
AUDIT SERVICES' ANNUAL REPORT 2014/15

Purpose of Report

1. To provide the Committee with Audit Services' Annual Report for 2014/15 in accordance with its role and terms of reference.

Information and Analysis

2. The Annual Audit Plan for 2014/15 was approved by this Committee in March 2014 (Minute No. A42/March/14) and Audit Services' Annual Report against this plan is attached at **Appendix A**.
3. The Annual Report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.
4. The report details the internal audit service provided; operational performance achieved; audit assignment, consultancy/corporate arrangements work and contingency activity undertaken; outcomes against key performance indicator targets; and looks forward to the next financial year.
5. The outcomes from the audit assignments undertaken, together with the positive responses from management to accept and implement required improvements to control systems, complemented by consultancy work carried out to advise and assist management to establish appropriate controls at source, demonstrate that the Council continues to operate within a control environment that is generally sound.
6. This positive position upon the Council's internal control environment will be reflected in the Council's Annual Governance Statement which will accompany the Statement of Accounts for 2014/15.

Recommendations

7. It is recommended that Audit Services' Annual Report for 2014/15 be noted.

Reasons

8. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

Brian James
Head of Corporate Assurance

Background Papers

- (i) Audit Services' Role and Terms of Reference
- (ii) Audit Assignment Executive Summaries
- (iii) Annual Audit Letter 2013/14
- (iv) CIPFA Audit Benchmarking Statistics for Unitary Authorities

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S17 Crime and Disorder	Other than the special investigation work there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.

**AUDIT SERVICES'
ANNUAL REPORT
2014/15**

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1. Introduction

- 1.1 Audit Services comprises an establishment of 4.3 full time equivalent staff and operates in accordance with professional standards.
- 1.2 The aim of the Section is to provide an independent and objective service that wherever possible adds value to the business of clients by being responsive to their needs, constructive in approach, appraisal and recommendations, whilst satisfying statutory responsibilities.
- 1.3 The position on performance targets and objectives set for the year upon service standards, staffing and customer/service quality was positive and this solid base of internal audit service delivery is a major benefit to the Council with the increased importance of the corporate governance agenda.
- 1.4 The remainder of this report chronicles in more detail operational performance during the year.

2. Service Provided

- 2.1 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs”. The Accounts and Audit (England) Regulations 2011 (SI 2011/817), regulation 6, specifically requires that a “relevant body 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 Director of Neighbourhood Services and Resources has been delegated with this requirement by the Council and the Audit Services Section carry out the internal audit role.
- 2.2 Proper internal control practice for internal audit is that contained within the Public Sector Internal Audit Standards (PSIAS) and the Application Note to local government, produced by CIPFA in collaboration with the Chartered Institute of Internal Auditors.
- 2.3 The system of internal control is the broad framework of assurance established to satisfy the Council that the risks to achieving its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation. This assurance framework is documented at **Appendix 1**.
- 2.4 Although internal audit has a statutory basis and therefore, has a major corporate inspection and monitoring role, it is operated as a service to management and provides assurance and consultancy upon all aspects of management and administration. Audit Services has limited resources and consequently its workforce is deployed in accordance with an audit strategy having regard to relative risks and levels of assurance required, translated into an agreed annual plan.
- 2.5 Service level agreements are in place across the client base that include details upon audit assignments, consultancy tasks, charges, working protocols, response times and client responsibilities.

3. Operational Performance

- 3.1 A summary of the year in person days is outlined in the following table, which analyses chargeable time, by category, as well as non-chargeable and non-productive time

Summary of 2014/15 Year In Person Days			
	Annual Plan	Actual Allocation	Variance + -
Chargeable Time			
• Audit Assignments	535	471	64
• Advice and Consultancy	115	124	9
• Corporate Arrangements	100	99	1
• Contingency Allocation	80	160	80
SUB TOTAL	830	854	89 65
Non Chargeable Time			
• Training, ISO Administration, Supervision and Management etc.	93	76	17
Non Productive Time			
• Annual Leave, Bank Holidays, Sickness etc.	195	188	7
TOTAL	1118	1118	89 89

- 3.2 Actual chargeable time in total during the year was slightly higher than that planned. The increase of 24 person days resulted from a reduction in non-chargeable time and less sickness than estimated.

- 3.3 Variations to the audit assignment element of the plan were discussed at the Audit Committee during the year and the range of activity undertaken on consultancy work and contingency tasks were agreed with Directors.

4. Review of Audit Assignment Work

- 4.1 Planned audit assignments for the year totalled 42 of which 37 were completed i.e. 88%. These audits spanned all Groups of the Council and details of the assignments undertaken, together with the audit opinion and relevant commentary where the assurance opinion was less than substantial is shown at **Appendix 2**.
- 4.2 Audit work was undertaken on the core financial systems of corporate income, creditors, payroll, council tax/NDR, housing rents and housing benefits. All resulted in substantial assurance opinions with the exception of creditors where limited assurance opinions were given. Management responded positively to the audit findings and agreed to review and refresh the procure to pay process and improve maintenance of the contracts register and purchasing card administration.
- 4.3 Other instances of less than substantial assurance were more service/establishment based and again, in all cases, management have responded positively to the audit reviews. In respect of:
- Business Continuity – a number of Business Continuity Plans for functions considered business critical are to be updated and tested.
 - Agency and Professional Services – a new contract and monitoring regime is now in place.
 - Car Mileage, Travel and Subsistence – a corporate policy is in the process of being agreed for roll out across the Council.
- 4.4 As regards audit assignments in general, in line with good practice, at an appropriate time Audit Services follow up with Managers progress upon the implementation of recommendations agreed in audit reports. As part of this follow up process, any significant recommendations remaining outstanding are reported quarterly to the Audit Committee. It is pleasing to report generally no matters of concern on this point.
- 4.5 The overall outcomes from the audit assignments undertaken, together with the positive responses from management to accept and implement required improvements to internal control systems, demonstrate that the Council continues to operate within a control environment that is generally sound.

5. Review of Outputs from Consultancy and Corporate Arrangements Work/Contingency Activity

- 5.1 The Section worked upon a number of corporate arrangements and consultancy projects identified in the original Audit Plan but with recognised flexibility some were replaced by others at the request of Directors or given up to contingency activity with their agreement. A summary of the more significant outputs from this work is given at **Appendix 3**.
- 5.2 The work undertaken included governance matters; systems improvement support through contributing to change agenda projects on for example upgrading the Council's income system to support the activities of the new customer contact centre and implementation of improvements to the management of the Council's outstanding debt; and carrying out investigations into irregularities following which appropriate action was taken by management on findings.
- 5.3 In addition to the outputs stated in **Appendix 3**, the Section responded to numerous and wide ranging requests from Groups, including schools, for advice and assistance upon all aspects of the Council's internal control framework.
- 5.4 Generally, the aim of the consultancy work is to complement the audit review process by advising and assisting management to implement, at source, appropriate internal controls within systems. This approach is seen as an effective way to help underpin the sound nature of the Council's control environment.

6. Annual Governance Statement

- 6.1 In accordance with statutory requirements the Council must publish an Annual Governance Statement to accompany the Statement of Accounts for 2014/15.
- 6.2 Audit Services' contribution to this statement will be positive since, as a result of the range of audit work undertaken, it is concluded that overall the Council continues to operate within a control environment that is generally sound.
- 6.3 This conclusion is consistent with the outcomes from the broader assurance framework documented at **Appendix 1**.

7. Performance Indicators

- 7.1 A summary of outcomes against targets and objectives for the year covering service standard, customer satisfaction and service quality and staffing is included at **Appendix 4**. The position shown is positive.
- 7.2 Productive days per auditor were top quartile as measured by the CIPFA Benchmarking Statistics for Unitary Authorities and costs per audit day were bottom quartile. All other operational targets were achieved with the exception of audit assignments completed relative to the agreed Audit Plan where an outturn of 88% was achieved against a target of 92%, as more work than anticipated was necessary on contingency activity; and audit assignments completed within 10% of the planned time allocated where an outturn of 89% was attained against a target of 92%, explained by an increase in the scope of audit work on particular audits agreed with management.
- 7.3 Audit Services operate to a quality management system for all aspects of business that complies with the principles of the ISO 9001:2008 Quality Management Standard. Until recently the system was formally accredited under the Standard following external scrutiny by an accreditation body. However, given budget pressures and the fact that over many years external scrutiny had confirmed the system as effective with few, if any, areas for improvement, it was decided to cease formal accreditation. The quality management system reflects Audit Services' proactive approach to involving clients in the audit process with the belief that by working in partnership the more both parties will benefit. Indeed, the results from client satisfaction surveys undertaken following each audit assignment remain impressive and demonstrate the high regard clients have for the service provided.

8. The Future

The aim of Audit Services for the year ahead is to continue to deliver an efficient and effective service as the Council continues to respond to the challenge of significant reductions in funding levels with delivery of its New Business Model.

System of Internal Control

The Framework of Assurance established to satisfy the Council that the risks to achieving its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Internal Control environment inadequate/ineffective.	Internal Audit	Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit Reports/opinions and outcomes from consultancy work undertaken.	Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken.	Internal Audit's Strategy, Role and Terms of reference and Annual Audit Plan approved by the Audit Committee. Quarterly/Annual Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan. Annual Report includes an overall opinion on the Council's control environment.
The financial position of the Council not presented fairly in the Financial Statements; the Annual Governance Statement not presented in accordance with relevant requirements; and proper arrangements are not in place to secure economy, efficiency and effectiveness in the use of resources.	External Audit	Risk based External Audit Plan. External Audit Reports/opinions.	Internal Audit's Annual Audit Plan discussed with External Audit to facilitate External audit planning and minimise the duplication of audit effort wherever possible.	External Audit Plan and External Audit Reports, including the Annual Audit Letter, considered by the Audit Committee. Annual Audit Letter considered by Cabinet.

Inadequate provision of services to the people of Darlington.	External Inspection Agencies	External Inspection Agencies' reports.	External Inspection reports reflected upon in the Internal Audit planning process.	External Inspection reports considered by relevant Scrutiny Committee/Cabinet/Council.
Business risk processes inadequate/ineffective.	Corporate Assurance	Risk Management Strategy Corporate/Group Risk Registers. Risk Management Group's Agendas and Minutes. Officer/Member Training.	Annual Audit Plan developed with reference to Corporate/Group Risk Registers. Risk Management function subject to periodic Internal Audit review as part of the cyclical audit process.	Risk Management Strategy endorsed by the Audit Committee and approved by Cabinet. Six-monthly/Annual Reports to the Audit Committee on the outcomes from the Council's risk management processes.
Fraud and corruption arrangements inadequate/ineffective.	Internal Audit and Benefits Enquiry Unit.	Anti-Fraud and Corruption Strategy, Policy, Fraud Response Plan, Anti-Money Laundering Policy and Anti-Bribery Policy and Procedures. Housing Benefit/Council Tax Anti-Fraud Strategy, Policy and Sanctions Policy. Confidential Reporting Policy. Internal Audit reviews of arrangements. Outcomes from bi-annual National Fraud Initiative exercises co-ordinated by the Audit Commission. Internal Audit/Benefits Enquiry Unit case files.	Anti-Fraud and Corruption arrangements, including National Fraud Initiative exercises, administered by Internal Audit. The potential for a service to be susceptible to fraud reflected within Internal Audit's risk assessment model that underpins the annual audit planning process. Internal Audit review of Housing Benefits conducted on an annual basis.	Fraud related Policies and Strategies approved by the Audit Committee/Council. Confidential Reporting Policy approved by Council. Annual Reports to the Audit Committee on the outcomes from the Council's anti-fraud and corruption arrangements.
Information governance arrangements inadequate/ineffective.	Information Security Section within Xentrall, Complaints and Information Governance Team and External Audit.	Corporate Policy Statement on Information Governance Employees/Members Guide to Information Security Information Risk Management process that informs the information governance work programme. SIGG Agendas/Minutes. Officer/Member Training. Data Quality reflected upon by External Audit in their VFM	Information Governance/Sensitivity of data is reflected within Internal Audit's risk assessment that underpins the annual audit planning process. Information Governance subject to periodic Internal Audit review as part of the cyclical audit process.	Corporate Policy Statement on Information Governance approved by Cabinet. Six-monthly reports to the Audit Committee on progress with implementation of the information governance work programme. External Audit VFM assessment considered by the Audit Committee and Cabinet.

		assessment.		
Internal control environment of relevant areas of Xentrall inadequate/ineffective.	Stockton BC Internal Audit	Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken.	Joint working protocol agreed between the Internal Audit Services of Stockton and Darlington to cover Xentrall audits. Copies of all relevant Stockton BC Internal Audit Reports on Xentrall forwarded to Darlington Internal Audit for information.	Stockton BC's Annual Audit Plan related to Xentrall considered by the Audit Committee. Quarterly Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan.
Local Code of Corporate Governance not implemented.	Corporate Group responsible for drafting the Annual Governance Statement.	Local Code of Corporate Governance Local Code individual key documents/functions matrices, completed by relevant Lead Officers, posted on the intranet covering awareness, monitoring and review.	Internal Audit direct effort annually to validate evidence quoted in the individual key documents/functions matrices posted on the intranet.	Local Code endorsed by the Audit Committee and approved by Council. Six-monthly reports to the Audit Committee on progress with implementation of the Code.
Grant processes inadequate.	External Audit	External Audit Report on audited Grant Claims and Returns.	Grant process arrangements subject to annual review by Internal Audit.	External Audit Report on Grant Claims and Returns considered by the Audit Committee.
Health and Safety practices and processes inadequate/ineffective.	Health and Safety Unit	Corporate Health and Safety Policy Heads of Service Health and Safety Management self assessments and action plans. Risk Assessments Reportable Accident Statistics Outcomes from audits undertaken by the Health and Safety Unit. Officer/Member Training.	Health and Safety function subject to periodic Internal Audit review as part of the cyclical audit process.	Corporate Health and Safety Policy approved by Cabinet. Council's performance on health and safety reported annually to the Audit Committee.
Property management arrangements inadequate.	Corporate Landlord Function	Corporate Premises Database System and supporting documentation.	Corporate Landlord Function subject to periodic Internal audit review as part of the cyclical audit process.	Property management arrangements included in Council Risk Registers and, as such, included within member

				reporting arrangements for business risk processes.
Management control in respect of operational aspects of the business inadequate.	Chief Officers Board	Annual signed Assurance Statements from Assistant Directors.	Arrangements administered and outputs scrutinised by Internal Audit.	Annual report to the Audit Committee on the outcomes from the Assurance Statement process.
Capital Project management arrangements inadequate/ineffective.	Asset Management and Capital Programme Review Board	Asset Management and Capital Programme Review Board Agendas/Minutes and supporting documentation.	Project Office function subject to periodic Internal Audit review as part of the cyclical audit process.	Project Position Statement reported regularly to Cabinet.
Partnership governance arrangements inadequate.	Partnership Lead Officers	Annual Partnership Toolkit Questionnaires completed by relevant Council Partnership Lead Officers and supporting documentation.	Partnership Governance Arrangements subject to periodic Internal Audit review as part of the cyclical audit process.	Partnership Toolkit approved by Cabinet. Annual report to the Audit Committee on the operations of significant partnerships.
Treasury management arrangements inadequate.	Financial Services	Treasury Management Policy Statement, Strategy, Prudential Indicators and Procedures.	Treasury Management function subject to periodic Internal Audit review as part of the cyclical audit process.	Treasury Management Policy Statement, Strategy and Prudential Indicators considered by the Audit Committee and approved by Council. Treasury Management Procedures approved by the Audit Committee. Regular/Annual Reports to the Audit Committee and Cabinet on the performance of the Treasury Management function.
Financial management arrangements inadequate/ineffective.	Financial Services	Medium Term Financial Plan. Corporate Budget Setting/Monitoring processes and supporting documentation. Officer/Member Training.	Financial management arrangements subject to periodic Internal Audit review as part of the cyclical audit process.	Medium Term Financial Plan approved by Council. Quarterly Reports to Cabinet on Financial Performance.
Financial	School Governing Bodies	Schools annual self assessment	Financial arrangements in schools	School balances reported to

management arrangements in local authority maintained schools inadequate/ineffective.		returns against the Schools Financial Value Standard (SFVS).	subject to periodic Internal Audit review as part of the cyclic audit process.	Cabinet quarterly.
Ineffective management of the change agenda.	Chief Officers Executive	Chief Officers Executive Agendas/Minutes and supporting documentation	Internal Audit support/contribute to delivery of the Change Programme as relevant.	Quarterly reports to Cabinet and Scrutiny as part of the Performance Management Framework.
Ineffective challenge to the procurement process.	Procurement Board	Procurement Board Agendas/Minutes and supporting documentation.	Procurement process subject to periodic Internal Audit review as part of the cyclical audit process.	Annual Procurement Plan approved by Cabinet.
Ethical health arrangements inadequate.	Legal Services	Member Code of Conduct. Officer Code of Conduct. Member/Officer Training.	Audit Committee reports on ethical indicators reflected upon in the audit planning process.	Members and Officers Codes of Conduct approved by Council. Audit Committee receives reports six-monthly on ethical indicators.
Lessons not learned from complaints received.	Complaints and Information Governance Team	Corporate, Adult Social Care, Children's Social Care, Housing and Public Health Complaints, Compliments and Comments Procedures. Complaints Records. Ombudsman complaints and outcomes.	Complaints and Ombudsman reports reflected upon in the audit planning process.	Complaints Procedures approved by Cabinet. Annual report to Cabinet on complaints received and the resultant organisational learning. Regular reports to Cabinet on Ombudsman complaints and outcomes.
Inadequate arrangements for the delivery of the Public Health function and responsibilities.	Director of Public Health	Public Health Work Plan. Health and Wellbeing Strategy. Director of Public Health's Annual Report.	Public Health function subject to periodic Internal Audit review as part of the cyclical audit process.	Regular reports to the Health and Wellbeing Board and Health and Partnerships Scrutiny Committee.
Ineffective system of internal audit	Senior Group of Officers	Annual Review of the system of internal audit and supporting documentation conducted in accordance with the Accounts and Audit Regulations.	Internal Audit direct effort annually to support the review process.	Annual Review of the system of internal audit considered by the Audit Committee.

SUMMARY OF AUDIT ASSIGNMENTS UNDERTAKEN DURING 2014/15

Group	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Neighbourhood Services and Resources	Corporate Income System PCI DSS Compliance	Substantial Substantial		
	Sales Ledger	Substantial		
	Payroll Inc. Miscellaneous Benefits	Substantial		
	Housing Benefits	Substantial		
	Local Taxation	Substantial		
	Housing Rents	Substantial		
	Materials Purchasing Card System	N/A	Post implementation review undertaken to ensure appropriate control and reporting systems in place.	
	Land Charges	Substantial		
	Cemeteries and Crematorium	Substantial		
	Head of Steam Railway Museum	Substantial		
	Dolphin Centre	Substantial		
	Dolphin Centre Catering	Substantial		
	Administration of Client Finances	Substantial		
	Treasury Management Creditors	Substantial Limited	Improvements required in compliance with Procure to Pay processes, maintenance of contracts register and	

Group	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
			purchasing card administration.	
People	Right to Buy	Full		
	Primary School	Substantial		
	Primary School	N/A	Non-standard audit undertaken supporting a review on internal financial procedures.	
	Nursery School x 2	Substantial x 2		
	EOTAS	Substantial		
	Learning and Skills	Substantial		
	Direct Payments	Substantial		
	Contracts	Substantial		
	Public Health	Substantial	.	
	Creditors	Limited	As Neighbourhood Services and Resources above.	
Economic Growth	Licencing	Substantial		
	Trading Standards	Substantial		
	Business Continuity	Limited	A number of Business Continuity Plans for functions considered business critical require update and testing.	Management have responded positively to the audit findings and agreed an improvement action plan to address the matters raised.
	Creditors	Limited	As Neighbourhood Services and Resources above.	
Corporate Core	Grants	Substantial		
	Mayors Charity Fund	N/A	Annual audit of accounts completed.	

Group	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
	Agency and Professional Services	Limited	Issues identified around compliance with framework requirements and the overall level of off contract spend	Management have responded positively to the audit findings and agreed an improvement action plan to address the matters raised.
	Partnerships	N/A	Opinion not given as work non-standard appraisal. Effort directed to validating evidence supplied to demonstrate compliance with the Partnership Toolkit for all significant partnerships.	
	Car Mileage, Travel and Subsistence	Limited	Corporate Policy Guidance required on operation of the car mileage scheme.	Management have responded positively to the audit findings and agreed an improvement action plan to address the matter raised.
	Information Governance	N/A	Opinion not given as work non-standard appraisal. Effort directed to validating evidence supplied to demonstrate compliance with the 'satisfactory' assurance level for Public Health under the Health and Social Care Information Centre (HSCIC) Information Governance Toolkit.	

Group	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
	Corporate Governance	N/A	Opinion not given as work non-standard appraisal. Effort directed to validating evidence quoted in documents/functions on the implementation of the Local Code of Corporate Governance posted on the intranet.	

OPINION	DEFINITION
Full Assurance	All controls in place and operating effectively – the system will achieve its objectives.
Substantial Assurance	The majority of controls in place and operating effectively although some control improvements required- the system should achieve its objectives.
Limited Assurance	Certain important controls inadequate or in place but operating ineffectively – there is a risk that the system may not achieve its objectives.
Minimal Assurance	The majority of controls weak, not present or failing – it is likely that the system will not achieve its objectives.

**SUMMARY OF THE MORE SIGNIFICANT OUTPUTS FROM CONSULTANCY/CORPORATE ARRANGEMENTS
WORK/CONTINGENCY ACTIVITY UNDERTAKEN DURING 2014/15**

Group	Description	Output
Core Corporate	Annual Review of Internal Audit Effectiveness	Participated in the independent review of internal audit effectiveness required by the Accounts and Audit (England) Regulations 2011. Outcome of the review, that concluded the Council has an effective system of internal audit, was reported to the Audit Committee in June 2014.
	Annual Governance Statement	Annual Governance Statement drafted in conjunction with the Management Group responsible and approved by the Audit Committee in September 2014.
	National Fraud Initiative (NFI) 2014	Coordinating the 2014/15 National Fraud Initiative. Data files supplied to the NFI in October 2014 for matching to other Authorities' data, DWP and Inland Revenue records etc. covering a range of Council services including Blue Badge Parking Permits, Creditors, Housing Benefits, Insurance Claims, Payroll and Housing Tenancies. Data matches became available for further investigation in February 2015.
	National Fraud Initiative – Single Person Discount Matches	As an exercise separate to that above, the Council was required to supply to the NFI details of all persons in receipt of a Council Tax Single Person Discount which were then matched against the Council's electoral roll to determine possible exceptions i.e. where the Discount may not be appropriate. The outcome from referred matches investigated was reported to the Audit Commission in March 15.

Group	Description	Output
	Change Projects	<ul style="list-style-type: none"> • Work undertaken on an upgrade to the Council's Income System to provide a self-service payments kiosk within the new Customer Service Centre that went live in November 2014. • Audit advice and guidance provided in respect of the Repairs and Maintenance Supply of Materials Contract (that replaced the internal stores) within the Neighbourhood Services and Resources Group. • Audit advice and guidance provided in respect of the examination of additional payment initiatives around welfare reforms. • Audit Manager continued to provide the lead on Sales Ledger debt recovery. • Advice and assistance on the Council moving towards achieving PCI DSS compliance. Compliance with version 2 of the standard was achieved in December 14 with compliance to version 3 of the standard projected for December 15.
Neighbourhood Services and Resources	Special investigation	Provided advice and assistance in respect of a case regarding submitted car mileage claims. The investigation has been concluded with appropriate management action taken and systems strengthened.
	Special investigation	Provided advice and assistance in respect of a materials discrepancy within Building Services. The investigation has been concluded with appropriate management action taken and systems strengthened.
	Special investigation	<p>Provided advice and assistance in respect of a materials discrepancy within Building Services.</p> <p>The case was passed to the Police and subsequently heard at Crown Court on 15th August 2014 when the defendant pleaded guilty and was given a custodial sentence.</p> <p>Internal controls have been strengthened accordingly.</p>
	Special investigation	Provided advice and assistance in respect of a case involving procedural irregularities in the procurement of services. The investigation has been concluded with appropriate management action taken and systems strengthened.

Group	Description	Output
People	Special Investigation	Provided advice and assistance in respect of a case involving a significant income discrepancy within a school establishment. The investigation has been concluded with appropriate management action taken and systems strengthened.
	Special Investigation	Provided advice and assistance in respect of a case regarding submitted car mileage claims. The case has been concluded with appropriate management action taken and systems strengthened.

AUDIT SERVICES – KEY PERFORMANCE INDICATORS

	2014/15	
	Target	Outcome
1. Outcome from annual review of internal audit effectiveness.	Effective	Effective
2. Days per auditor as per CIPFA Benchmarking Statistics for Unitary Authorities.	193 Top Quartile	199 Top Quartile
3. Cost per audit day as per CIPFA Benchmarking Statistics for Unitary Authorities	£263 Bottom Quartile	£241 Bottom Quartile
4. Customer satisfaction rating received from client surveys following the completion of each audit assignment (where 1 = Very Poor to 5 = Very Good)	Average 4	Average 4.4
5. % of planned pre-determined audit assignments completed within the year relative the agreed audit plan.	92%	88%
6. % of audit recommendations accepted by client, with a priority of high or medium priority	100%	100%
7. % of agreed audit assignments carried out within the year on core financial systems	100%	100%
8. % of audit assignments completed within 10% of the planned time allocated for each assignment	92%	89%
9. % of draft audit reports for each audit assignment completed within 7 working days of the exit meeting	100%	100%
10. % of final reports for each audit assignment issued within 3 working days of receipt of response to draft	100%	100%
11. % of agreed consultancy project work concluded to the satisfaction of the client manager	100%	100%
12. Maintain service costs within budget	Achieve	Achieved
13. % of workforce receiving PDRs	100%	100%
14. % of planned audit assignments where the client was given 5 working days notice of, or agreed a timescale for, the commencement of the audit	100%	100%