

Audit Committee – 27th November 2008

## 6. South West Audit Partnership - Quarter 2 Report 2008/2009

*Head of Service:* Gerry Cox, Head of Internal Audit Partnership  
*Lead Officer:* Gerry Cox, Head of Internal Audit Partnership  
*Contact Details:* gerry.cox@southwestaudit.gov.uk or (01458) 257410

### Purpose of the Report

To provide the Audit Committee with a summary of internal audit activity for the period 1st July, 2008 to 30th September, 2008.

### Recommendation

The Committee is recommended to note the content of the report.

### The Role of Internal Audit

The Internal Audit service for SSDC is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors, but also follows the CIPFA code of practice for internal audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit Committee at its meeting on 26th February 2004 and by Council on 18th March 2004. The Charter was reviewed and endorsed by the Audit Committee on 27th March, 2008.

Internal Audit provides an independent and objective opinion on the authority's control environment by evaluating its effectiveness. Primarily the work includes:

- 4 -Year Plan of Operational Audit Reviews
- Annual Review of Key Financial System Controls
- Follow Up Reviews

### Internal Audit Work Programme

#### Operational Audits

Operational Audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. In total 6 full operational audits were completed to draft or final report, since 1st July, 2008. Current performance is in line with the audit plan approved by the Audit Committee on 24th April, 2008.

As part of the Auditor's Opinion, each review is given a 'star' rating offering management the following levels of assurance:

- ▲★★★ **Comprehensive** The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
- ▲★★★ **Reasonable Assurance** Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

▲★★★ **Partial Assurance** Most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

▲★★★ **No Assurance** The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Normal expectation is for reviewed areas to be assessed into the 'Reasonable' category of assurance and for management to address the issues identified and move the next audit assessment toward Comprehensive assurance. Where the assessed area falls below 'Reasonable' management is expected to address the risks identified and when the audit is followed up later, if those weaknesses have been addressed, then the service area can be reassessed upward.

The following is a summary of reviews completed to final and draft report stage:

#### Audits at Final Report Stage:

• Community Resource Centre –	<b>Comprehensive</b> ▲★★★★
• Lufton Stores –	Reasonable ▲★★★★
• Museum –	Reasonable ▲★★★★
• Yeovil Recreation Centre –	Reasonable ▲★★★★
• Economic Development -	Reasonable ▲★★★★
• Leisure Services & Arts -	Reasonable ▲★★★★

#### Audits at Draft Report Stage:

- Procurement
- Section 106 Agreements and Commuted Sums
- IS Social Networking

In addition to those audits completed to final and draft report stage, the following reviews are in progress and nearing completion:

- Planning Policy
- Officers Claims and Allowances
- Pest Control
- Area Development Projects
- IS Corporate Information Security
- IS Disaster Recovery

#### Conclusion

Overall I am pleased to say that internal audit continue to be able to offer a reasonable level of assurance regarding the adequacy of internal control and the management of risk. Some recent audit reviews have indicated a lower than acceptable status, but management at South Somerset have always previously responded well to suggested improvements and I have every reason to believe a positive response will be received regarding areas of particular concern, highlighted in this report.

**Background Papers:** *None.*