

# Report to Audit Committee

Agenda  
Item:

**A.7**

Meeting Date: 16 March 2017  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework: Yes  
Public

Title: Internal Audit Progress Report 2016-17  
Report of: Chief Finance Officer  
Report Number: RD60/16

## Purpose / Summary:

This report summarises the work carried out by Internal Audit and details progress against the 2016/17 Audit Plan.

## Recommendations:

### Members are requested to:

- Note the progress on the 2016/17 Audit Plan - see Section 2
- Note that 3 audits will be carried forward for inclusion in the 2017/18 audit plan
- Receive finalised audit reports – see Section 4

## Tracking

Audit Committee	16 March 2017
Overview and Scrutiny:	Not applicable
Council:	Not applicable

## **1 BACKGROUND**

- 1.1 Management is responsible for establishing effective systems of governance, risk management and internal controls. It is the responsibility of management to establish appropriate arrangements to confirm that their systems are working effectively; that all information within them is accurate; and that they are free from fraud or error.
- 1.2 Internal Audit's role is to provide independent assurance to senior management and Audit Committee over the adequacy and effectiveness of management's arrangements for governance, risk management and internal control.
- 1.3 This report summarises the work carried out by Internal Audit in the latest period.

## **2 PROGRESS AGAINST AUDIT PLAN**

### **2016/17 PLAN**

- 2.1 The 2016/17 Annual Risk Based Audit Plan was agreed by the Audit Committee on 19 April 2016 – report RD 01/16 refers. A summary of the overall 2016/17 plan position is included at **Appendix A** for information.
- 2.2 In light of Carlisle City Council withdrawing from the Cumbria Internal Audit Shared Service on 31 March, management has agreed that 3 audits in the 2016/17 plan will be carried forward and included in the 2017/18 plan to be delivered by the new in-house internal audit team.
- 2.3 Provided that all remaining audits underway at 31 March can be completed to meet Audit Committee timescales there should be 16 risk based audits to inform the annual audit opinion. Based on current expectations this will mean that the remaining 10 audits still to be finalised will come to Audit Committee in July alongside the Internal Audit Annual Report.
- 2.4 Internal Audit has been unable to progress the records management aspect of the audit on Information Governance within a reasonable timescale and staff resources are no longer available to undertake this piece of work. It has been recommended that this review is now included in the 2017/18 audit plan.
- 2.5 The audit of asset acquisitions and disposals has been delayed due to a key contact at Carlisle City being absent from work; however the scoping meeting has now been held.

- 2.6 In this period Internal Audit has also completed a grant claim for the Broadband Voucher Scheme.

### **2015/16 PLAN**

- 2.7 The only item relating to the 2015/16 plan that is not complete is the follow up review of Homeworking. A management update statement has been provided but information to confirm the implementation of agreed actions is still being sought, in particular the documented risk assessments for homeworkers..

## **3 INTERNAL AUDIT PERFORMANCE MEASURES**

- 3.1 Performance measures for Internal Audit are included at **Appendix B** for information.

## **3. COMPLETED AUDIT WORK**

### **3.1. Final Audit Reports**

- 3.1.1. The following is a summary of reports finalised in the latest period. These are now included as separate agenda items.

<b>Audit</b>	<b>Assurance Opinion</b>
Development Management	Reasonable
Rethinking waste project management	Partial

## **4. CONSULTATION**

Not applicable

## **5. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 5.1. The recommendations made in this report will enable Members to track the progress on the delivery of the Audit Plans and gain assurance from the independent audit work undertaken.

## **6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

- 6.1. To support the Council in maintaining an effective framework regarding governance, risk management and internal control which underpins the delivery the Council's corporate priorities and helps to ensure efficient use of Council resources.

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## Audit Manager

**(Cumbria Shared Internal Audit Service)**

## Appendices A-B

## Appendix A – 2016/17 Audit Plan update

**attached to report:**

## Appendix B – Internal Audit performance measures

**Note: in compliance with section 100d of the Local Government (Access to**

**Information) Act 1985 the report has been prepared in part from the following**

**papers:**

- None

**CARLISLE CITY COUNCIL**  
**AUDIT PLAN 2016/17**

<b>Directorate</b>	<b>Audit Area</b>	<b>Allocated Days</b>	<b>Status</b>	<b>Audit Committee Date</b>	<b>Assurance Evaluation</b>	<b>Comments</b>
Corporate	Physical security of premises	15	Ongoing	July 2017		Findings meeting held – draft report due for issue
Corporate	Performance management	20	Ongoing	July 2017		Establishing actual controls
Corporate	Information Governance	20	Ongoing	July 2017		Unable to progress records management aspect of scope
Chief Executive's Team	Communication	20	Final	Dec 2016	Substantial	
Deputy Chief Executive's Team	Arts Centre	20	Deferred			Agreed to carry forward
Economic Development	Development Control	20	Final	Mar 2017	Reasonable	
Economic Development	Disabled Facilities Grants (DFG's)	20	Draft issued	July 2017		
Local Environment	Waste management	20	Final	Mar 2017	Partial	
Local Environment	Education and Enforcement - brought forward from 2015/16 audit plan so days not from 16/17 plan	20	Deferred	Sept 2016		Committee agreed to management's request to defer this review until 2017/18 audit plan
Local Environment	Car park income	20	Ongoing	July 2017		Testing underway
Local Environment	Health and Safety	20	Deferred			Agreed to carry forward
Governance	Asset acquisition and disposal programme	20	Ongoing	July 2017		Start delayed – now establishing actual controls
Governance	Electoral Registration	15	Final	Dec 2016	Reasonable	
Governance	Licensing	15	Final	Sept 2016	Reasonable	
Resources	Early Release (ER) & Voluntary Redundancy (VR) Schemes	20	Ongoing	July 2017		Testing underway

<b>Directorate</b>	<b>Audit Area</b>	<b>Allocated Days</b>	<b>Status</b>	<b>Audit Committee Date</b>	<b>Assurance Evaluation</b>	<b>Comments</b>
Cyclical review	Treasury Management	20	Final	Sept 2016	Substantial	
Cyclical review	Income collection & receipting	20	Ongoing	July 2017		Scope agreed
Cyclical review	NNDR	20	Ongoing	July 2017		Testing underway
Cyclical review	Corporate Governance – compliance with Local Code	20	Deferred			Agreed to carry forward
Resources	Procurement (audit deferred from 2015/16) audit	10	Ongoing	July 2017		Fieldwork completed

## **APPENDIX B**

### **Internal Audit Management Performance Measures**

<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target</b>	<b>Actual Performance (to 28 Feb 2017)</b>	<b>Comments</b>
Planned audits completed	% of planned audit reviews (or approved amendments to the plan) completed in respect of the financial year.	95% of overall plan	On target	There are 16 audits in the revised 2016/17 plan.  7 draft/final reports issued (44% of plan)  9 audits in progress (56%)
Audit scopes agreed	% of audit scopes agreed with management and issued before commencement of the audit fieldwork	100%	On target	100%  Scoping meetings are held for all planned audit assignments and client notifications are produced for each.
Draft reports issued by agreed deadline	% of draft internal audit reports issued by the agreed deadline or formally approved revised deadline agreed by Audit Manager and client.	80%	43%	Of 7 draft reports issued, 3 were issued by the agreed deadline (43%)  2 of those outside the draft report deadline were issued within approximately a week of deadline.

KPI	Measure of Assessment	Target	Actual Performance (to 30 Nov 2016)	Comments
Timeliness of final reports	% of final internal audit reports issued for Corporate Director comments within 8 working days of management response or closeout.	80%	100%	100%  In most cases the Corporate Director is involved in the closeout meeting and completion of action plan so their response is provided with the action plan.
Recommendations agreed	% of recommendations accepted by management	95%	95%	20 of 21 recommendations accepted
Assignment completion	% individual reviews completed to required standard within target days	50%	67%	For 6 completed reviews, 4 have been completed within budget days.
Quality Assurance checks completed	% QA checks completed	100%.	100%	Independent QA checks have been applied at agreed stages of all audits
Post audit customer satisfaction survey feedback	% of customer satisfaction surveys scoring the service as 'good'	80%	83%	This is based on 8 completed surveys for audits finalised since July 2016.  No additional surveys received since last monitoring report.
Efficiency	% chargeable time	80%	80%	This is measured across the Shared Service overall and is not specific to any single participant.