
INTERNAL AUDIT REPORTS TO AUDIT & SCRUTINY COMMITTEE 2017 - 2018

1. EXECUTIVE SUMMARY

- 1.1 There are 7 audits being reported to the Audit & Scrutiny Committee.
- 1.2 Internal Audit provides a level of assurance upon completion of audit work, this is evaluated as follows:

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the management of risk are at a high standard with only marginal elements of residual risk identified, which are either being accepted or dealt with. A sound system of control is in place designed to achieve the system objectives and the controls are being consistently applied.
Substantial	Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal Control, Governance and management of risk are broadly reliable, however although not displaying a general trend there are a number of areas of concern which have been identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.
Limited	Internal Control, Governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal Control, Governance and management of risk is poor, significant residual risk exists and/ or significant non-compliance with basic controls leaves the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

- 1.3 The attached reports contain the action plans which detail those findings where Internal Audit, in agreement with management, has classified the findings either high or medium. Findings classified as low have been removed.

1.4 A high level summary of each report is noted below:

- **Client Accounts:** This audit has provided a Reasonable level of assurance as internal control, governance and the management of risk are broadly reliable. Records and supporting documentation were found to be complete and accurate and held securely, with access limited to authorised personnel. Although there is a recognised process in place this was not documented in a formal procedure note and monthly reconciliations had not been independently reviewed.
- **Strategic Housing Fund:** This audit has provided a Substantial level of assurance. The audit focused on the controls in place in regard to awarding of grants from the Strategic Housing Fund. Records and supporting documentation were found to be available and complied with policy and procedures minor concerns were raised in relation to accessibility of documentation and improvement is required with respect to risk analysis.
- **VAT:** This audit has provided a Reasonable level of assurance as internal control, governance and the management of risk are broadly reliable. VAT returns sampled were comprehensive and accurate. Returns were found to be completed on a timely basis and were appropriately authorised prior to submission. Weaknesses were identified in respect of a lack of guidance documentation, training for service system users, timely completion of agreed remedial actions and incorrect transactional classification.
- **Piers and Harbours:** This audit has provided a Reasonable level of assurance. The audit focused on compliance with the Port Marine Safety Code. Roles and responsibilities are well defined and clear terms of reference are in place in respect of the Harbour Board Committee. Relevant documentation is available at Ports and on the Council website. Issues were raised in regard to Harbour Board representation, integrated reporting arrangements and completion of the Safety Management System appendices which were in draft format.
- **LEADER:** This audit has provided a Substantial level of assurance. Procedures and systems of work are designed to ensure compliance with funder requirements. Appropriate controls are in place. Low level weaknesses were found which do not impact on objectives in any significant way but which if addressed will aid efficiency and effectiveness.
- **Travel and Subsistence:** This audit has provided a Substantial level of assurance as internal control, governance and management of risk is generally sound. Claims sampled were submitted on a timely basis, authorised appropriately and back up documentation was available to support expenses paid (where relevant). Weaknesses were identified in respect of outdated guidance notes and the VAT element of system mileage claims.
- **Gifts and Hospitality:** This audit has provided a Substantial level of assurance as Internal Control, governance and management of risk is generally sound. Codes of Conduct inform both Councillors and Officers of their responsibilities regarding declarations of offers of gifts and hospitality. Registers were fully completed and authorised where relevant. Weaknesses were identified in respect of reference to a policy that is no longer in use and the access to declaration forms for completion.
- **Performance Management:** In progress

2. RECOMMENDATIONS

- 2.1 Audit & Scrutiny Committee to review and endorse this summary report and detail within each individual report.

3. CONCLUSION

- 3.1 Management has accepted each of the reports submitted and have agreed responses and timescales in the respective action plans.

4. IMPLICATIONS

- 4.1 Policy - None
- 4.2 Financial - None
- 4.3 Legal - None
- 4.4 HR - None
- 4.5 Equalities - None
- 4.6 Risk - None
- 4.7 Customer Service – None

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