

<b>Item/Min Ref:</b>	<b>Title of Report:</b>  <b>Internal Audit Plan 2017-2018 Update</b>	<b>Officer presenting:</b>  <b>Internal Audit Manager</b>  <b>Author:</b>  <b>Internal Audit Manager</b>
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## **1 Purpose of Report/Recommendations**

- 1.1 To advise Members of the current position on the implementation of the Internal Audit Plan for 2017-2018.

## **2 Background**

- 2.1 Members will be aware that the Internal Audit Plan 2017-2018 was presented and approved at the meeting of the Assurance, Audit and Risk Committee in April 2017.

## **3 Key Issues**

- 3.1 The key challenge for the Internal Audit Section in 2017-2018 is to continue to carry out detailed audit assignments based on the Audit Needs Assessment providing an appropriate level of assurance for the Council whilst also delivering on a number of competing demands. The Internal Audit Plan for 2017-2018 was broken down into a number of areas with other Internal Audits being added at the request of this Committee and as a result of discussions with Senior Management. The updated Internal Audit plan is made up of the following sections:

- Follow up Audit Work
- Audits added to the plan
- Finance and Human Resources
- Work on completion of 2016 -2017 plan
- Audit of Transferring Functions
- Audit of other areas

- Other work
- Provision of Training
- Additional Audit Assignments

The full list of audit areas and the status of each internal audit assignment as at November 2017 can be found at Appendix B.

- 3.2 Follow up Audit Work: The follow up audit of Foyle Arena Income Collection has been completed. The follow up audit of Property Management is scheduled to take place in early 2018.
- 3.3 Audits added to the plan: The audit of Licensing is ongoing and the results of the audit work is expected to be presented to this Committee in early 2018. The audit of Dog Licensing is also ongoing at present. The audit of the project of the transfer of the ILEX Strategy and Regeneration function to DCSDC has been completed.
- 3.4 Finance and Human Resources: The Budgetary Control audit was deferred from last year's plan due to the impending upgrade of the Council's core financial system. It was envisaged that Internal Audit will carry out assurance work on the development of the new system in 2017/2018. Although some audit planning work was carried out on the audit of Local Financial Procedures, the audit review across the organisation is not yet started, however, Internal Audit did carry out a review of local financial procedures with regard to Peace IV for Economic Development. The audit of Absence Management was deferred last year due to the ongoing implementation of the new Absence Management policy and procedures across the organisation, however, the audit is now due to commence in December 2017.
- 3.5 Work on completion of 2016/2017 plan: Two audits were ongoing from the 2016/2017 audit plan. These were the audits of Waste and Environmental Management and Events. It is estimated that the Waste and Environmental Management audit will be presented to this Committee in early 2018. The completion of the Events audit will be completed as soon as possible.
- 3.6 Audit of Transferring Functions: The Internal Audit plan recognised the need for audit to gain an understanding of how the transferring functions will be audited and then taking this audit work forward. Internal Audit work has been ongoing in this area. The Internal Audit Manager is part of a sub-group with Audit Managers from a number of the other Councils which is working to develop a uniform set of audit working papers for the audits of Planning. The objective of this is to provide the right level of assurance on the management of the key risks. The completion of the Planning audit will be completed as soon as possible.

- 3.7 Audit of other areas: Further audit work on Leisure income collection was included in the plan. Internal Audit has recently been assisting management in the development of a uniform suite of control reports from the Legend System. Internal Audit is also hoping to carry out further audit work in Leisure as soon as possible. The planned audit work on the Police and Community Safety Partnership started in November 2017. The Council wide Performance Improvement audit will be completed as soon as possible.
- 3.8 Other work: As Members are aware, planned audit work in 2015 and 2016 was impacted upon due to the requirements and outworking's of a major investigation. This had a knock on effect on all planned audit work and Internal Audit has been working to catch up and return to the normal cycle of audit work. Members should note that the CoDA Operations Audit Plan for 2016 / 2017 is now complete. Other work completed includes assurance work on the development of the annual stock take system for the Council and the annual and interim stock takes at the fuel farm at the airport as well as ongoing liaison with the Council's Risk Management system including attending Fraud Risk Management meetings.
- 3.9 Provision of Training: Internal Audit has achieved its target for the roll out of Fraud Awareness Training as over 200 staff have now been trained. Also, Internal Audit provided Fraud Awareness Training to Members in May 2017 and two training sessions were provided to staff at CoDA in October 2017.
- 3.10 Additional Audit Assignment: The audits of Accounts Receivable, the Alley Arts Theatre and Information and Communications Technology (ICT) will be completed as soon as possible.
- 3.11 It has been another very challenging year for the Internal Audit Section and it is impossible to predict or quantify the demands that will be placed on the service. The Internal Audit section is a small section in Council and the objective of the section has been, with the finite resources available, to provide Members of the Assurance, Audit and Risk Committee with the assurances that they require in a timely manner on the management of the current key corporate risks. In any large and complex organisation, it is unlikely that the Internal Audit plan will remain unchanged over the course of a year and it is never the priority of Internal Audit to complete the Audit Plan at the expense of its relevance. The Internal Audit Section will continue to be pragmatic in its approach and will continue to provide progress updates on the completion of plan to the Committee as before.

#### **4 Financial, Equality, Legal, HR and Other Implications**

4.1 There are no implications arising from this report.

## **5 Recommendations**

5.1 To seek Member's comments on this report.

## **Background Papers**

Appendix B