

INTERNAL AUDIT – MONITORING REPORT

<u>Report of the:</u>	Director of Finance and Resources
<u>Contact:</u>	Doug Earle or Gillian McTaggart
<i>Urgent Decision?(yes/no)</i>	No
<i>If yes, reason urgent decision required:</i>	N/A
<u>Annexes/Appendices (attached):</u>	<u>Annexe 1</u> - Internal Audit Progress Report
<u>Other available papers (not attached):</u>	Strategy for Internal Audit for 2015/16

REPORT SUMMARY

This report summarises progress against the audit plan for 2015/16.

RECOMMENDATIONS

- (1) That the Committee receives the Internal Audit Progress Report for 2015/16.**

1 Implications for the Council's Key Priorities, Service Plans and Community Strategy

- 1.1 None for the purposes of this report.

2 Background

- 2.1 The Committee's terms of reference includes the requirement to monitor implementation of recommendations from the external and internal auditors.
- 2.2 On 23 June 2015 the Committee received the internal audit assurance report for 2014/15. There were no matters arising where the Committee required further reports.
- 2.3 The Committee endorsed the Strategy for Internal Audit for 2015/16 on 9th April 2015.

3 Audit Findings

- 3.1 The Internal Audit Progress Report covering the period to date for 2015/16 is attached as Annexe 1 to this report.

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- 3.2 The report monitors the delivery of the audit programme and contains the key features that this Committee has requested. Baker Tilly / RSM use the traffic light system of Red, Amber and Green. Amber has been split into two classifications (Amber-Green and Amber-Red) in order that the auditors can give a clear indication of whether an assurance is positive or negative. During the year, progress reports will reflect the opinions given and build a picture of findings towards the end of year opinion. The recommendations within each report are categorised as High, Medium or Low.
- 3.3 The report (see [Annexe 1](#)) monitors the effective delivery of the audit programme and contains the key features that this Committee has requested previously:-
- 3.3.1 It provides a summary of progress against the internal audit plan.
- 3.3.2 Internal Audit Plan Performance.
- 3.3.3 Any alterations to the Audit Plan are highlighted, as are any planning issues.
- 3.3.4 Key Findings from Internal Audit Work, identifying the headline findings and the agreed recommendations.
- 3.4 Eight reports have been finalised and there are three in draft.

Assignment	Opinion	Actions Agreed		
		H	M	L
Attendance	Green		1	1
Recruitment	Amber/Green		1	5
Review of Anti Fraud and Anti Bribery Arrangements	Advisory	1	5	3
Cash Handling	Amber/Green	1	3	2
Information Governance	Amber/Green		2	8
Post Implementation of CRM (from 14/15 Plan)	Advisory	1		
Venues	Amber/Green		1	1
PCI Compliance	Amber /Red	3	6	0

CRM Review

- 3.5 As part of the 2014/15 Plan, specialist auditors completed a post implementation review of the implementation of the CRM. The review concluded that the IT infrastructure and software were adequate although certain processes required additional work activities that when completed would enable business benefits. There were a number of processes that require parallel systems or workarounds in order for the teams to conduct everyday business. They recommended that the Council stable, design, develop, operate and support the existing platform.

- 3.6 A Project Group has been established to improve the business processes, the Issues Logs have been amalgamated into one corporate log which is now regularly updated. Further development work on the CRM system has been suspended and the Project Group will be developing an action plan to deal with the more complex issues such as aligning the business processes and reviewing the security levels and permissions within the system.
- 3.7 There are three reports in draft, and these will be reported to the next meeting. These are:-

Assignment in Draft	Draft Opinion
<i>Project Management</i>	Advisory – Project Management is in its infancy
<i>Contract Management</i>	Advisory – limited formal contract management processes and controls in place.
<i>Property Maintenance</i>	Amber/Red

4 Financial and Manpower implications

- 4.1 There are no specific financial or manpower implications for the purpose of this report.
- 4.2 Officers are taking a pragmatic approach to ensure that the process does not become unduly bureaucratic, whilst ensuring that reasonable changes are considered where appropriate.
- 4.3 ***Chief Finance Officer’s comments:*** None for the purposes of this report.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 Baker Tilly has rebranded and will now be known as RSM.
- 5.2 ***Monitoring Officer’s comments:*** There are no implications arising directly from this report. However, there are clear issues arising from some of the individual audit reports and it will be necessary to ensure that those issues are addressed in accordance with the specific recommendations agreed in each report.

6 Sustainability Policy and Community Safety Implications

- 6.1 There are no particular community safety implications for the purpose of this report.

7 Partnerships

- 7.1 The Council will work with Internal Auditors to improve risk management arrangements.
- 7.2 The contract for internal audit services is held jointly with Mole Valley, Reigate and Banstead, Tandridge and Waverley Councils and the Surrey Police Authority.
- 7.3 A meeting was held in September to review the contract arrangement with the other members of the Consortium.

8 Risk Assessment

- 8.1 The internal audit service forms a statutory part of the Council's internal control arrangements.

9 Conclusion and Recommendations

- 9.1 There have been no audit reviews completed with a red assurance in this monitoring report although Committee should note that one number of draft reports rated as Amber/Red and the auditors have identified weaknesses in control in two Advisory Reviews. Although as draft reports they are subject to agreement.

WARD(S) AFFECTED: ALL