

<b>Local Members Interest</b>	
	<b>N/A</b>

## **Audit and Standards Committee – 30th June 2015**

### **Internal Audit Outturn Report 2014/15**

#### **Recommendation**

1. To receive the outturn report containing the annual internal audit opinion for 2014/15.

#### **Report of the Director of Finance and Resources**

#### **Background**

2. This report outlines the work undertaken by Internal Audit in respect of the 2014/15 annual plan.
3. Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e. the control environment of the organisation. Internal audit acts as an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes<sup>1</sup>.
4. Internal Audit is required by professional standards, i.e. UK Public Sector Internal Audit Standards (PSIAS), to deliver an annual internal audit opinion and report to those charged with governance timed to support the Annual Governance Statement. In accordance with these requirements the Head of Internal Audit must provide an annual opinion that covers the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate:
  - The opinion;
  - A summary of the work that supports the opinion; and
  - A statement on conformance with PSIAS and the Local Government Application Note (LGAN), highlighting any areas of non-conformance.
5. The underlying principles to the 2014/15 plan were outlined in the Audit Plan paper presented to and approved by Members of the Audit & Standards Committee on 23 June 2014. Since the original plan was approved a number of additional audits have been required, whilst some planned reviews were no longer needed and several cancelled due to Budget requirements. The net effect is that the key performance target has been achieved. Work is scheduled to meet the requirements of the business area to ensure the greatest benefit is achieved from the audit work. Therefore it is not uncommon for reports to be at draft report stage at the end of the audit year.

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<sup>1</sup> Public Sector Internal Audit Standards definition of Internal Auditing.

6. Audit opinions are awarded for individual systems and compliance audits within one of the following categories:
- Substantial Assurance
  - Adequate Assurance
  - Limited Assurance
7. Paragraph 9 provides a high level summary of the work undertaken by the Section analysed by the following categories:
- Main Financial Systems
  - High Risk Auditable Areas
  - Systems Audits (reported by exception i.e. only those with “Limited Assurance” and/or those with a High Level Recommendation)
  - Compliance Reviews
  - Financial Management in Maintained Schools
  - Special Investigations/ fraud and corruption arrangements
8. For those areas awarded ‘limited assurance’ action plans have been or are in the process of being agreed with the relevant Director /Head of Service. During 2014/15 Members of the Audit & Standards Committee have continued to receive full copies of all “Limited Assurance”, High Risk Auditable areas (regardless of opinion) and Major Special Investigation reports (i.e. greater than £10,000 financial loss/Significant Corruption issues) once finalised. Relevant managers have attended the Committee to provide assurance that appropriate action has been taken regarding the implementation of recommendations. Internal Audit will continue to track and report on the implementation of High Level Recommendations, including those contained within reports awarded “Adequate Assurance”.

## 9. 2014/2015 Audit Plan Outcomes

### 9.1 Main Financial Systems

Coverage of these areas is in line with the annual internal/ external audit protocol presented annually to the Committee.

Main Financial System	2011/12 Opinion	2012/13 Opinion	2013/14 Opinion	2014/15 Opinion	Direction of Travel
Payroll	Adequate Assurance	Substantial Assurance	Substantial Assurance	Substantial Assurance	→
Pensions Payroll	NA	NA	NA	Adequate Assurance	↑
Pension Fund – Custodian, Investment Managers and Pensions Property including the Governance arrangements.	Substantial Assurance	Not covered in 12/13	Substantial Assurance	Substantial Assurance	→
Budgetary Control	Substantial Assurance	Substantial Assurance	Substantial Assurance	Substantial Assurance	→
Pension Fund – Pension Administration	Adequate Assurance	Substantial Assurance	Substantial Assurance	Substantial Assurance	→

Accounts Payable	Adequate Assurance	Not covered in 12/13	Not covered in 13/14	Adequate Assurance	→
Accounts Receivable	Adequate Assurance	Not covered in 12/13	Substantial Assurance	Not covered in 14/15	→
Debt Collection procedures (Legal Services)	Adequate Assurance	Limited Assurance	Adequate Assurance	Adequate Assurance	→
E- Payments	Adequate Assurance	Adequate Assurance	Adequate Assurance	Adequate Assurance	→
Cheque Control	Adequate Assurance	Not covered in 12/13	Not covered in 13/14	Substantial Assurance	↑
Main Accounting	Not covered in 11/12	Not covered in 12/13	Substantial Assurance	Not covered in 14/15	→
SAP Procurement	Adequate Assurance	Substantial Assurance (Follow Up)	Not covered in 13/14	Project work re new system	→
Fixed Asset Register & Capital Accounting	Substantial Assurance	Substantial Assurance	Substantial Assurance	Not covered in 14/15	→
Treasury Management & Financial Director	Substantial Assurance	Substantial Assurance	Substantial Assurance	IT system – Adequate Assurance	↓

There were no Limited Assurance reports issued for the main financial systems areas in 2014/15. In addition for those reports with an opinion of at least “Adequate” for each financial system, no High Level Recommendations were made.

*Note: There can be a maximum of one high level recommendation contained in a report awarded Adequate Assurance.*

## 9.2 High Risk Auditable Areas

System Area	2014/15 Opinion	2014/15 Consultancy
** Infrastructure + Contract – award mechanism		√
Replacement Banking Services Contract	Substantial Assurance	
City Deal	Substantial Assurance	
Local Enterprise Partnership	Adequate Assurance	
Better Care Fund		√
Care Director – ICT Application Follow Up Review	Limited Assurance	
Strategic Property Procurement Partner	Substantial Assurance	
Superfast Broadband Project - Implementation		√
Pension Payroll replacement process	Substantial Assurance	
Commissioning Delivery Hub/ Contract Management arrangements.	Adequate Assurance	

\*\* Currently at draft report stage, therefore the high level recommendations have not been included within this section of the Outturn report. Once finalised the completed report will be circulated to Members of the Audit & Standards Committee.

Assurance could not be provided regarding the operation of the following control objectives:

System Area	Areas for Improvement
Care Director – ICT Application Follow Up Review	<ul style="list-style-type: none"> <li>• Issues with data input are still noted particularly by the Adults Financial Services Team who manually validate all charges / income due for services provided. Poor data quality results in delays in charging. It is currently estimated that charges in excess of £3m are awaiting correction / approval, increasing the risk of non-payment.</li> <li>• On-going work to ensure that appropriate statutory reports are available will need to be completed and improved data quality reporting is made available to line managers.</li> <li>• The Council and its Partners should ensure all available actions are taken to reduce data input quality issues and appropriate training is provided.</li> </ul>

**9.3 Systems Audits – (reported by exception, i.e. only those with Limited Assurance and/or those with a High Level Recommendation)**

System Area	2014/15 Opinion
Independent Futures – Follow Up	Limited Assurance
Deputyships	Limited Assurance
Appointment and Payment of Consultants and other Self Employed Individuals	Limited Assurance
** SAP Authorisation Limits	Limited Assurance
Pre Recruitment & Migrant Workers Checks	Limited Assurance – Self declaration by the Head of HR

*\*\* Currently at draft report stage, therefore the high level recommendations have not been included within this section of the Outturn report. Once finalised the completed report will be circulated to Members of the Audit & Standards Committee.*

Assurance could not be provided regarding the operating of the following control objectives:

System Area	Areas for Improvement
Independent Futures – Follow Up	<ul style="list-style-type: none"> <li>• Whilst the opinion recognises that the IF service has made a number of improvements to provide a more stable and safe service, assurance can't be taken that all of the controls in place to manage the risks have been applied consistently or effectively. Although progress has been made a number of recommendations are on-going or have been implemented only partially and not fully embedded. The main area of concern relates to the structure and whether it is appropriate to meet the demand levels in some districts, relating to unassigned cases and statutory annual reviews. Progress is patchy in districts such as East Staffs and Tamworth where there are still staff capacity issues and staff on temporary contracts. This has been recognised by senior management and to alleviate the pressures in East Staffs and Tamworth districts the duty service is being undertaken within the Newcastle district. This presents its own pressures as the Locality Manager at Newcastle is managing the Moorlands district until a new appointment is made.</li> </ul>
Deputyships	<ul style="list-style-type: none"> <li>• The arrangements for investing service user's funds have not been rolled out to Case Holders and as a result service users' excess funds are not being invested. Areas for improvement in relation to the investment policy were also identified and it is understood that the Mental Capacity Act Co-ordinator is waiting for advice from Corporate Procurement to ensure that</li> </ul>

	<p>the risks to the service user and the Council have been mitigated.</p> <ul style="list-style-type: none"> <li>In 2013/14 it was agreed that controls would be improved and reviewed to provide management with the assurance that cases are being managed appropriately. This review has not been completed and the Senior Deputyship Officer has confirmed that no managerial checks have been completed during 2014/15.</li> </ul>
Appointment and Payment of Consultants and other Self Employed Individuals	<ul style="list-style-type: none"> <li>A clear standardised and streamlined framework is designed and established for engaging with all consultant and self - employed individuals. This will replace all current procedures and will be enforceable for all engagements.</li> <li>For issues raised as part of the audit; where individuals are still engaged with the Council immediate action is being taken to comply with current procedures, i.e. getting a contract signed if an individual is currently engaged with the Council.</li> </ul>
Pre Recruitment & Migrant Workers Follow up	<ul style="list-style-type: none"> <li>To complete a review to identify the most appropriate governance, process and policy for pre-employment checks and present the business case which recommends the preferred option.</li> <li>To update the recruitment and selection policy and process and ensure that these changes are reflected in e-learning / training courses.</li> <li>To produce a monthly report to inform managers of upcoming visa expirations.</li> </ul>

The following table lists those systems audits where High Level Recommendations have been made to address control weaknesses within Adequate Assurance reports.

*Note: There can be a maximum of one high level recommendation contained in a report awarded adequate assurance.*

<b>System Area</b>	<b>Areas for Improvement</b>
Mental Health – Contract Monitoring	<ul style="list-style-type: none"> <li>A new draft Section 75 Agreement is currently being negotiated by members of staff from each partner. The detailed schedules to support the agreement, need finalising and the subsequent certification of the agreement, by the authorising officers needs to take place.</li> </ul>
Dedicated Schools Grant (DSG)	<ul style="list-style-type: none"> <li>As per the <i>DSG departmental guide for local authorities on the operation of the grant 2014-15</i> the Authority must treat those placed in maintained provision, in academies and Free Schools, in the FE sector, and in non-maintained and independent provision on a <i>fair and equivalent basis</i> when making arrangements for funding young people with high needs. This condition was partially met where mainstream funding is concerned. Special needs funding and maintained schools and academies funding is defined by the Authority, however, where non-maintained and independent schools are concerned, special needs funding is defined by the provider themselves. This therefore may not demonstrate fair and equivalent treatment of young people with high needs across all institutions.</li> </ul>
Specialist Safeguarding Units	<ul style="list-style-type: none"> <li>During the review of a sample of case records, areas have been identified which require improvement to ensure compliance with recommendation 2 of the Ofsted report – Inspection of local authority arrangements for the protection of children. These include document management and record keeping. These issues are consistent with those identified within the previous audit undertaken in 2013/14.</li> </ul>
154 – Bus Lane enforcement position statement	<ul style="list-style-type: none"> <li>There is a potential weakness in that it is not clear whether all relevant legislative requirements have been taken account of.</li> <li>There is currently no agreement in place to enable partner</li> </ul>

	<p>organisations to process penalty charge notices in respect of bus lane contraventions.</p> <ul style="list-style-type: none"> <li>The potential for Enforcement Agents to be used by partner organisations to collect unpaid penalty charge notices is in conflict with current practice adopted by the County Council to collect outstanding debt.</li> </ul>
Department for Transport – Bus Subsidy Operating Grant (BSOG)	<ul style="list-style-type: none"> <li>Management should ensure that the BSOG income of £699,869 is fully allocated in accordance with the appropriate grant conditions.</li> </ul>
SQL Database Security	<ul style="list-style-type: none"> <li>The impact of upgrading and replacing all unsupported SQL Server database platforms should be evaluated and tested.</li> </ul>
Mobile Devices/Phones	<ul style="list-style-type: none"> <li>The billing and reporting spreadsheet provides information on monthly charges for each device and its registered user. However, there is no user currently recorded for 67 handsets, instead they are marked as “Unknown”.</li> </ul>
Information Governance (IG) Requirements – Commissioned Services	<ul style="list-style-type: none"> <li>Service commissioners do not always involve the Legal department and the IG Unit when drawing up low value non-standard service agreements/contracts. Given the low level of IG experience and training within the commissioning teams there is a risk that the IG risks of these category of contracts are not being adequately identified and addressed.</li> </ul>

#### 9.4 Compliance Reviews

Audit Type	Audit Opinion			Total No.
	Substantial Assurance	Adequate Assurance	Limited Assurance	
<b>Other Compliance - Children’s</b>				
Pupil Referral Units (PRUs)	0	1	0	1
Res Children's Centres/Assess	1	0	0	1
<b>Other Compliance - Adults</b>				
LD - Residential Homes	3	0	0	3
LD - Day Services	1	2	0	3
Comforts Funds	30	0	0	30
<b>Other Compliance</b>				
Register Offices	1	0	0	1
Educational Endowment Funds	5	0	0	5
<b>Compliance Reviews</b>	<b>41 (93%)</b>	<b>3 (7%)</b>	<b>0 (0%)</b>	<b>44</b>

The reviews identified non-compliance with key controls in the following areas:

- Independent reconciliation of the imprest account not undertaken (two establishments).
- No evidence that inventory is being checked on an annual basis in accordance with Financial Regulations (two establishments).
- Lack of separation of duties in the receipt, recording and banking of income and the prompt banking of income (two establishments).
- Use of unofficial receipts to record income (one establishment).
- Imprest account overdrawn on a monthly basis (one establishment).
- Imprest account blank cheques signed in advance (one establishment).

## 9.5 Financial Management in Maintained Schools

Audit Type	Audit Opinion			Total No.
	Substantial Assurance	Adequate Assurance	Limited Assurance	
Schools Compliance – High Schools	0	6	0	6
Schools Compliance – All other schools	3	14	1	18
Community Facilities income themed review	9	7	0	16
<b>TOTAL</b>	<b>12 (30%)</b>	<b>27 (68%)</b>	<b>1 (2%)</b>	<b>40</b>

The reviews identified non-compliance with key controls in the following areas:

### Schools – General Compliance

#### Governance

- Scheme of Delegation requires amendment. (Nineteen establishments).
- No annual review of the Charging and Remissions Policy. (Four establishments).
- No debt recovery policy. (Seventeen establishments).

#### Income

- Income is not banked promptly and/or intact. (Eight establishments).
- Lettings are not administered appropriately (Seventeen establishments).
- Income is not receipted in accordance with Financial Regulations. (Nine establishments).
- There is a lack of separation of duties in the income and banking process. (Eight establishments).
- Cash is not held securely and/or may not be held in accordance with SCC Insurers cash holding limits. (Six establishments).

#### Procurement

- No financial limits set for declared pecuniary interest in companies. (Seven establishments).
- Purchases not authorised and possibility of best value not being obtained for the school. (Four establishments).
- Procurement/procurement card transactions not in accordance with Scheme of Delegation and Procurement Regulations. (Nine establishments).
- Purchase card is not used in accordance with the Financial Regulations. (Fourteen establishments).
- Incorrect accounting for VAT. (Four establishments).

#### Imprest Accounts

- There is no independent reconciliation of the imprest account. (Five establishments).
- Imprest account disbursements not in accordance with guidance. (Four establishments).
- Imprest account was overdrawn. (Five establishments).

### Schools - Community Facilities

#### Governance

- No approved debt recovery policy. (Eight establishments).
- No Data Protection registration. (One establishment).

#### Income

- Income is not banked intact and/or promptly. (Four establishments).
- There is a lack of a separation of duties for the receipt and banking of income. (Three establishments).
- Insurance limits exceeded in respect of cash held on the premises. (Two establishments).

- Income not receipted in accordance with Financial Regulations. (Two establishments).

Operational

- Bookings are not administered appropriately. (Ten establishments).
- Charges and contracts are not reviewed annually and discounts not approved. (Five establishments).
- Parents/Carers do not sign their children into and out of Before and After School Clubs. (Two establishments).

9.6 Special Investigations/ Fraud & Corruption Arrangements

A summary of work undertaken in relation to fraud and corruption and specific counter fraud testing is attached as Appendix 1 in the confidential part of the agenda. Overall, the counter fraud and corruption work carried out in 2014/15 indicated that there had been some lapses in the application of controls, increasing the risk of potential fraud. The table below summarises those investigations which involved confirmed financial loss.

Area	Financial Value £	Control Objective
<b>Investigations Complete</b>		
Primary School	2,000	Misuse of Procurement Card
Catering Monies	405	Loss of catering monies
Direct Payments – Personal Budgets (Adult Social Care)	39,252	JA Case – Direct Payments – payable over a period of several years.
<b>NFI* Identified Losses</b>	46,359	Residential Homes overpayment
<b>NFI* Identified Losses</b>	6,124	Personal Budgets
<b>Total</b>	<b>94,140</b>	

*\*NFI = National Fraud Initiative. This is a national exercise currently administered by the Audit Commission. Data submitted by the Council which is crossed checked against other public sector organisations' data highlighting potential areas of fraud. These are then investigated locally. Detailed reports are regularly reported to Members of the audit & Standards Committee highlighting the results of this work.*

2014/15 has seen the level of complexity in the nature and type of special investigation and fraud and corruption related work referred to the section for investigation remain the same as previous years. This year has seen a reduction in the amount of actual financial loss to the Council. The table below shows the trend of actual financial loss over the last four years. These types of investigation are very resource intensive particularly if the matter is referred to the Police for criminal action to be taken. In order to evaluate the effect this element of Internal Audit work has upon the wider control environment, a threshold of £250,000 financial loss per annum has been set. When this level is exceeded it is considered to have a material effect on the control environment. This year's level of actual financial loss is not considered to be significant.

Year	Financial Value	Direction of Travel
2010/11	163,932	↑
2011/12	179,312	↑
2012/13	29,831	↓
2013/14	101,753	↑
2014/15	94,140	↓



The special investigations category consists of two elements: firstly financial loss above £250,000 and secondly an evaluation of the control environment based on the counter fraud and corruption work outlined as a separate item on the agenda. Proposed percentage allocations are as follows:

Special Investigations		Fraud and Corruption Work	
£0 – below £50,000 loss	50%	Procurement /Contract arrangements	10%
£50,000 - £100,000 loss	40%	Physical Cash/Asset management arrangements	10%
£100,000 - £150,000 loss	30%	Payment mechanisms	10%
£150,000 - £250,000 loss	20%	Payroll /Expenses	10%
Above £250,000 loss	10%	Income	10%

Based on the above criteria the overall score awarded for this category is 80% (i.e. 40% for the special investigations elements as the actual financial loss incurred is between £50,000 - £100,000 and 40% awarded for the fraud and corruption elements based on the details outlined in the report contained in the confidential agenda).

**10. Overall Opinion on the Control Environment**

Following discussion at the Audit & Standards Committee at its meeting on 30 July 2012, it was agreed to endorse the methodology outlined below which was used as the basis to form the annual assessment of the overall internal control environment. It is not proposed to amend this method for the 2014/15 assessment.

Current Methodology

Each separate category of audit work is assessed against a benchmark of achieving a score of at least 90% of the total number of audits performed being awarded an opinion of “Adequate or above” within each category. For a reason of simplicity, each category attracts equal weighting and a simple pass / fail assessment is used to differentiate the overall opinion between “Substantial, Adequate and Limited” as illustrated below:

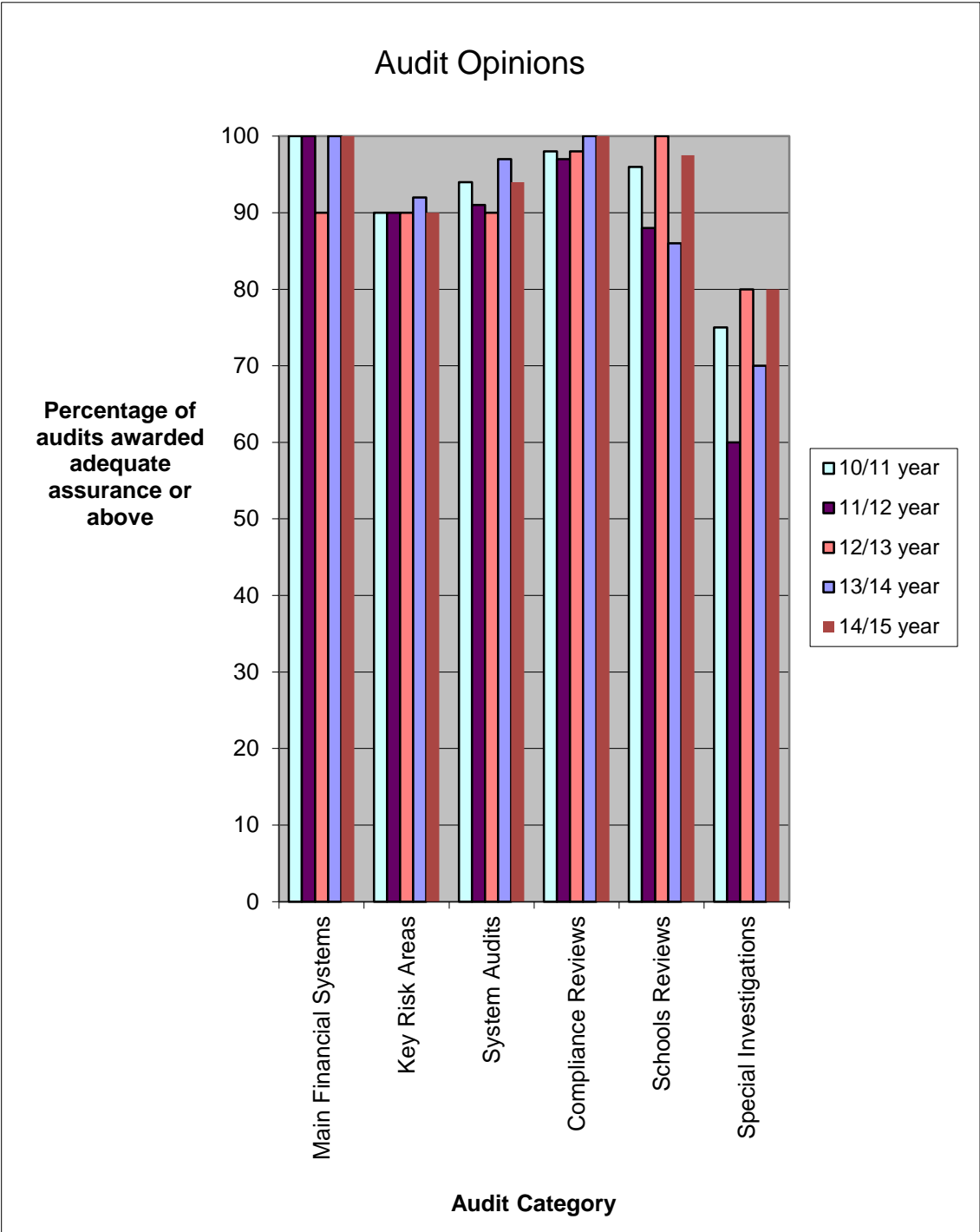
Overall Opinion Level	No of categories achieving the 90% benchmark
Substantial Assurance	6 out of the 6 categories
Adequate Assurance	4 or 5 out of the 6 categories
Limited Assurance	3 and below out of the 6 categories

Implications

The following table details the calculation of the 2014/15 overall assessment.

Audit Category	% awarded an opinion of at least “adequate”	Pass/Fail
Main Financial Systems (paragraph 9.1)	100%	Pass
Key Risk Areas (paragraph 9.2)	90%	Pass
System Audits (paragraph 9.3)	94%	Pass
Compliance Reviews (paragraph 9.4)	100%	Pass
Schools Reviews (paragraph 9.5)	97.5%	Pass
Special Investigations/Fraud & Corruption work (paragraph 9.6)	80%	Fail
<b>Overall Total</b>		<b>5 out of 6 categories passed</b>

The chart below details the audit opinions given to the key audit categories and provides a comparison with those awarded in 2010/11, 2011/12, 2012/13 and 2013/14.



Based on the above, an “Adequate Assurance” opinion has been given on the overall adequacy and effectiveness of the organisation’s governance, risk and control framework, i.e. the control environment in 2014/15. There continues to be issues relating to the implementation and ongoing development of the Care Director IT solution, particularly surrounding data quality, which requires a joint approach with SSOPT to resolve. Work has taken place to strength arrangements within the Independent Futures service following the limited assurance report produced in 2014. There still remains a number of key actions that require completion in order to strengthen the control environment further. Operational Managers for both of these areas are scheduled to provide updates to the Audit & Standards Committee as part of the work programme for 2015/16.

## 11. Performance Measures

Key performance indicators (KPI) for the Section are detailed below. The KPI for the systems audits issued to draft report stage has been calculated to reflect the revised Audit Plan, which was approved by the Audit & Standards Committee on 8 December 2014. Unfortunately the Section suffered a period of long term sickness at the start of 2015 which has resulted in the KPI for compliance audits narrowly missing the target of 90%. The section continues to meet the KPI targets for the quality questionnaire feedback.

Description	Target %	2012/13 %	2013/14 %	2014/15 %
Reports issued to draft report stage:				
➤ Systems Audits***	90	97	95	96***
➤ Compliance Audits	90	98	97	88.5
Average score for Quality Questionnaires from clients is equal to or exceeds the 'good' standard:				
➤ System Audits	90	100	100	100
➤ Compliance Audits	90	100	100	100

\*\*\* The performance management targets have been calculated based on the revised audit plan presented to the Audit & Standards Committee on 8 December 2014.

## 12. Performance against the UK Public Sector Internal Audit Standards

The UK PSIAS came into force on 1 April 2013 with the aim of promoting further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector. A Local Government Application Note has also been developed by CIPFA to provide further explanation and practical guidance on how to apply the standards.

The Internal Audit Service works to a Charter approved by the Audit & Standards Committee. This Charter governs the work undertaken by the service, the standards it adopts and the way in which it interfaces with the Council. A detailed paper outlining how the section meets the specific requirements of PSIAS & LGAN was presented to the Committee in June 2014. This is the second year of assessment and the results of the updated self-assessment exercise against the current standards are summarised below. It can be seen that 90% of the standards are deemed to be fully in place.

Process/Control			
In Place	Partially In Place	Not In Place	Not Applicable
276 (90%)	13 (4%)	15 (5%)	4 (1%)

For those areas of partial/non-compliance a detailed action plan has been produced, although none of these are considered to significantly affect the effectiveness of Internal Audit. The key areas where improvements identified at the June 2014 assessment have been actioned during 2014/15 are detailed below:-

Action Points	Current Status
Determining the arrangements relating to the future five yearly external assessment;	A partnership approach to obtaining a suitable qualified independent person to conduct the external assessment is currently being taken with the other Public Sector bodies both within Staffordshire and neighbouring Counties. A service specification will shortly be drafted. At this stage the details will be shared with Members. It is envisaged that the assessment will not take place before the start of 2017; however this will still meet the PSIAS timescales.

The need to formalise Internal Audit's approach to using other sources of assurance i.e. assurance mapping;	A pilot exercise has been undertaken, using an external client to evaluate the approach to ensure that it is fit for purpose and can be rolled out across the client base. A number of issues were identified and will be looked into during 2015/16, with a view to refining the agreed approach for the County Council. This exercise will also need to take account of the work being performed within Risk Management to enhance the Strategic Risk Registers.
The need to review current reporting arrangements including a statement on conformance with the PSIAS on an annual basis.	Currently procuring an audit management software solution from Central Midlands Audit Partnership which will ensure that the PSIAS requirements are met.

A number of areas of non-conformance were highlighted as part of the self-assessment which will not involve any further action being taken namely:

- The Chief Internal Auditor (CIA) reports to the Head of Financial Strategy & Support who in turn reports to the Director of Finance & Resources rather than direct to the Chief Executive. Alternative reporting arrangements are detailed within the Audit Charter, should the need arise.
- The Audit & Standards Committee does not approve the Internal Audit budget. This is the responsibility of the Director of Finance & Resources via Full Council.
- The Audit & Standards Committee does not approve decisions relating to the appointment and removal of the CIA, this responsibility lies with the Head of Financial Strategy & Support in-conjunction with the Director of Finance & Resources.
- Neither the Chief Executive nor the Chair of the Audit & Standards Committee contribute to the performance appraisal of the CIA currently, responsibility for this area will remain with the Head of Financial Strategy & Support.

The work undertaken by the Internal Audit Section during 2014/15 and reported within the Annual Report has been performed in accordance with PSIAS. In relation to the above, there are no impairments or restrictions in scope which prohibit the CIA from delivering the annual Head of Internal Audit opinion for 2014/15.

### **13. Equalities Implications**

There are no direct implications arising from this report.

### **14. Legal Implications**

There are no direct implications arising from this report.

### **15. Resource and Value for Money Implications**

The net budget of the Internal Audit Section is estimated at £575,200 of which £64,400 relates to payments to external providers.

### **16. Risk Implications**

Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit will continue to align its work with the Corporate Risk Register.

## **17. Climate Change Implications**

There are no direct implications arising from this report.

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### **Report author:**

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### **List of Background Papers**

Time Management System  
Annual Audit Plan & Strategy 2014/15  
2014 Audit Charter  
Progress Reports to Audit Committee  
Various Internal Audit Reports