

**SWAP Internal Audit Activity Update – December 2017**

1. Purpose of the Report

1.1 To provide an update to the Audit Committee on the work and performance of Internal Audit (IA) for 2017/18, at end of November 2017. It provides a summary of Progress made in:

- Delivering the 2017/18 Internal Audit and Counter Fraud Plans, by identifying audits completed, or in-progress compared to the original plan.
- The progress of management in responding to audit recommendations.
- The council's overall control environment.

2. Executive Summary

2.1 Currently 44 general audits have commenced relating to the 2017/18; and 100% of audits carried forward from 2016/17 have also been completed. Of these 44 audits, 16 have been completed to final report, 4 are at draft stage and 24 are in progress.

2.2 In addition, 12 counter fraud audits have commenced. Of these 12 audits, 4 have been completed to final report, 1 is at draft stage and 7 are in progress.

2.3 From this work, no high significant 'corporate' risks have so far been identified.

2.4 The time to finalise reports has improved significantly from 2016/17 with 71% of reports issued within the targets of 5 days for draft and 86% completed within 10 days from issuing of the draft report for final. Whilst this is still below the high target the direction of travel is pleasing. There remains a slightly poorer performance in finalising school audits and the target for these is perhaps in need of extension to reflect the more remote working arrangements and environment.

- 2.5 Overall 64% and 63% of the general and counter fraud audit plan has been commenced. This is slightly behind the original forecast due in part to SWAP being under full establishment and senior officers requesting audits to be slipped to allow for the recent LGA Peer inspection.
- 2.6 To deliver the plan by year end it has been agreed with senior officers that a number of audits are moved to quarters three and four. No audits have been removed, although two audits have been merged (Corporate Debt and accounts Receivable).
- 2.7 The SWAP report identifies that a total of 279 recommendations (Priority 5,4,3 and Health Organisation) have been raised relating to the 82 audits completed for 2016/17 and 25 for the 2017/18 audits completed to date to (draft or final, and 5 in relation to Counter Fraud). The breakdown of these is that 155 related to the Council and 124 related to School Audits.
- 2.8 Of the 279 recommendations, 194 relate to 2016/17 and 85 to 2017/18. Of the 85 raised for 2017/18 audits 6 (7%) recommendations were assessed as Priority 4 (second highest category) and 62 (73%) were Priority 3, the remaining recommendations being priority 2 and 1 (17 or 20%). Overall for the two years there were 5 (6%) audits completed that were deemed of a substantial assurance, 42 (55%) reasonable with assurance and only 13 (17%) with partial assurance (10 for 2016/17 and 3 for 2017/18 to date). None were deemed no assurance, with the balance of 22% relating to audits where no opinions given, e.g. grants. As such the control environment remains strong.
- 2.9 Following the last Audit Committee senior officers have worked hard with SWAP to clear the previous reported backlog of recommendations actioned. There are now 15 recommendations that are still outstanding greater than 120 days past their due implementation date. Work is ongoing to address this further and it is hoped no outstanding audit actions will be reported at the next Committee update.
- 2.10 It is pleasing to note that SWAP's Customer Satisfaction scores have maintained high and at 81% overall is welcomed. The trend will be appraised by the senior officers and the Committee to assess the ongoing feedback.

### **3. Proposal(s)**

3.1 Members are asked to note the Internal Audit Activity for 2017/18 and the outcomes of audit and counter fraud work completed to date.

### **4. Reason for Proposal**

4.1 To ensure an effective Internal Audit, and that the Council is effectively managing its financial, governance and counter fraud frameworks to manage within a strong control environment.

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Unpublished documents relied upon in the preparation of this Report: None.

Appendices:

A – Report on Internal Audit Activity 2017/18 December Update

B - Report on Internal Audit Counter Fraud Activity 2017/18 December Update