

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 11 June 2014

Subject: Internal Audit Annual Report to 31 March 2014

1. Purpose

- 1.1** The purpose of this report is to advise Members of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2013/14 and to advise Members of the contents of the Assurance Statement given to the Section 95 Officer (the Head of Finance and Resources) in support of the Statement of Internal Financial Control / Governance Statement. This report outlines how audit assurances are obtained.

2. Recommendations

- 2.1** It is recommended that Members note the contents of this report.

3. Background

- 3.1** Attached at Appendix A is information on the completion of the key risk based element of the Audit Plan and the Assurance Statement is included at Appendix B. The report of progress against the overall Audit Plan is attached at Appendix C.
- 3.2** Quarterly progress reports were provided to the Audit and Performance Review Committee during the course of 2013/14. At paragraph 4.6 is detailed main variances in days against the Audit Plan for 2013/14. There was no slippage in Risk Based Audit despite major investigations being undertaken and all assignments necessary to form an opinion on the system of internal control were undertaken.

4. Main Issues

- 4.1** The risk based systems audits contained within the Audit Plan for 2013/14 have been carried out in full. The table included at Appendix A shows the number of agreed actions for each of these reports. The numbers in brackets denotes the number of outstanding actions as at 27 May 2014

- 4.2** On the basis of the key Internal Audit work performed in 2013/14 as summarised in Appendix A, it can be concluded that the Council's control procedures in key areas are operating as expected during the period under review, although it is recognised that 50 recommendations were made by Internal Audit to improve controls of which 33 have now been implemented. None of the outstanding recommendations is overdue. Therefore, the Audit and Risk Manager is pleased to report good progress across the Council on audit recommendations and is of the opinion that reasonable assurance can be placed upon the adequacy and effectiveness of West Dunbartonshire Council's internal control system in the year to 31 March 2014.
- 4.3** The work of Internal Audit, External Audit and any external inspection agencies who reported on the Council's work has been reviewed. Assurances were sought from Executive Directors on the implementation of action plans and recommendations and Executive Directors have been asked to provide assurance statements to the Audit and Risk Manager, including their opinion of the control environment operating within their own service areas.
- 4.4** The Internal Audit Annual Report for 2013/14 included at Appendix B includes the Audit and Risk Manager's independent and objective opinion as to the adequacy and effectiveness on internal controls within the Council.
- 4.5** The report of progress against the overall Audit Plan is attached at Appendix C, with the main variances during the year being as follows:
- Public Interest Disclosure / Contingency / NFI Admin / FOI (52 favourable): There was a reduction on the time required for public interest disclosure and contingency;
 - Corporate Governance (48 favourable): The Audit and Risk Manager's contribution to audit work is not reflected in the 2013/14 annual plan but will be in the 2014/15 plan;
 - Investigations (123 adverse): A number of large investigations have been undertaken during the year;
 - Administration / Staffing (89 adverse): This is mainly due to moving office;
 - Staff Turnover (55 adverse): A new member of staff was recruited 11 weeks after the temporary Internal Auditor left which accounts for the staff turnover adverse variance of 55 days;
 - Computer Audit (28 adverse): A restricted amount was done in-house but it is intended to spend more time on this area of work during 2014/15 by making use of some of the ICT Security Officer's time; and
 - Training / Development (21 adverse): A member of the audit team has been involved in non-audit work which has provided a development opportunity.

- 4.6** By 31st March 2014, 97.4% of the Systems Audit Plan for 2013/14 had been completed. The remaining elements of outstanding work have now been completed with no impact on the Internal Audit Section's ability to deliver the planned Systems Audit work for 2014/15.

5. People Implications

- 5.1** There are no people implications.

6. Financial Implications

- 6.1** There are no financial implications.

7. Risk Analysis

- 7.1** There is a risk that failure to deliver the Internal Audit Plan would result in an inability to provide assurances over the Council's system of internal financial control to those charged with governance.

8. Equalities Impact Assessment (EIA)

- 8.1** There are no issues.

9. Consultation

- 9.1** This report has been subject to a check by Legal, Democratic & Regulatory Services.

10. Strategic Assessment

- 10.1** This report relates to Assuring Our Success through strong financial governance and sustainable budget management.

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Executive Director of Corporate Services
Date: 27 May 2014

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Appendix A:	Audit Plan 2013/14: Risk Based Audits Completed
Appendix B:	Assurance Statement for the year ended 31 March 2014 from the Audit and Risk Manager
Appendix C:	Internal Audit Progress Report: 1 April 2013 to 31 March 2014
Background Papers:	None
Wards Affected:	All wards