

**INTERNAL AUDIT 2013/14 MARCH 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. A total of 87 audit assignments from the 2013-14 plan have been progressed during the year. Of these, 25 reached final or draft stage; 11 follow up reviews; 6 special investigations/advice and 45 are currently in progress. This is not uncommon at this time of year due to the high volume of key control audits undertaken now for reliance by external audit in preparation for their audit of the statement of accounts.
3. Overall IA concluded as per its assurance definitions at page 9 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 3 audit reviews that were afforded partial assurance.

6. Overall, 179 recommendations have been made by IA to date (148 reported at update 2), broken down as follows:

<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%	8%	4%
Reasonable	45%	59%	28%
Partial	23%	21%	14%
None	0%	0%	0%
Advice/Follow Up Audits	32%	12%	54%

<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</b>
<b>2012/13 carry forward audits</b>	0	37	64	8	1	<b>110</b>
<b>2013/14 audits Update 1</b>	1	9	3	1	0	<b>14</b>
<b>2013/14 audits Update 2</b>	0	2	14	8	0	<b>24</b>
<b>2013/14 audits Update 3</b>	0	12	13	3	3	<b>31</b>
<b>Total year to date</b>	1	60	94	20	4	<b>179</b>
<b>Percentage</b>	1%	33%	53%	11%	2%	

7. Appendix B has been amended to reflect the recommendations of the Audit Committee Task Group review of Internal Audit project procedures and reporting. This format replaces the previous report and now shows audits grouped by current status and highlighted as Red, Amber or Green.
8. Internal Audit have undertaken other additional work and this is detailed below:
  - Information Services, System Administration
  - 6 Unplanned Investigations
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.

**Michael Hudson**  
**Associate Director, Finance, S.151 Officer**

**Report author: Michael Hudson**  
01225 713601  
michael.hudson@wiltshire.gov.uk

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Unpublished documents relied upon in the preparation of this Report: None.

Appendices: A – IA Third 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  
E - Recommendations Not Accepted / Outstanding