

**REPORT FOR: Governance, Audit, Risk
Management and Standards
Committee (GARMS)**

Date of Meeting: 22 July 2014

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

Responsible Officer: Simon George – Director of finance &
Assurance

Exempt: No

Enclosures: Appendix A – Internal Audit Year-end
Report 2013/14
Appendix B – Suspected Financial
Irregularities
Appendix C – Reports issued in 2013/14
Appendix D – Recommendations not
Agreed and Follow-ups

Section 1 – Summary

This report sets out the draft overall audit opinion on the control environment and progress against the 2013/14 Internal Audit plan.

FOR INFORMATION

Section 2 – Report

Background

- 2.1. The Internal Audit Year-end 2013/14 report, Appendix A, covers progress against the internal audit annual work plan; information on suspected financial irregularities is provided in Appendix B; a summary of all reports and follow-ups is provided in Appendix C; Appendix D provides information on recommendations not agreed/not implemented.

Overview of Progress

- 2.2. Overall the Internal Audit Team have achieved 92% of the 2013/14 annual Audit plan, which exceeds the 90% target. This included 100% achievement of the core financial systems reviews relied upon by the council's External Auditors for their risk assessment of the authority. Fifty-four audit reports were issued during the year containing a total of 441 recommendations of which 432 were agreed (or alternative actions agreed) for implementation (98%) which exceeds the 95% performance target.
- 2.3 The attached reports provide a summary of work undertaken during the year including an overview of each review, details of follow-up work and detailed results of the team's performance indicators showing that 100% were met or exceeded.

Draft Audit Opinion on Overall Control Environment

- 2.4 This is a draft overall opinion based on internal audit risk based and reliance work carried out in 2013/14 including the core financial systems work for 2013/14 complete so far.

The adequacy and effectiveness of organisation's control environment for the 2013/14 financial year has been assessed as "good" based on the following:

- 78% of the traffic lighted systems reviewed during 2013/14 were given an amber, an amber/green or a green assurance rating;
- 98% of recommendations made during 2013/14 were agreed for implementation;
- 74% of recommendations followed-up have been implemented, 23% are in progress or are planned at the time of follow-up thus it is expected that in due course 97% will be implemented. 86% of follow-ups resulted in an improved assurance rating and 14% were core financial system reviews that remained green.
- 6 suspected financial irregularities were reported to Internal Audit during 2013/14.
- 87.5% of controls reviewed (thus far) within the Council's core financial systems were either operating fully or substantially, with 12.5% operating partially.

- 100% of walkthrough tests confirmed that the core financial systems were operating as described in system notes and 95% of controls self-assessed by management were operating.

2.5 The final opinion will include all the core financial system reviews and the results of the Management Assurance exercise and will be reported to GARM at the next meeting.

Section 3 – Further Information

The next report on the performance of the Internal Audit team will be the 2013/14 Mid-year Report to be submitted to GARM Committee in November 2013.

Section 4 – Financial Implications

There are no financial implications to this report.

Section 5 - Equalities implications

None

Section 6 – Corporate Priorities

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: Steve Tingle....	<input checked="" type="checkbox"/>	On behalf of Chief Financial Officer
Date: ...11/07/14		

Section 7 - Contact Details and Background Papers

Contact: Susan Dixson, Head of Internal Audit, Tel: 0208 424 1420

Background Papers: None