



Council Overview and Scrutiny Committee
14 November 2012

Completed Internal Audit Reports

Purpose of the report: Scrutiny of Services

The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last report to this Committee in October 2012.

Introduction:

1. On 22 February 2010 the Audit & Governance Committee recommended that a standing 'internal audit' item be put on all Select Committee agendas. This Committee has agreed to consider all relevant Internal Audit reports that have attracted an audit opinion of either "Major Improvement Needed" or "Unsatisfactory".
2. This report provides a list of the five Internal Audit reports that have been issued since the last report to this Committee in October 2012. The audit opinion for each of these audits was "Some Improvement Needed".

Internal Audit and the Reporting Process:

3. The Accounts and Audit Regulations 2011 require that a local authority "must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The Internal Audit plan for 2012/13, which sets out the work that Internal Audit will complete during the year to meet its statutory responsibility, was approved by Audit and Governance Committee on 5 April 2012.
4. The Internal Audit reporting and escalation policy requires that all final audit reports are circulated with a management action plan, agreed by the relevant Head of Service, which sets out what management action is proposed in response to audit recommendations. Included in the audit report is the auditor's opinion on the controls in place. The audit opinion will fall into one of the following agreed classifications:
 - Effective
 - Some Improvement Needed
 - Major Improvement Needed
 - Unsatisfactory

- All final audit reports are circulated to the relevant strategic director; the Cabinet Portfolio holder; and, the relevant Select Committee Chairman. In addition, all members of the Audit and Governance Committee receive full copies of all Internal Audit reports.

Internal Audit Reports issued since the last report to this Committee:

- The table below shows all the audit reports (including audit opinion) that have been issued since the last report to this Committee on 18 October:

	Audit	Opinion	Number of recommendations rated as High Priority
1	Special Residential Schools - Teachers' additional payments	Some Improvement Needed	0
2	Local Safeguarding Children Board	Some Improvement Needed	0
3	Overtime	Some Improvement Needed	0
4	Performance Management - Data Quality	Some Improvement Needed	0
5	Review of Concessionary Fares	Some Improvement Needed	2

Two of the above audits (Overtime and Performance Management – Data Quality) fall under the immediate remit of this Committee.

- The above audits will be included in the Completed Audit Reports item to be presented to Audit and Governance Committee on 6 December 2012.

IMPLICATIONS:

- There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed Internal Audit Reporting and Escalation Policy.

Recommendations:

- That the Committee notes the audits completed in the period and if necessary refer on to the specific select committee for further scrutiny,

Next Steps:

- That the Committee receives further updates on completed Internal Audit reports at future meetings, and continues to focus its attention on audit reports with the audit opinion of either “Major Improvement Needed” or “Unsatisfactory”.

Report contact:

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Sources/background papers:

- 2009/10 Review of the Effectiveness of the System of Internal Audit, Audit & Governance Committee, 22 February 2010
- Final audit reports and agreed management action plans

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