/17	Satisfactory

Indicator	Definitions (where required)	Target (where applicable)	Actual 2016/17	Actual 2015/16	Actual 2014/15
<b>1. Cost</b>					
1.1 Cost of Internal Audit per productive day.	Productive days are those spent on direct audit activities.	-	£346	£354	£355
<b>2. Audit Coverage</b>					
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%	108%	92%	99%
2.2 Actual direct audit days as a percentage of total days available.	Days available exclude public holidays, annual leave and sickness absence.	75%	79%	77%	80%
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.	-	12	6	12
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%	62%	33%	41%
<b>3. Quality</b>					
3.1 Number of questionnaires issued during the year. (Note: questionnaire sent electronically to Leadership Plus group)			19	25	21
3.2 Percentage of customer questionnaires with overall rating of satisfactory or better.		90%	89%	96%	95%
3.3 Percentage of established audit posts (FTE) at year end filled by staff with relevant professional qualification.		45%	78%	78%	78%
<b>4. Achievement of Plan</b>					
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%	100%	100%	96%
<b>5. Issue of Reports</b>					
5.1 Number of audit reports issued		-	48	46	47
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	12.2 weeks	12.6 weeks	8.9 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.  <b>GENERAL</b> <b>Average weeks calculated as working days divided by 5.</b> <b>Working days exclude weekends, public holidays, annual leave and sickness absence.</b>	10 working days	8.8 working days	10.0 working days	6.9 working days