



Ryedale District Council

Internal Audit Progress Report 2014-15

Period to 30 June 2014

Audits Completed to 30 June 2014	
High Assurance	
Substantial Assurance	
Moderate Assurance	
Limited Assurance	
No Assurance	

Audit Manager:

John Barnett

Head of Internal Audit:

Max Thomas

Circulation List:

Member of the Overview and Scrutiny Committee
Corporate Director (S151 Officer)

Date: 31 July 2014

Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards. In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit is required to regularly report progress in delivery of the Internal Audit Plan to the Overview and Scrutiny Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members approved the Internal Audit Plan 2014/15 at their meeting on the 10 April 2014. The total number of planned audit days for 2014/15 is 225. The performance target for Veritau is to deliver 93% of the agreed Audit Plan by the end of the year. This report summarises progress made in delivering that plan.

Internal Audit Work Carried Out 2014/15

- 3 A summary of the internal audit reports issued is attached at **Appendix A**. This is the first progress report to be received by the committee during 2014/15.
- 3.1 Veritau officers are involved in a number of other areas relevant to corporate matters:
 - **Support to the Overview and Scrutiny Committee**; this is mainly ongoing through our support and advice to Members. We assist by facilitating the attendance at Committee of managers to respond directly to Members' questions and concerns over the audit reports and the actions that managers are taking to implement agreed actions.
 - **Risk Management**; Veritau advise on the Council's Risk Management processes.
 - **Systems Development**; Veritau attend development group meetings in order to ensure that where there are proposed changes and new ways of delivering services, that the control environment is not overlooked which could lead to the Council being exposed.
 - **Investigations**; Special investigations into specific sensitive issues.
- 3.2 As with previous audit reports an overall opinion has been given for each of the specific systems under review. The opinion given has been based on an assessment of the risks associated with any weaknesses in controls identified.
- 3.3 The opinions used by Veritau are provided for the benefit of Members below:

High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.

Limited Assurance

Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.

No Assurance

Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

3.4 The following categories of opinion are also applied to individual actions agreed with management:

Priority 1 (P1) – A fundamental system weakness, which represents unacceptable risk to the system objectives and requires urgent attention by management.

Priority 2 (P2) – A significant system weakness, whose impact or frequency presents risk to the system objectives, which needs to be addressed by management.

Priority 3 (P3) – The system objectives are not exposed to significant risk, but the issue merits attention by management.

3.5 It is important that agreed actions are formally followed-up to ensure that they have been implemented. This is carried out throughout the year with appropriate testing being completed, the results shown in the Summary of Key Issues – Management Actions Agreed column below.

3.6 In the period between April and June, inclusive, there were **4** audits in progress.

Table of 2014/15 audit assignments completed

Audit	Status	Audit Committee
<i>Fundamental/Material Systems</i>		
Council Tax/NNDR	Not started	
Benefits	Not started	
Creditors	Not started	
Income/Cash Receipting	Not started	
Sundry Debtors	Not started	
General Ledger & Budgetary Control	Not started	
Payroll	In progress	
Capital Accounting/Asset Management	Not started	
<i>Risk Register</i>		
Affordable Housing/New Homes Bonus	In progress	
Community Infrastructure Levy	Not started	
Capital Programme	In progress	
<i>Regularity Audits</i>		
Risk Management Process	Not started	
Development Control	Not started	
Member Development	In progress	
<i>Technical/Project Audits</i>		
ICT	Not started	
Project Management	Not started	
<i>Follow-Ups</i>		