

## Internal Audit Progress Report @ 31 January 2016 Audit Committee – 11 April 2016



1. Introduction
2. Summary of work completed and in progress
3. Issues arising
4. Other activities
5. Service quality questionnaire feedback

# 1 Introduction

The purpose of this report is to bring the Audit Committee up to date with the progress made against the delivery of the 2015/16 Internal Audit Plan.

The information included in this progress report will feed into, and inform our overall opinion in our Internal Audit Annual Report issued at the year end.

Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

<b>Limited</b>	<ul style="list-style-type: none"> <li>• A risk of objectives not being achieved due to the absence of key internal controls and a significant breakdown in the application of controls.</li> </ul>
<b>Satisfactory</b>	<ul style="list-style-type: none"> <li>• A sufficient framework of key controls for objectives to be achieved, but the control framework could be stronger and controls are applied, but with some lapses.</li> </ul>
<b>Substantial</b>	<ul style="list-style-type: none"> <li>• A robust framework of controls ensures objectives are likely to be achieved and controls are applied continuously or with only minor lapses.</li> </ul>

This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

Priority rating for issues identified		
<b>Fundamental</b> action is imperative to ensure that the objectives for the area under review are met.	<b>Significant</b> requires action to avoid exposure to significant risks in achieving the objectives for the area under review.	<b>Merits attention</b> action is advised to enhance risk mitigation, or control and operational efficiency.

## 2 Summary of work completed and in progress @ 31 January 2016

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
<b>Completed:</b>							
Pension Certification	-	-	-	-	-	-	Substantial
Budgetary Control	KFS	-	-	-	-	-	Substantial
Procurement	High	-	-	-	-	-	Substantial
Accounts Receivable	KFS	-	-	-	-	-	Substantial
Fixed Asset Accounting/Asset Planning	KFS	-	-	-	-	-	Substantial
Accounts Payable	KFS	-	-	-	-	-	Substantial
<b>In progress:</b>							
National Fraud Initiative	-						
Workforce Planning	Medium						
Payroll	KFS						
IT	High						
Follow Up	-						

Key: KFS = Key Financial System

[ILO: UNCLASSIFIED]

### 3 Issues arising

#### **Accounts Payable**

A review of the accounts payable system was undertaken to ensure that adequate key controls were in place. Our review focused on the controls designed to prevent, overpayments, fraud and incorrect accounting.

### 4 Other Activities

#### **Audit Committee – Self Assessment of Good Practice and Effectiveness**

The Audit Committee commenced a self-assessment of good practice and effectiveness exercise, based on the model provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their Audit Committees – Practical Guidance for Local Authorities 2013 Edition. Internal Audit is facilitating this exercise.

#### **CIPFA – Audit Committee Updates**

We continue to present the regular CIPFA Audit Committee Updates to the Audit Committee.

#### **Internal Audit Charter**

We updated the Internal Audit Charter, which was presented to, and approved at, the January 2016 meeting of the Audit Committee.

#### **Audit Committee – Terms of Reference**

We are submitting the Audit Committee Terms of Reference for annual review at the March 2016 meeting of the Audit Committee.

### 5 Service quality questionnaire feedback

Overall Satisfaction with Audit Services	Average Score
	4.6

Scores range between 1 = Poor and 5 = very good. We have a target of achieving an average score of **4 = good**.