

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

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**Date of Meeting:**

1 December 2014

**Subject:**

**INFORMATION REPORT –  
Internal Audit Mid-Year Report  
2014/15**

**Responsible Officer:**

Simon George – Director of Finance &  
Assurance

**Exempt:**

No

**Enclosures:**

Appendix 1 – Internal Audit Mid Year  
Report 2014/15  
Appendix 2 - Suspected Financial  
Irregularities  
Appendix 3 – Follow-up of High Risk  
Recommendations Part Implemented/In  
Progress/Planned or Not Implemented

## **Section 1 – Summary**

This report sets out progress against the 2014/15 Internal Audit plan and key issues arising from work undertaken.

**FOR INFORMATION**

## **Section 2 – Report**

- 2.1. Annually the GARMS Committee considers a mid and full year Internal Audit Report covering progress against the Internal Audit plan. This is the mid year report for 2014/15 (Appendix 1). It includes a report on Suspected Financial Irregularities (Appendix 2) and a report on the follow-up of high risk recommendations that are part implemented/in progress/planned or not implemented (Appendix 3).
- 2.2 Overall 48% of the plan has been completed at mid year exceeding the 45% target. This includes 100% of the planned work on the Authority's core financial systems; the 2013/14 annual review of governance and preparation of the Annual Governance Statement along with the 2013/14 management assurance exercise; review and co-ordination of the Corporate Risk Register for quarters 1 and 2; investigation of suspected financial irregularities; provision of professional advice on control and risk management and follow-ups. All assurance ratings at follow-up have been re-assessed as green showing improvement in the control environment as a result of internal audit work.
- 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 2014/15 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 32 controls reviewed, 21 (66%) were fully operating, 6 (19%) were substantially operating and 5 (15%) were partially operating.
- 2.4 Overall 6 (86%) of the Internal Audit performance targets have been met or exceeded. Four (57%) of the performance targets have been exceeded, 2 (29%) have been fully met and 1 target has not been met. Performance indicator 4 (target met for issue of draft report after the end of fieldwork) missed the target by 3% as 2 reports did not meet the target due Auditors being diverted to undertake an investigation which caused a delay in the issue of the reports.
- 2.5 2 of the 3 Corporate Audit Indicators have not been met although both show considerable improvement since last reported.

## **Section 3 – Further Information**

- 3.1 The next report on the performance of the Internal Audit team will be the 2014/15 Year-End Report to be submitted to GARM Committee in July 2015.

## **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: 10/11/14

## **Section 7 - Contact Details and Background Papers**

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

**Background Papers:** None