



South Somerset District Council

Report of Internal Audit Activity
Quarter 3 Update

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Our Audit Activity is split between:

- Operational Audit
- Key Control Audit
- Governance Audit
- IT Audit
- Other Reviews

Role of Internal Audit

The Internal Audit service for South Somerset District Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors. The Partnership is also guided by the Internal Audit Charter which is reviewed annually at its February meeting.

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

- Operational Audit Reviews
- Cross Cutting Fraud and Governance Reviews
- Annual Review of Key Financial and Income System Controls
- IT Audit Review
- Other special or unplanned reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Plan. Following consultation with Senior Management and External Audit, the plan for 2011/12 was reviewed and agreed by the Audit Committee at its meeting on 24th February 2011. A separate report has been provided to this Audit Committee for the 2012-13 Plan approval.

A summary of Internal Audit Activity for 2010/11 was presented to the Committee in June of this year. I am pleased to report that all outstanding reports from last year have been agreed and the 2010/11 audit plan was completed several months ago.

The Audit Charter requires Internal Audit to provide the Audit Committee with regular updates on audit activity against the plan. The purpose of this report is to update the Committee on any previous Quarter audits that were not completed when we reported in November 2011 and on progress for Quarter 3.

Members are asked to comment on and note the content of this report.

Quarter 3 Outturn:

We provide an assurance opinion and rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concerns requiring expedient corrective action by the Service.

We also assess the Service Risk exposure at a Corporate level.

Internal Audit Work Programme

The schedule provided at [Appendix A](#) contains a list of all audits as agreed in the 2011/12 Annual Audit Plan. It is important that Members are aware of the status of all audits and this information helps them to place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective 'assurance opinion' rating together with the number of recommendations that have been raised with management. Ratings have been determined in accordance with the Internal Audit 'Audit Framework Definitions' as shown in [Appendix B](#).

Where assignments record that recommendations have been made to reflect that some control weaknesses have been identified as a result of audit work, these are considered to represent a degree of risk to the Authority's operations. However, in such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. Irrespective of the 'assurance opinion' I shall also provide a schedule of all level 4 or 5 priority actions for the Committee's information.

I am pleased to report that since the last quarterly update there have been no completed audits that found priority 4 or 5 actions. As such there is no Appendix C with this report.

Should an audit review identify a significant corporate risk, either 'High' or 'Very High', as described in [Appendix B](#), I will also bring these to the attention of the Audit Committee. I can report that there have been no such risks identified in any of the completed reviews. On occasion there will be risks assessed as 'High' but this will be very much as a result of the nature of the activity i.e. High Impact but Low Probability; I will not report these.

Quarter 3 Outturn:

We keep our audit plans under regular review so as to ensure we are auditing the right things at the right time.

Future Planned Work

The audit plan for 2011/12 is detailed in [Appendix A](#). Should there be any changes to the plan, this will be agreed with the Council's Section 151 Officer and reported to the Audit Committee.

Conclusions

Although there have been a few audits where partial assurance has been provided, overall the vast majority of reviews find that the areas are well controlled. In total SWAP have provided management with 95 recommendations for improvement but only 19 were considered level 4 priority (12 of these were for Wincanton Sports Centre) and there have been no level 5 actions.

Plan progress is on target and it is expected that SWAP shall complete the revised audit plan by the year end.

SWAP has suffered some unplanned resource issues this year, with higher levels of long term sickness, maternity leave and delays in recruiting temporary support. However, as result of managing available resources effectively we are still on track to achieve our performance indicator, agreed by the SWAP Management Board, of 95% of all Partner plans being delivered. The 5% reduction for SSDC equates to 23 days and In discussion with the S151 Officer, we have agreed 4 reviews to be dropped from this year's plan without replacement; I have identified these in Appendix A with the annotation: **Removed**.