

**ANNUAL OVERVIEW OF PERFORMANCE OF INTERNAL AUDIT SERVICES BY DIRECTOR
FINANCE & RESOURCES 2015/16**

Introduction

Internal Audit is a statutory function and it is the responsibility of the Council to maintain an adequate and effective system of internal audit.

In accordance with the International Standards (PSIAS) and Regulation (6) of the Accounts and Audit Regulations 2015, the Director of Finance & Resources is required to review the effectiveness of internal audit. This review also forms part of the overall review of the assurance framework for the Annual Governance Statement which provides reliance on upon the effectiveness of the controls in place. This is reported at an End of Year Meeting and to the Audit, Crime & Disorder and Scrutiny Committee.





RSM provides the service as part of the East Surrey Internal Audit Consortium. RSM have provided an Annual Report for 2015/2016 which provides the S151 Officer and the Audit, Crime & Disorder and Scrutiny Committee with an opinion on adequacy and effectiveness of the Council's governance, risk management and controls.

Head of internal audit opinion for 2015/16

The organisation has an adequate and effective framework for risk management and governance.

However our work has identified further enhancements to the framework of internal control to ensure that it remains adequate and effective.

Overview of Performance

	AUDIT	ASSURANCE 2015/6	PREVIOUS ASSURANCE LEVEL	DIRECTION OF TRAVEL
1	Post Implementation Review of CRM (c/f 14/15)	Advisory	N/A	
2	Attendance	Green	N/A	
3	Recruitment	Amber/Green	N/A	
4	Review of Anti- fraud and Anti Bribery Arrangements	Advisory	Non Benefit Fraud Risk Assessment –(14/15) Adequate	
5	Cash Handling	Amber/Green	Green (Cash receipting)	
6	Venues	Amber/Green	Amber/Green - Income Collection Venues (13/14)	
7	Information Governance	Amber/Green	N/A	
8	Property Maintenance (c/f 14/15)	Amber/Red	N/A	

9	PCI Compliance Control Framework	Amber /Red	Network Security (12/13) Amber/Green	↓
10	Project Management	Advisory	N/A	↔
11	Contract Management	Advisory	N/A	↑
12	Car Park Income	Amber/Red	Management Car Park Income (12/13) Advisory Ashley Centre Car Park (12/13) Amber/Green	↑
13	Fleet Management	Green	Amber/Green (13/14)	↓
14	Payroll	Amber/Green	Amber/Red	↑
15	Capital accounting and fixed assets	Green	Green (11/12)	↔
16	Green Waste	Amber/Green	Income Collection Green Waste (13/14) Amber/Green	↔
17	Software Licensing	Amber/Green	Software Asset Management (10/11) Amber/Green	↔
18	Performance Management	Draft –Amber/Green	Green	↓
19	Facilities Management Contract Management	Draft - Advisory	FM Contract (13/14) Amber/Red	
20	Data Quality	WIP	Amber/Red	
21	Follow up	Adequate	Adequate	↔
22	Bus Grant	Signed off	Signed off	

Audit Contract	Baker Tilly took over RSM Tenon in August 2013 combining the two businesses. They have rebranded again and are no RSM Tenon.																																												
Delivery of the Audit Contract	<p>The Audit Strategy 2015/16 was agreed on 9th April 2015, by the Audit, Crime & Disorder and Scrutiny Committee. This was based on the Council's risk profile and where assurances are required. A total of 222 audit days were planned.</p> <p>A total of 18 reviews plus 2 carried forward from 2014/15 were completed (excluding bus grants and smaller bodies). The two reports were carried forward from 2014/15, were the Post implementation review of CRM and Property Maintenance.</p> <p>Currently two reports are in draft and one is work in progress. Any work not completed will be transferred into 2016/17.</p> <p>Performance Management – Draft Facilities Management Contract Review – Draft Follow up Action Tracking Report - Draft Data Quality – WIP</p>																																												
Audit Quality, Monitoring Arrangements and PI's	<p>Regular contract monitoring meetings are in place and a regular monitoring report is issued.</p> <p>The PI's for 2015/16 are; Audits commenced in line with original timescale - 100% Drafts report issued within 10 days of debrief meetings – 44% Final report issued within 3 days of management response – 93% % of High and Medium recommendations followed up – 100%</p> <p>No significant issues have been raised by Managers during 2015/16, although a number have been concerned over delays in receiving the draft report after the work has been completed.</p>																																												
Consortium	The members of the Consortium met in September 2015. No major issues were identified. As the contract is entering into the 4 th year of a 5 year contract, a meeting will be held shortly to discuss future arrangements.																																												
Audit Findings 2015/16	<p>The following assurances were given;</p> <table border="1" data-bbox="336 1442 1406 1921"> <thead> <tr> <th>Assurance Levels</th> <th>No in 2015/16</th> <th>No. in 2014/15</th> <th>No in 2013/14</th> </tr> </thead> <tbody> <tr> <td>Red</td> <td>0</td> <td>2</td> <td>1</td> </tr> <tr> <td>Amber/Red</td> <td>3</td> <td>2</td> <td>1</td> </tr> <tr> <td>Amber/Green</td> <td>8</td> <td>4</td> <td>7</td> </tr> <tr> <td>Green</td> <td>3</td> <td>7</td> <td>6</td> </tr> <tr> <td>WIP</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Advisory</td> <td>5</td> <td>2)</td> <td>1</td> </tr> <tr> <td>Follow up</td> <td>1 (draft)</td> <td>1</td> <td>1</td> </tr> <tr> <td>Sub Total</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bus Grants & smaller bodies</td> <td>Signed off</td> <td>Signed off</td> <td>Signed off</td> </tr> <tr> <td>Total</td> <td>21</td> <td>19</td> <td>18</td> </tr> </tbody> </table>	Assurance Levels	No in 2015/16	No. in 2014/15	No in 2013/14	Red	0	2	1	Amber/Red	3	2	1	Amber/Green	8	4	7	Green	3	7	6	WIP	1	1	1	Advisory	5	2)	1	Follow up	1 (draft)	1	1	Sub Total				Bus Grants & smaller bodies	Signed off	Signed off	Signed off	Total	21	19	18
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Follow up Recommendations	<p>As with previous years the process for following up implementation needs to be strengthened. Some improvements have been made as RSM are tracking recommendations throughout the year and also the implementation of high priority recommendations is being reported regularly to Committee. In addition Managers are expected to attend Committee if concerns are raised over their reports.</p> <p>Additional internal resources will be available in 2016/17 to improve tracking.</p>
Feedback from External audit	<p>The External Auditors (Grant Thornton) have not identified any weaknesses in internal audit which impact on their audit approach.”</p>
Role of the Audit, Crime & Disorder and Scrutiny Committee	<p>In meeting their requirements as an Audit Committee they:-</p> <ul style="list-style-type: none"> -receive regular monitoring reports and the Annual Audit Strategy -are independent to management -consider an annual report -review external audit report action plans -review the Annual Governance Statement - receive the outcome of specialist reviews
Additional Services	<p>RSM have brought in a number of specialists from other areas of their business to support the core team, which has been extremely beneficial.</p>
Summary of Areas for Improvement in 2015/16	<p>Continuing to improve the implementation and monitoring of recommendations.</p> <p>To reduce delays in issuing draft reports after the debrief meeting has been held.</p> <p>To continue to assist the Council in strengthening governance arrangements through agreed action plans, through reviews planned in 2016/17.</p>
Overall Summary	<p>RSM have completed a number of specialist reviews during the year including; a post implementation review of the CRM, project management, contract management and facilities management contract management. These are advisory reviews and they have assisted us in agreeing action plans to address a number of governance and control issue in these areas.</p>