

**REPORT FOR: GOVERNANCE, AUDIT
AND RISK MANAGEMENT
COMMITTEE**

Date of Meeting: 19 December 2013

Subject: **INFORMATION REPORT – Internal
Audit Mid-Year Report 2013/14**

Responsible Officer: Simon George – Director of Finance &
Assurance

Exempt: No

Enclosures: Appendix 1 – Internal Audit Mid Year
Report 2013/14
Appendix 2 – Core Financial Systems
Report
Appendix 3 – Reports issued in Q1&2
2013/14
Appendix 4 - Suspected Financial
Irregularities
Appendix 5 - Recommendations not
Agreed and Follow-ups

Section 1 – Summary

This report sets out progress against the 2013/14 Internal Audit plan and key issues arising from work undertaken.

FOR INFORMATION

Section 2 – Report

Background

- 2.1. Annually the GARM Committee considers a mid and full year Internal Audit Report covering progress against the internal audit plan. This is the mid year report for 2013/14 (Appendix 1). It includes a report of the review of the authority's Core Financial Systems (Appendix 2); a report detailing the reports issued in quarter 1 & 2 (Appendix 3); a report on Suspected Financial Irregularities (Appendix 4) and a report on recommendations not agreed /follow up recommendations not implemented (Appendix 5).
- 2.2 Overall, the Internal Audit team have started work on 36 projects (72%) of the annual audit plan for 2013/14 as at the mid-year point of 30/09/12. 100% of the planned key control reviews relied upon by the council's External Auditors have been completed along with the work on the 2012/13 management assurance and the annual review of governance and the Annual Governance Statement. Of the 36 projects started, 13 (36%) have been completed/finalised and 12 (33%) are currently in progress. A further 11 (31%) are contributions to projects/groups or advice that will run throughout the year e.g. working groups.
- 2.3 In the first quarter of every financial year the work of the Internal Audit team concentrates on the authority's core financial systems. The systems are reviewed on a 3 year risk based cycle. Three of the 9 systems were reviewed in the first quarter of 2013/14 and control self-assessments were completed for the other 6 systems. In addition, to satisfy the requirements of the External Auditors, managers were asked to review and update systems documentation and Internal Audit undertook walkthrough tests to confirm the actual system in operation for all core financial systems. Out of a total of 30 controls reviewed, 21 (70%) were fully operating, 5 (16%) was substantially operating and 4 (14%) were partially operating. See detailed report Appendix 2.
- 2.4 The mid-year position shows that overall the team have achieved 535 productive days which exceeds the target of 508 by 27 days.
- 2.5 100% of the Internal Audit performance targets were met or exceeded including the key indicator of achievement against plan however 2 of the 3 Corporate Audit Indicators have not been met.
- 2.6 During the first half of 2013/14 a total of 38 recommendations have been followed up of which 32 have been implemented, 4 were partially implemented/in the process of being implemented, 1 was planned for implementation, and 1, although originally agreed by management was not implemented. This represents an 84% implementation rate with a further 13% in progress or planned at the time of follow-up thus it is expected that in due course 97% will be implemented. There were 4 high risk recommendations still only partially implemented or in progress and 1 high risk recommendation that had not been implemented.

Section 3 – Further Information

- 3.1 The next report on the performance of the Internal Audit team will be the 2013/14 Year-End Report to be submitted to GARM Committee in July 2014.

Section 4 – Financial Implications

- 4.1 There are no financial implications to this report.

Section 5 - Equalities implications

- 5.1 There are no equalities implications.

Section 6 – Corporate Priorities

- 6.1 Internal Audit contributes to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support these priorities.

Name: Simon George



Chief Financial Officer

Date: 05/12/13

Section 7 - Contact Details and Background Papers

Contact: Susan Dixson, Service Manager, Internal Audit, Tel: 0208 424 1420

Background Papers: None