



Herefordshire Council

Report of Internal Audit Activity

Plan Progress 2014-15 up to 31st August 2014

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SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**

Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 23rd June 2014.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- School Themes
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Chief Financial Officer (Section 151 Officer) following consultation with the Senior Management Team. This year's (2014/15) Plan was presented to this Committee on 23rd June 2014.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.



These are actions that we have identified as being high priority or corporate risks that have been assessed as “Very High” or “High” and that we believe should be brought to the attention of the Audit Committee ‘

Report on Significant Findings/Risk

Appendix B is a summary of the Annual Plan for 2014/15 – a list of all audits as agreed in the Annual Audit Plan 2014/15. It is important that Members are aware of the status of audits as this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Where a review has a status of ‘Final’ and has been assessed as ‘Partial’ or ‘No Assurance’, I will provide further detail to inform Members of the key issues identified.

For the audits completed to report stage no audits have been assessed as ‘Partial’ or ‘No Assurance’.

For Operational Reviews an assessment on the management of each risk is included in the report. Any risks where the auditor’s assessment of risk to the organisation is “Very High” or “High” will be reported to the Audit Committee. No risks have been assessed as Very High or High.



Completed Audit Assignments in the Period

Audit Plan Progress

The summary of the Annual Plan for 2014/15 (Appendix B) highlights progress to date. Based on the findings of each review, an overall control assurance is offered. For a summary of Control Assurance Definitions, Categorisation of Recommendations and Risk Levels, please refer to [Appendix 'C'](#).

As can be seen from [Appendix 'B'](#), the following audits have been progressed to date:

Operational:

- In Progress, 3 Reviews
- In Development, 2 Reviews

Governance, Fraud and Corruption:

- Complete, 2 Reviews – (1 Reasonable, 1 Non-Opinion)
- Discussion Document , 1 Review
- In Progress, 1 Review
- Not Started, 2 Reviews

Follow Up Reviews: (Non-Opinion)

- Complete, 1 Review
- Draft, 1 Review
- In Progress, 2 Reviews

School Themes –: Prevention of Fraud

- Not Started, 1 Review
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Key Control:

- Discussion Document, 2 Reviews



Completed Audit Assignments in the Period

Audit Plan Progress

ICT Reviews:

- In Progress, 1 Review

Grants:

- Complete, 2 Claims, 1 Grant Sign Off

Special Reviews

Unplanned work, special reviews or projects carried out on a responsive basis are requested by the Chief Financial Officer (Section 151 Officer).

A review to look at the processes, roles and responsibilities for school maintenance is currently in progress.



We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Future Planned Work

As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Chief Financial Officer. Members will note that the Special Review is an additional audit to the plan and in agreement with the Chief Financial Officer an audit of equivalent days will be removed from the plan.

Conclusion

SWAP has appointed two new members of staff to the team who are currently receiving ongoing training. The three existing members of the team have made a positive start to the audit plan and have received training in the use of MKinsight – the audit management system used by SWAP.

Steady progress has been made against the 2014/15 plan. All quarter 1 work agreed before the Council joined SWAP is at report stage with the exception of User Access Management. This audit will look at access controls for Payroll and Accounts Payable as well as the centralised activities provided by Hoople ICT, e.g. data base administrator access as well as system administrator and user access controls. Hoople ICT has recently been operating without an agreed SLA; however the SLA has now been agreed.

This has meant that Hoople ICT are having to cost up resources, rather than work off a tariff basis, and has meant delays in obtaining access to the centralised activities. We took this issue to the client, and a date of the 22nd August was agreed to start the fieldwork in Hoople ICT – this has resulted in the delay in the completion of this audit.

Most of the quarter 2 audits are in progress with only three not started. The school theme review has been delayed because of the school summer break, but visits have been booked now that the Schools have returned.

There are no significant findings or high corporate risks to report at this time but I will update the Committee if this changes.

