

INTERNAL AUDIT SUMMARY OF ACTIVITIES

1. EXECUTIVE SUMMARY

1.1 The objective of the report is to provide a summary of Internal Audit activity and progress during Quarter 4.

1.2 Core activities together with a progress update statement are shown below.

- **14/15 Audit Plan progress:** Audit plan is currently on track. It is anticipated that all planned 14/15 Audits will be completed by 31 March.
- **Individual Audits undertaken:** Eight individual audits have been completed during the period. Of these 8 audits, 6 are rated substantial and 2 are rated limited.
- **Continuous Monitoring Programme Testing:** A number of auditable units are subject to continuous testing. Reporting is by exception. Management have responded to previous quarter notifications and there are no outstanding issues. A number of school fund checks were carried out during the quarter
- **National Fraud Initiative:** New matches have been released. Review work has commenced and findings will be reported to September 2015 Audit Committee.
- **Development Plan:** Progress continues to be made against revised development plan action points. All items are currently on track.
- **Performance indicators:** Revised indicators are in place and current status is on track / green.

INTERNAL AUDIT SUMMARY OF ACTIVITIES

2. INTRODUCTION

2.1 The objective of the report is to provide an update on Internal Audit activity during Quarter 4 against a number of areas;

- 14/15 Audit Plan progress
- Individual Audits undertaken
- Continuous Monitoring Programme Testing
- National Fraud Initiative
- Development Plan
- Performance indicators

3. RECOMMENDATIONS

3.1 The Audit Committee is asked to note the content of the report.

4. DETAIL

4.1 The Audit Plan is currently on track and anticipated to be fully completed by 31 March 2014. Eight Audits have been completed as detailed at 4.2. The remaining 3 audits are in progress and are at various stages of completion. These are Business Continuity, Employment and Training and Adult Learning Policy. These will be completed during Quarter 4 and will be submitted to the June committee meeting. One audit, Health and Social Care Integration Governance arrangements, is being carried forward to 15/16 audit plan as it is deemed more appropriate to undertake a review once arrangements are finalised.

4.2 Audits completed to March are detailed in Table 1.

Table 1: Summary of Audits performed in Quarter 3, 2014/15:

Audit Name	Level of Assurance	No. of recommendations/ observations	High Recommendations
Winter Maintenance	Limited	10	3
Flood Risk Management	Substantial	0	0
Fostering and Adoption	Substantial	6	0
CHORD	Limited	8	2
Revenue & Benefits	Substantial	0	0
Communications	Substantial	4	0
Information Security	Substantial	0	0

4.3 Audits planned for the Quarter 1 15/16 are shown in the table below.

Quarter 1
Residential Placements
Roads Maintenance
HR Training
Education – SQA
Health & Safety
Health and Social Care Integration
Catering

4.4 A number of areas which were previously subject to individual audits now form part of our continuous monitoring programme. These areas are tested on a regular basis and detailed reporting will be by exception to Audit Committee. Standard audit tests are applied relevant to each auditable unit. Clients are notified by memo of any concerns and a follow up process is in place to ensure active management /rectification of issues raised. Table 2 below summarises activity to date outlining issues arising and provides a level of assurance.

Table 2: Continuous monitoring programme results:

Audit Unit	Areas Tested	Issues Arising	Assurance Level	Follow up
Payroll and Overtime	<ul style="list-style-type: none"> Excessive & Regular Overtime 	<ul style="list-style-type: none"> Street Lighting and Janitorial additional over time regularly occurring 	Substantial	Policy Review and Resource request.
Debtors	<ul style="list-style-type: none"> Supporting Documentation Charging Schedules 	<ul style="list-style-type: none"> Segregation of duties 	Substantial	No action required
Creditors	<ul style="list-style-type: none"> Authorised Signatory List Invoice Batching 	None	Substantial	No action required
General Ledger Controls	<ul style="list-style-type: none"> Cost Centre Creation Budget Virement 	None	Substantial	No action required
Establishment Visits <ul style="list-style-type: none"> No testing carried out this quarter. 	<ul style="list-style-type: none"> Cash Reconciliation's Authorisations Procedures Roles , Responsibilities and Remits 	N/A	N/A	N/A

Audit Unit	Areas Tested	Issues Arising	Assurance Level	Follow up
School Fund checks <ul style="list-style-type: none"> Lochgilphead High School Lochgilphead Primary Ardrishaig Primary Tarbert Academy Tarbert Primary 	<ul style="list-style-type: none"> Compliance with Education Management Circular (EMC) 1.10 General Purpose Funds 	<ul style="list-style-type: none"> In one instance unaware of existence of EMC 1.10 No formal hand-over between staff 	Substantial	Education Management are currently reviewing circular and issue to all appropriate staff.

4.5 The Audit Commission's NFI team carries out matching work on behalf of Audit Scotland. The 2014-15 exercise timetable is as follows:

From 29 January 2015	The Audit Commission NFI team will make the 2014/15 exercise matches available.
31 March 2016	Audit Scotland will use the outcomes as at this date for the national report
June 2016	Audit Scotland will publish the 2014/15 NFI report

4.6 The matches relating to the DWP deceased data has been released early to enable council's to ensure payments have ceased.

4.7 Council Tax data in relation to Council Tax Reduction Scheme has returned a number of matches and these are currently being reviewed as per the table below. From work undertaken to date, 121 discounts have been removed with an approximate value of £33k.

4.8 A new upload of Council Tax data and the Electoral role is due to take place by the end of February 2015 and a new set of matches will be released shortly after.

Table 3: National Fraud Initiative Matches:

Datasets	Total Matches	Matches Complete	Status of Sample Match Testing	Responsible Officer
Council Tax to Electoral Register	694	421	Residual Cases to be investigated.	Revenues Supervisor
Council Tax rising 18's	147	147	Complete	Revenues Supervisor
Blue Badges to DWP Deceased	52	52	Complete – All issues resolved	Service Point supervisor/ Registrar
Total	891	618		

Table 3.1 – Further release of National Fraud Initiative Matches:

Datasets	Total Matches	NFI Key Filter Matches	Responsible Officer	Target dates for completion of Matches
Housing Benefit	922	172	Counter Fraud Manager	Sept 2015
Creditors	1606	248	Creditors Supervisor	Sept 2015
Payroll	1847	420	Payroll Supervisor	Sept 2015
Personal Budgets	38	4	Finance Officer (Income Max)	Sept 2015
Residential Care Homes	28	7	Finance Officer (Income Max)	Sept 2015
Insurance	0	0	Insurance Assistant	Sept 2015
Total	10710	1309		


4.9 This section highlights progress made against the actions points in our 14/15 Internal Audit development plan. These include improvements identified as a result of our review against the Public Sector Internal Audit Standards.

Table 4: Internal Audit Development Key Actions:

Area For Improvement	Agreed Action	Progress Update	Timescale
<ul style="list-style-type: none"> • Training and CPD 	<ul style="list-style-type: none"> • Formalise our plans for internal audit training, including continuing professional development (CPD) 	On Track: <ul style="list-style-type: none"> • Senior Audit Assistants are signed up to complete IIA Diploma qualification. 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Induction Programme 	<ul style="list-style-type: none"> • Development of Induction process for new members of staff joining the team. 	Target Deadline has been revised as a result of staff absence. <ul style="list-style-type: none"> • Audit Manual is being updated to include induction section 	<ul style="list-style-type: none"> • 31/03/2015
<ul style="list-style-type: none"> • Audit Plan Preparation 	<ul style="list-style-type: none"> • 2015/16 Final Plan submitted to March Audit Committee 	<ul style="list-style-type: none"> • Final Plan submitted to Committee for review. 	Complete
<ul style="list-style-type: none"> • Audit manual 	<ul style="list-style-type: none"> • Development Audit Manual 	On Track: <ul style="list-style-type: none"> • Work has commenced on Audit Manual 	<ul style="list-style-type: none"> • 31/03/2015

Area For Improvement	Agreed Action	Progress Update	Timescale
<ul style="list-style-type: none"> SharePoint site 	<ul style="list-style-type: none"> Creation of Audit share point site to co-ordinate documentation and version control. Track stage progress and publish reports. 	On Track: <ul style="list-style-type: none"> 2 members of staff trained on use. On-going discussion session as to items for inclusion. Structure agreed and site being developed 	<ul style="list-style-type: none"> 31/03/2015 Basic site up operational by deadline then continuous development.

4.10 Internal Audit scorecard data is available on pyramid. The indicators are showing green and / or on track with the exception of Revenue Finance indicator which is off track due to a year to date overspend in relation to back-filling part year sickness absence. The undernoted table is an extract of the key information.

Internal Audit Team Scorecard 2014 – 15			
FQ 4 14/15			
TEAM RESOURCES			
People			
PRDs IA Team	Target	Percentage of PRDs complete	
	90%	100%	
	Number of eligible employees FTE	Number of PRDs complete FTE	
	5	5	
Financial			
Revenue Finance	ACTUAL	BUDGET	G 
Year to date	£208,068	£208,340	
Year end	£266,455	£266,455	

NEW INTERNAL AUDIT MEASURES			
% of risks within the SRR audited in reporting period	Actual	46%	G ➔
	Target	30%	
	Benchmark		
Quarterly meetings held with Chair of Audit Committee	Actual	Yes	G ➔
	Target	Yes	
	Benchmark	Yes	
% satisfaction rates from post audit surveys	Actual	100%	G ➔
	Target	80%	
	Benchmark	80%	
% Recommendations followed up	Actual	100%	G ➔
	Target	100%	
	Benchmark		
% customer satisfaction with audit reports	Actual	100%	G ➔
	Target	80%	
	Benchmark	80%	
Percentage qualified staff	Actual	60%	G ➔
	Target	60%	
	Benchmark	60%	
Internal Audit Training hours	Actual	411hrs	G ➔
	Target	500hrs	

5. CONCLUSION

5.1 The 14/15 Audit plan is on track and anticipated to be fully complete by 31 March. There are currently no material issues impacting on Internal Audit activity. Good progress continues to be made with a programme of on-going review and continuous improvement in place.

6. IMPLICATIONS

6.1 Policy - Internal Audit continues to adopt a risk based approach

6.2 Financial -None

6.3 Legal -None

6.4 HR -None

6.5 Equalities - None

6.6 Risk – None

6.7 Customer Service - None

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