



## Herefordshire Council

Report of Internal Audit Activity  
Plan Progress 2016-17 - September 2016

**Internal Audit ■ Risk ■ Special Investigations ■ Consultancy**



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.

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## The contacts at SWAP in connection with this report are:

### Gerry Cox

Chief Executive

Tel: 01935 385906

[gerry.cox@southwestaudit.co.uk](mailto:gerry.cox@southwestaudit.co.uk)

### Ian Baker

Director of Quality

Tel: 07917628774

[ian.baker@southwestaudit.co.uk](mailto:ian.baker@southwestaudit.co.uk)

### Jacqui Gooding

Assistant Director

Tel: 01432 260426 or

07872500675

[Jacqui.gooding@southwestaudit.co.uk](mailto:Jacqui.gooding@southwestaudit.co.uk)

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Appendix B - Audit Definitions

Appendix C - Audit Plan Progress 2016-17

Our audit activity is split between:

- Operational Audit
- Key Control Audit
- Governance, Fraud & Corruption Audit
- IT Audit
- Special Reviews

See Appendix A for individual audits

## 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 23 March 2016.

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 Director of Resources (Section 151 Officer) following consultation with the Senior Management Team. This year's (2016/17) Plan was presented to this Committee on 23 March 2016.

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

Update 2015-16

## Completed Audit Assignment in the Period

### Audit Plan Progress

The summary of the Annual Plan for 2016/17 (Appendix C) 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 'B'](#).

As can be seen from [Appendix 'C'](#), the following audits for 2016/17 have been progressed to date:

#### Operational:

- Draft Report, 1 review
- Discussion Report, 2 reviews
- In Progress, 7 reviews
- Not Started, 20 reviews

#### Governance, Fraud and Corruption:

- In Progress, 1 review

#### Follow Up Reviews:

- Not Started - 6 reviews

#### Special reviews:

- Completed, 1 review
- In Progress, 1 review

Update 2015-16

Completed Audit Assignment in the Period

## Audit Plan Progress

### School Themes –: SFVS – Schools Financial Value Standard

- Draft Report, 6 schools

### Key Control:

- Not Started, 9 reviews

### Grants:

- Complete, 1 Claim
- Discussion Document, 1 Claim
- In Progress, 1 Claim
- Not started, 1 Claim

## Completed Audit Assignments in the period

## Audit Plan Progress

Audits completed to final report since my last update are:

### Grants

- Redundant Building Grant Certification

### Special review

- Link Road Scheme – Non-opinion

Although there are only two audits completed there are thirteen audits in progress with four of the audits at reporting stage.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee

## Report on Significant Findings

Appendix C is a summary of the Annual Plan – a list of all audits as agreed in the Annual Audit Plan 2016/17. 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 ‘Completed’ and has been assessed as ‘Partial’ or ‘No Assurance’ or with a ‘High’ corporate risk, I will provide further detail to inform Members of the key findings (Priority 4 and 5) identified. No completed audits have been assessed as ‘Partial’ or ‘No Assurance’.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

## Added Value

Primarily Internal Audit is an assurance function and will remain as such. However as we complete our audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. The SWAP definition of “added value” is “it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost”.

A request was made by a SWAP Partner Council for Internal Audit to collate information on the way in which the Revenues and Benefits service is being administered to benchmark how the service is being delivered with regard to costs, resources and performance monitoring. The Summary report has been shared with this Council.

## Special Reviews

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

One special review has been requested by the Director of Economy, Communities and Corporate since my last update.

## Future Planned Work

As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Director of Resources (Section 151 Officer) with removal or deferral of audits to be formally agreed by the Audit Committee.

Two additional audits have been requested - Property Services Payments and Hereford City Centre Transport Package (HCCTP) – Link Road Scheme. The days to accommodate these two audits have been taken from the contingency days in the plan.



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

## Conclusion

The main focus for the early part of 2016-17 was to complete the outstanding work for 2015-16. Reasonable progress has however been made on the 2016-17 plan with thirteen audits in progress and two audits completed.

Of the two completed audits one was a Grant Certification and the other audit was the review of the Hereford City Centre Transport Package (HCCTP) – Link Road Scheme. The full report of this review was presented to this Committee on 9 May 2016.

At the end of each audit review, a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 80% is set where 75% would represent a score of good. It is however too early to provide a current feedback score for the 2016-17 plan.