

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 19 May 2015

**BY:** Depute Chief Executive – Resources and People Services

**SUBJECT:** Internal Audit Progress Report 2014/15

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**1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of Internal Audit's progress against the annual audit plan for 2014/15.

**2 RECOMMENDATION**

- 2.1 That the Audit and Governance Committee note the contents of the Internal Audit Progress Report 2014/15.

**3 BACKGROUND**

- 3.1 This report is prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan.
- 3.2 The progress made to date is outlined in the attached report.

**4 POLICY IMPLICATIONS**

- 4.1 None

**5 EQUALITIES IMPACT ASSESSMENT**

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

## **6 RESOURCE IMPLICATIONS**

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

## **7 BACKGROUND PAPERS**

7.1 None

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<b>DATE</b>	7 May 2015

## **INTERNAL AUDIT PROGRESS REPORT 2014/15**

<b>AUDITABLE AREAS</b>	<b>SCOPE OF THE AUDIT</b>	<b>TARGET COMPLETION DATE</b>	<b>STATUS</b>
Fostering and Kinship Care Allowances	We will review the arrangements in place for the payment of fostering and kinship care allowances and fees.	August 2014	Completed
Bathroom Adaptations	We will examine the adequacy and effectiveness of the Council's Framework Agreement for bathroom adaptations.	August 2014	Completed
National Fraud Initiative	Internal Audit participates in the National Fraud Initiative, which is coordinated for Scottish Local Authorities by Audit Scotland. This initiative seeks to identify potential frauds and overpayments by matching data held within the Council to that held by other bodies.	August 2014	Completed
Public Records (Scotland) Act 2011	We will examine the adequacy of the existing arrangements in place within the Council for meeting the requirements of the Public Records (Scotland) Act 2011 – the audit will focus on how the Council uses, stores, makes secure, shares and destroys information.	October 2014	Completed
Residential Homes for Older People	A review of the financial arrangements operating at the Council's residential homes for older people will be undertaken.	October 2014	Completed
Fleet Management	We will review the adequacy and effectiveness of the Council's fleet management.	October 2014	Completed

AUDITABLE AREAS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Review of Performance Indicators	Internal Audit will review the systems in place for the preparation and reporting of Performance Indicators.	October 2014	Completed
IT Disaster Recovery	We will review the IT disaster recovery arrangements for the Council's main data centres (John Muir House and Penston House).	October 2014	Completed
Tyne Esk LEADER Programme	We will examine the adequacy and effectiveness of the internal controls in place for the Tyne Esk LEADER Programme.	December 2014	Completed
Standards and Policies	<p>Internal Audit will report to the Audit and Governance Committee on the following:</p> <ul style="list-style-type: none"> <li>• The outcome of Internal Audit's assessment against Public Sector Internal Audit Standards (PSIAS)</li> <li>• The updated Internal Audit Charter</li> <li>• The Council's updated Whistleblowing Policy</li> <li>• The policies and procedures in place within the Council for the prevention and detection of fraud and corruption</li> </ul>	December 2014	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>In Progress</p>
Cash Handling and Banking	We will examine the cash handling and banking arrangements in operation throughout the Council.	December 2014	Completed
Self Directed Support	We will report on the progress being made by the Council in implementing Self Directed Support.	December 2014	Completed

AUDITABLE AREAS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Partnership Funding	We will examine the arrangements in place for partnership funding provided by the Council.	December 2014	Completed
Schools Audit	We will examine the internal controls operating within one secondary school and one primary school in East Lothian.	December 2014	Partly Completed
Gifts and Hospitality – Members	We will review the arrangements in place for the recording and acceptance of offers of gifts and hospitality by Members.	February 2015	Completed
Mandatory and Discretionary Financial Assistance	We will review the adequacy and effectiveness of the arrangements in place for the processing of mandatory and discretionary housing grants.	February 2015	Completed
Contracts Audit	We will examine payments made to suppliers in respect of specific contracts. <i>(Findings from our review form part of the report on Mandatory and Discretionary Financial Assistance above)</i>	February 2015	Completed
Frameworki – Payments on Schedule	We will examine the adequacy and effectiveness of the internal controls in place for payments made to suppliers via Frameworki.	February 2015	Completed
Fees and Charges	For a range of Council services we will review the arrangements in place for the setting up, reviewing and updating of fees and charges.	February 2015	Completed (Draft)

AUDITABLE AREAS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Review of Previous Years' Work	Internal Audit will review the outcome of our previous years' work to ensure recommendations have been actioned as agreed and that risks accepted by management have been properly managed.	February 2015	Completed
Non-Domestic Rates	We will examine the internal controls surrounding the administration of Non-Domestic Rates.	April 2015	Completed
Payroll Overtime	A review of the internal controls in place for the authorisation, processing and monitoring of Payroll Overtime will be carried out.	April 2015	Completed
Borrowings	We will examine the systems and controls in place in respect of borrowings – the audit will focus on the draw down and repayment of loans and the associated authorisation and monitoring procedures in place.	April 2015	Completed
Pensions	We will review the systems and controls in place in respect of pensions – the audit will focus on the accuracy and completeness of pension data sent to the Lothian Pension Fund.	April 2015	Completed