

## AUDIT COMMITTEE

17<sup>th</sup> September 2013**INTERNAL AUDIT 2013/14 FIRST UPDATE REPORT****Purpose of the Report**

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section. In particular, it provides a summary of:
  - the outcomes of audits completed during the period,
  - the results and outcomes of follow-up reviews carried out during the period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year
  - an update on the delivery of the 2013/14 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

**Executive Summary**

2. The attached quarterly update (Appendix A) summarises the main findings by IA. In summary, the Service has started 67 audits, 23 have been completed to final report stage (18 carried forward from 2012/13) 7 are at draft/discussion and a further 36 are in progress with 1 audit deferred.

<b>Assurance (per definitions at Appendix A)</b>	Percentage – Update 1  September 2013	Percentage – Update 2  December 2013	Percentage – Update 3  March 2014
Substantial	0%		
Reasonable	45%		
Partial	23%		
None	0%		
Advice/Follow Up Audits	32%		

3. Overall IA concluded as per its assurance definitions at page 8 of the SWAP report at Appendix A of this report that the majority of its findings were of reasonable assurance.
4. From this work no potential very high significant 'corporate' risks have been identified.
5. There were five audit reviews that were afforded partial assurance and the details are shown in Appendix D.
6. Overall therefore the 395 recommendations have been made by IA to date (86 this quarter, 165 in the second quarter and 137 in the first quarter), broken down as follows:

<b>Year</b>	<b>Priority 5</b>	<b>Priority 4</b>	<b>Priority 3</b>	<b>Priority 2</b>	<b>Priority 1</b>	<b>Total reported Update 1</b>
<b>2012/13 carry forward audits</b>	0	34	63	9	1	<b>107</b>
<b>2013/14 audits Update 1</b>	1	9	3	1	0	<b>14</b>
<b>Total year to date</b>	1	43	66	10	1	<b>121</b>
<b>Percentage</b>	1%	36%	54%	8%	1%	

7. Appendix B identifies the carry forward 2012/13 audits, and the full plan for 2013/14. Included in that are those that have been deferred to later in the financial year or until 2014/2015.
8. Internal Audit have undertaken other additional work and this is detailed below:
  - Review of SAP Access Controls
  - Migration of Benefits
9. Overall the performance of SWAP is on track with the partnership performance measures.

### **Proposal**

10. Members are asked to note the findings from IA audits to date.

## **Reasons for Proposals**

11. To ensure an effective IA function and strong control environment.

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

Appendices: A – IA Second Progress Report 2013/14  
B – IA detailed Audit Plan and monitoring statement 2013/14  
C – Significant Corporate Risks  
D – Summary of audits deemed 'Partial / No' assurance