

MEETING:	AUDIT & GOVERNANCE COMMITTEE
MEETING DATE:	9 MAY 2014
TITLE OF REPORT:	PROGRESS REPORT ON 2013/14 INTERNAL AUDIT PLAN
REPORT BY:	INTERNAL AUDIT – SOUTH WEST AUDIT PARTNERSHIP

Classification

Open

Key Decision

This is not an executive decision.

Wards Affected

County-wide

Purpose

To update Members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. □

Recommendation

THAT: subject to any comments the Committee wishes to make the report be noted.

Alternative Options

- 1 This report is for information and therefore alternative options are not applicable.

Reasons for Recommendations

- 2 To ensure compliance with good practice as set out in the Public Sector Internal Audit Standards (PSIAS).

Key Considerations

- 3 At its meeting on 10 April 2014 Cabinet took the decision to select the South West Audit Partnership (SWAP) to provide the Council's Internal Audit Service.

- 4 Up until 31 March 2014 the service was provided by KPMG. The attached report (Appendix 1) is a summary of the activity of KPMG for the year 2013/14; prior to SWAP taking over interim management until a formal Partnership agreement is finalised.
- 5 The coverage of 15 completed audits for an organisation the size of Hereford is quite limited in scope, however, as can be seen from the attached, only four of these received a 'Limited' Assurance level. Apart from these areas, it would appear that KPMG have provided an overall 'Adequate' opinion for the work they have undertaken.
- 6 We are happy to support that assurance on the assumption that matters raised in the Internal Audit Reports have action plans that are being addressed by management.
- 7 SWAP have met with the existing audit staff and the Chief Financial Officer and agreed priority audits that should be completed as part of the 2013/14 programme. From these meetings we have not found or been made aware of anything that would result in us changing the opinion offered by KPMG.
- 8 SWAP management have scheduled a number of meetings with the Council's management team to look forward to the 2014/15 Annual Plan, to align that with other Partner plans within SWAP so that maximum benefit in terms of efficiency and sharing of best practice is achieved.
- 9 An annual plan for 2014/15 has already been submitted by KPMG but we anticipate that this will change significantly over the next couple of months; all such changes will be reported back to the Audit and Governance Committee with the rationale explained. We also anticipate that there will be more audits planned for delivery in the revised plan.
- 10 SWAP have already taken the initiative in sharing existing work programmes with current Hoople Auditors for them to start work on some of these audits, ahead of the Partnership being formalised. Audits being completed from the 2013/14 Plan are as follows:
 - Core Support Systems – Financial - Accounts Payable
 - Core Support Systems – Financial – Payroll
 - IT Systems – Access Controls – Payroll and Accounts Payable
 - Anti-Fraud Systems – Anti Fraud and Corruption Survey
- 11 New audits being started as part of the 2014/15 plan, initiated and managed by SWAP, are as follows:
 - Fraud and Governance – Expenses Fraud
 - Fraud and Governance – Members Expenses
 - Operational – Risk Management

Community Impact

- 12 The report does not impact on this area.

Equality and Human Rights

13 The report does not impact on this area.

Financial Implications

14 There are no financial implications.

Legal Implications

15 There are no Legal implications.

Risk Management

16 There is a risk that the level of work required to give an opinion on the Council's systems of Internal Control is not achieved. This is mitigated by the regular active management and monitoring of progress against the agreed internal audit plan.

Consultees

17 The Section 151 Officer was consulted in the drafting of this report.

Appendices

Appendix 1 – KPMG Summary Report 2013/14

Background Papers

- None identified.