

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 27th January 2017

Subject: Internal Audit Update Report 1st September to 31st December 2016

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements. Reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended. This report provides a summary of the Internal Audit activity for the period 1st September to 31st December 2016 and highlights the incidence of any significant control failings or weaknesses.
2. The detailed proposals for the Audit Plan for 2017/18 will be presented to the April 2017 Corporate Governance and Audit Committee.

Recommendations

3. The Corporate Governance and Audit Committee is asked to receive the Internal Audit Update Report covering the period from 1st September to 31st December 2016 and note the work undertaken by Internal Audit during the period covered by the report. The Committee is also asked to note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period.
4. Members are invited to provide any suggestions on the coverage of the Audit Plan for 2017/18 arising from the work of this Committee. These will be incorporated into the audit planning process.

1 Purpose of this report

- 1.1 The purpose of this report is to provide a summary of the Internal Audit activity for the period 1st September to 31st December 2016 and highlight the incidence of any significant control failings or weaknesses.

2 Background information

- 2.1 The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements, including matters such as internal control and risk management. The reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
- 2.2 The reports issued by Internal Audit are directed by the Internal Audit Annual Plan. This has been developed in line with the Public Sector Internal Audit Standards (PSIAS) and has been reviewed and approved by the Committee.
- 2.3 This update report provides a summary of the Internal Audit activity for the period 1st September to 31st December 2016.

3 Main issues

3.1 Audit Reports Issued

- 3.1.1 The title of the audit reports issued during the reporting period and level of assurance provided for each review is detailed in Table 1 below. Depending on the type of audit review undertaken, an assurance opinion may be assigned for the control environment, compliance and organisational impact. The control environment opinion is the result of an assessment of the controls in place to mitigate the risk of the objectives of the system under review not being achieved. A compliance opinion provides assurance on the extent to which the controls are being complied with. Assurance opinion levels for the control environment and compliance are categorised as follows: substantial (highest level); good; acceptable; limited and no assurance.
- 3.1.2 Organisational impact is reported as either: major, moderate or minor. Any reports issued with a major organisational impact will be reported to the Corporate Leadership Team along with the relevant directorate's agreed action plan.

Table 1: Summary of Reports Issued 1st September to 31st December

Report Title	Audit Opinion		
	Control Environment Assurance	Compliance Assurance	Organisational Impact
Housing Leeds			
Leeds Building Services sub-contractor payments	N/A. Assistance provided to Housing Leeds in their investigation into the current debtor balance for a contractor to determine how much of the balance can be claimed.		
Tenancy Management	Acceptable	Acceptable ¹	Minor
Tenant Involvement	Good	N/A	Minor
Environment and Housing			
Waste Recycling Key Performance Indicator	N/A	Substantial	Minor
Adult Social Care			
Unannounced establishment visit	Good	Good	Minor
Risk Management and Business Continuity	Substantial	N/A	Minor
ICT and Information Governance			
Orchard (housing management system) Business Application Review	Good	N/A	Moderate
Academy (benefits system) Business Application Review	Substantial	N/A	Minor
Key Financial Systems			
Housing Rents year end reconciliation	Substantial		N/A
Income Management System	Substantial	N/A	Minor
Schools			
School Voluntary Fund x 7	Certification of balances		

¹ Although acceptable assurance was provided for compliance with policies and procedures overall, limited assurance was provided for one of the objectives covered as part of the review.

Report Title	Audit Opinion		
	Control Environment Assurance	Compliance Assurance	Organisational Impact
Follow Up Reviews			
Safeguarding Clients Personal Assets Central Controls (Deputy and Appointee Procedures)	Good	N/A	Minor
Bank Accounts: Electoral Services Account	Good	N/A	Minor
Taxi and Private Hire Licensing	Good	Good	Moderate
Safeguarding Disclosure and Barring Service Checks and Health Care Professions Council	Good	N/A	Minor
Contract review - Joint Venture: professional property and building services	Good	Acceptable ²	Minor
Children's Services			
Music Centre	Acceptable	N/A	Minor
Payments for services by voluntary organisations	N/A	Good	Minor
Strategy and Resources			
Insurance	Good	Good	Minor
Citizens and Communities			
Customer Contact and Satisfaction	Acceptable	N/A	Moderate
City Development			
Planning Enforcement	Good	Good	Minor
Leeds Grand Theatre			
Contract Procedure Rules	Limited	Limited	N/A

² Although acceptable assurance was provided for compliance with policies and procedures overall, limited assurance was provided for one of the objectives covered as part of the review.

3.1.3 In addition to the reports detailed in Table 1 above, the following grant certifications and audit assurances have been finalised during the reporting period:

- Bus Services Operators grant claim 2015/16
- Disabled Facilities Grant
- Childhood Obesity Grant

3.2 Summary of Audit Activity and Key Issues

3.2.1 During the reporting period, there have been no limitations in scope and nothing has arisen to compromise our independence. We have finalised 31 audit reviews (excluding continuous audit, work for external clients and fraud and irregularity work) and we have not identified any issues that would necessitate direct intervention by the Corporate Governance and Audit Committee.

3.2.2 In addition to the audit reviews listed above, we have recently presented two training sessions promoting good practice on general cash handling and school voluntary funds as part of the Financial Services to Schools Training Programme. The sessions have been delivered alongside colleagues in Financial Services to 42 School Business Managers, Bursars and Admin Assistants from 34 schools. The feedback from the sessions has been excellent and additional training dates have been requested for induction sessions for new Headteachers and Admin Assistants on key financial controls.

Customer Contact and Satisfaction

3.2.3 At the Corporate Governance and Audit Committee meeting in January 2016, Members were invited to consider any areas that should be included in the 2016/17 Audit Plan. The Committee requested that an audit of customer contact and satisfaction was undertaken and this was subsequently included in the Audit Plan which was approved by the Committee in March 2016. This piece of work links in with the annual report provided to the Committee at this meeting by the Chief Officer – Customer Access, and adds a further layer of independent assurance in an area of considerable reputational significance.

3.2.4 The audit focussed on the arrangements in place to handle and respond to formally logged complaints that fall within the scope of the council's published Compliments and Complaints Policy. As formally logged complaints actually represent only a very small proportion of the contact received within the council's Contact Centre, we also looked at the processes in place to measure and assess the extent to which customers are satisfied with the call handling experience when contacting the centre for other purposes.

3.2.5 We provided acceptable assurance for the controls in place based upon the fact that the published Compliments and Complaints Policy sets clear expectations around the complaint handling process. However, whilst delegating responsibility for the investigation and response to individual service areas carries the clear advantage of drawing upon service specific knowledge and expertise, we found some inconsistencies in the approach taken which present a risk to the customer experience. Primarily this surrounds whether or not there are any assurance

mechanisms in place to review the tone and content of the response prior to issue with the aim of ensuring they meet with the standards set out in the published policy and include details of possible escalation routes. Assurance could also be further strengthened by ensuring there is clarity over roles, responsibilities and protocols, alongside the provision of training to officers with complaint handling responsibility. We also reported that some types of complaint may be handled outside the framework defined within the policy despite the fact that they are not qualified as exceptions within the policy itself. Our recommendations around strengthening the overarching governance arrangements to oversee Council wide complaints handling have been welcomed within Customer Access and Performance and are being considered as a part of the wider customer relations service review.

- 3.2.6 The Council aims to resolve most issues of dissatisfaction at the first point of contact, without the need to log a formal complaint. Whilst this carries residual risks given that matters of this nature fall outside the defined complaint handling process, we found that controls have been developed to assess and monitor customer satisfaction with call handling at the Contact Centre. The ongoing review of this data should help to drive continual improvements to the customer experience at the Contact Centre going forward.

Limited or No Assurance Opinions

- 3.2.7 Of the audit reviews finalised during the period, none have resulted in a 'no assurance' opinion and no weaknesses have been identified that would result in a 'major' organisational impact.
- 3.2.8 The following three audited areas resulted in a limited assurance opinion overall or a limited assurance opinion for part of the audit coverage:
- Leeds Grand Theatre: Contract Procedure Rules; and
 - Housing Leeds Tenancy Management.
 - Contract Review - Joint Venture: professional property and building services (further details are provided below within the Follow Up Review section at 3.2.18)
- 3.2.9 The audit of Contract Procedure Rules (CPRs) at Leeds Grand Theatre resulted in a limited assurance opinion for both the control environment and for compliance with the controls in place. The scope of this audit focussed on the systems in place to support the achievement of value for money through procurement. The scope of recent audits of budgetary control and creditor payments covered budgetary risks and the legitimacy of payments made by the theatre and both audits received good assurance, recognising the significant work that has gone into embedding key financial controls at the theatre.
- 3.2.10 The theatre has adopted the council's own CPRs, however we found these did not fit the theatre's operating environment and some of the detail applicable to Leeds City Council (as a public authority) is not proportionate or transferrable to the core business of the theatre. As such, these CPRs have not been formally embedded.

Pockets of good practice were however identified which indicate that value for money is considered on an informal basis, although we were not able to source evidence to consistently support this. The instances of good practice identified during the audit mainly related to goods and services that had been procured within the last year. This provides some assurance that there is a positive direction of travel towards embedding the processes required to support the achievement of value for money.

- 3.2.11 Further to the completion of this audit, we have carried out a workshop with nominated officers at the theatre aimed at promoting best practice in procurement ahead of the theatre starting work on developing its own practices and procedures. As part of the workshop the theatre has identified a series of actions that will be taken forward and progress against these will be reviewed during 2017/18.
- 3.2.12 The Interim Chief Executive Officer at Leeds Grand Theatre has provided the following comments: *“With the support of Internal Audit and oversight of the Leeds Grand Theatre & Opera House Board, the Company has initially focused on ensuring that both our financial and budgetary controls are fit for purpose and regularly complied with. The improved budgetary control and financial management arrangements have contributed to the company posting a surplus for the last two years with a further surplus projected for 2016/17. This improved financial position reflects the ongoing drive within the Company to seek value for money in all our contractual arrangements. The Company does however accept that it now needs to develop bespoke Contract Procedure Rules in order to be able to clearly demonstrate that VFM is consistently being achieved. The Internal Audit workshop was well received by budget holders and work has begun to update the Company’s rules for approval by the Finance Sub Committee.”*
- 3.2.13 The review of Tenancy Management sought to obtain assurance that tenancies are being managed in accordance with the requirements of the Introductory Tenancies policy, the Use and Occupation policy and the Abandonment and Non-Occupation Procedures. An acceptable assurance opinion was provided overall for compliance with the control environment as the audit found no material issues with compliance against the requirements of the Introductory Tenancies policy and the Abandonment and Non-Occupation procedures. However, issues were identified with compliance with the Use and Occupation procedures, which are applicable to approximately 65 properties in Leeds. Use and Occupation cases arise typically when a joint tenancy ends and one of the parties remains in the property but does not have the right to succeed the tenancy. In such circumstances they are not considered as a tenant but an occupier. The policy requires that the occupier is encouraged to maintain regular bids in an effort to be rehoused, and the Housing Offices should facilitate this. We found weaknesses in this process which have led to instances of under occupancy and increasing levels of arrears.
- 3.2.14 Action plans have been agreed with the services to address each of the issues highlighted above. We will undertake follow up reviews in these areas and report the progress made to the Committee at a future meeting, as detailed in the follow up tracker at Table 2 below.

Follow Up Reviews

- 3.2.15 Our protocols specify that we undertake a follow up review where we have previously reported 'limited' or 'no' assurance for the audited area. We have recently refreshed our reporting template to include an assurance opinion for each objective reviewed within the audited area. Follow up audits will now be undertaken for those areas where a specific objective within the review resulted in limited or no assurance in addition to those where the limited or no assurance opinion was provided for the review overall.
- 3.2.16 Table 2 below provides tracking information on the follow up audits due to be completed this year together with the Corporate Governance and Audit Committee meeting date that the results are due to be reported.

Table 2: Follow Up Audit Tracker

Audited area	Follow up status (see key below table)	Corporate Governance and Audit Committee report reference
Follow up results reported at the current meeting		
Safeguarding Clients Personal Assets Central Controls (Deputy and Appointee Procedures)	Closed	July 2015
Bank Accounts: Electoral Services Account	Closed	March 2016
Taxi and Private Hire Licensing	Closed	March 2016
Safeguarding Disclosure and Barring Service Checks and Health Care Professions Council	Closed	June 2016
Contract Review - Joint Venture: professional property and building services	Ongoing, improved opinion	June 2016
Follow up results due to be reported: April 2017 meeting		
Commissioning of external residential and independent fostering agency placements	Planned	September 2015
Administration of Client Monies	Planned	March 2016
Kirkgate Market	Ongoing, improved opinion	June 2016
Primary School	Planned	March 2016
Spending Money Wisely Challenge – off-contract spend (four directorates)	Ongoing, recurrent limited assurance ³	March and June 2016

³ Limited assurance opinions provided for the four directorates reviewed. Further follow up audits are currently in progress for the four directorates originally reviewed plus three further directorates to provide cross cutting coverage. The Committee has previously requested and received directorate audit reports.

Audited area	Follow up status (see key below table)	Corporate Governance and Audit Committee report reference
Children's Services Direct Payments	Planned	September 2016
LBS Tools and Equipment	Planned	September 2016
LBS Subcontractors and Quality Management Systems	Planned	September 2016
Sundry Income Events	Ongoing, improved opinion	September 2016
Sundry Income Lettings	Ongoing, improved opinion	September 2016
Contract Extensions	Planned	March 2016
Follow up reviews due to be undertaken in 2017/18 audit plan		
Leeds Grand Theatre – Contract Procedure Rules	Planned	See 3.2.9
Housing Leeds Tenancy Management – Use and Occupation	Planned	See 3.2.12
Contract Review - Joint Venture: professional property and building services	Ongoing, improved opinion	See 3.2.18
<p>Key</p> <p>Closed: Results of follow up audit are satisfactory and no further follow up work required</p> <p>Ongoing, improved opinion: Follow up audit completed and overall opinion has improved. Further follow up review planned to close outstanding issues</p> <p>Ongoing, recurrent limited opinion: Follow up audit completed and overall opinion has not improved. Further follow up review planned to close outstanding issues</p> <p>Planned: Dates for follow up audit have been agreed and planned</p>		

3.2.17 During this reporting period we have finalised 5 follow up reviews:

- Safeguarding Clients Personal Assets Central Controls (Deputy and Appointee Procedures)
- Bank Accounts: Electoral Services Account
- Taxi and Private Hire Licensing
- Safeguarding Disclosure and Barring Service Checks and Health Care Professions Council

- Contract Review - Joint Venture: professional property and building services

- 3.2.18 Each of the follow up reviews finalised during the reporting period resulted in an improved assurance opinion, reflecting the progress made since the original audit. Of the five follow up reviews undertaken during the period, four can now be closed as good progress has been made in mitigating the risks identified during the original audit and no further follow up work is required. Those areas will be considered for future audit work on a risk basis.
- 3.2.19 The follow up area that is outstanding relates to the contract review of Joint Venture: professional property and building services. In the Internal Audit Update Report 1st March to 31st May 2016, we reported the results of an interim follow up audit on the management of the relationship with the professional property and building services joint venture. This had been carried out as a result of a previous audit in June 2015 which provided limited assurance for compliance with the control environment, with the key recommendations relating to the performance management regime and information flow between the Council and the joint venture. That follow up review found that the recommended controls had recently been implemented or were in the process of being implemented, but had yet to become embedded. As such we reported that a further follow up review was scheduled later in the year to assess the level of compliance with the new controls and their effectiveness.
- 3.2.20 The further follow up review has now been carried out and we found that processes relating to the information flow between the Council and the joint venture are now in place and working well in practice. However progress has not been made in relation to performance management and as such this aspect has again received a limited assurance audit opinion for compliance with the control environment. As part of our original audit, recommendations had been agreed to monitor performance through a set of indicators, with regular performance review meetings to discuss and resolve issues. While some steps had been taken towards implementing these at our interim follow up review, and recommendations were agreed to complete this work, our latest follow up review found that these actions have not progressed and in practice formal performance management of the relationship is not taking place.
- 3.2.21 The service has agreed to implement the formal performance management arrangements and we will undertake a further follow up review next year to confirm that this recommendation has been implemented and working in practice.
- 3.2.22 At the Corporate Governance and Audit Committee meeting in March 2016, Members discussed the limited assurance audit opinion in respect of Taxi and Private Hire Licensing (TPHL) and sought clarification over the arrangements in place to ensure that no licensed driver can operate without an up-to-date Disclosure and Barring Service (DBS) check being in place. The follow up review of this area has now been finalised and the improved audit assurance opinion reflects the good progress that the Taxi and Private Hire Licensing Section is making to address the risks highlighted in our previous audit report. Progress has been made with their programme of bringing all DBS renewal checks up to date and in implementing a more robust monitoring and escalation process where the

DBS check has identified an offence. It is anticipated that all licence holders will be enrolled in the online DBS update service by March 2017 (as agreed with the Executive Board). The review confirmed that licence holders are permitted to operate whilst they go through the programme of enrolling everyone on the online DBS update service. This is subject to the licence holder attending planned appointments and providing any necessary information. Failure to comply with these requirements, or other licensing conditions, could result in the suspension or revocation of their licence.

Continuous Audit

- 3.2.23 This cross cutting audit programme aims to evaluate control effectiveness across key systems on an ongoing basis, and highlight high risk transactions or events. The programme has been developed to initially focus on the self-serve processes that have recently been introduced by the Council. To date, we have completed testing on SAP travel and expense claims, Click Travel and purchasing card expenditure where this related to travel. No significant issues have been identified and overall, we can provide good assurance that the current self-service arrangements are working as intended.

Counter Fraud and Corruption

- 3.2.24 The counter fraud and corruption assurance block within the Internal Audit Plan includes both the reactive and proactive approaches to the Council's zero tolerance to fraud and corruption across the Authority.

Proactive Fraud Work

- 3.2.25 We have previously reported to this Committee that our proactive fraud work was successful in identifying fraudulent creditor payments at the Leeds Grand Theatre (LGT). October saw the conclusion of the court case which resulted in the successful prosecution of two individuals, one of whom was the former Head of Finance at the theatre. Both faced charges of conspiracy to commit fraud by false representation and were found guilty following a trial that lasted nearly three weeks. The former Head of Finance received a sentence of five years imprisonment and the other party received a sentence of 16 months.
- 3.2.26 In the three years that preceded the sentencing, Internal Audit has been extensively involved in supporting both the internal disciplinary procedures and the wider police investigation. The fraud was initially found in June 2013 after data analytics work undertaken by Internal Audit identified issues with two creditors to which a total of £178,380 had been paid between June 2011 and May 2013. A comprehensive investigation subsequently took place and several members of the Internal Audit team gave evidence in court in support of the case for the prosecution.
- 3.2.27 During the course of the investigation we identified several weaknesses in financial control that enabled the fraud to be perpetrated and to remain undetected over a two year period. We have since been closely involved in identifying opportunities to strengthen the level of control and governance arrangements and these have been welcomed by the theatre. The theatre has

made significant progress during this timeframe as demonstrated by the recent audits of budgetary control and creditor payments which received good audit assurance opinions.

- 3.2.28 Work is now underway to use the opportunity to promote the council's zero tolerance approach to fraud, and to ensure important messages and lessons learned are reinforced across the authority.

Reactive Fraud Work

- 3.2.29 During the reporting period we have received 11 potential irregularity referrals. Of these, 9 were classified under the remit of the Whistleblowing or Raising Concerns policies. All reported irregularities were risk assessed by Internal Audit and are either being investigated by ourselves, the relevant directorate or HR colleagues, as appropriate. Of the 38 referrals received to date in the 2016/17 financial year, 23 have been closed (5 within the period September to December). In accordance with our agreed protocols, a report is issued to the relevant Director and Chief Officer for each investigation conducted by Internal Audit. The reports provide details of the allegations, findings and conclusions as well as value adding recommendations to address any control weaknesses identified during the course of the investigation. We have issued two such investigation reports during this period.

Plan for 2016/17

- 3.2.30 Initial work has started on developing the Annual Audit Plan for 2017/18. The Head of Audit must provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. To support this, we must develop and deliver a risk based plan which takes into account the organisation's risk management framework and includes an appropriate and comprehensive range of work.
- 3.2.31 To develop this plan, there must be a sound understanding of the risks facing the Council. The Corporate Risk Register will be used as a key source of information and the planning process for 2017/18 will again necessitate a thorough evaluation of the appropriate level and scope of coverage required to give stakeholders, including the Corporate Governance and Audit Committee, an appropriate level of assurance on the control environment of the council.
- 3.2.32 The detailed proposals for the Audit Plan for 2017/18 will be presented to the April 2017 Corporate Governance and Audit Committee.

Internal Audit Performance

- 3.2.33 The Corporate Governance and Audit Committee has responsibility for monitoring the performance of Internal Audit. The information provided below in respect of our quality assurance and improvement programme provides the Committee with assurances in this area.
- 3.2.34 All our work is undertaken in accordance with our quality management system and we have been ISO certified since 1998.

- 3.2.35 We actively monitor our performance in a number of areas and encourage feedback. A customer satisfaction questionnaire (CSQ) is issued with every audit report. The questionnaires ask for the auditee's opinion on a range of issues and asks for an assessment ranging from 5 (for excellent) to 1 (for poor). The results are presented as an average of the scores received for each question.
- 3.2.36 The results of the questionnaires are reported to the Audit Leadership Team and used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff.
- 3.2.37 During the period 1st April to 31st December 2016, 31 completed Customer Satisfaction Questionnaires were received. A summary of the scores is presented in Table 3 below.

Table 3: Results from Customer Satisfaction Questionnaires for the period 1st April to 31st December 2016

Question	Average Score (out of 5)
Sufficient notice was given	4.93
Level of consultation on scope	4.80
Auditor's understanding of systems	4.55
Audit was undertaken efficiently	4.81
Level of consultation during the audit	4.84
Audit carried out professionally and objectively	4.97
Accuracy of draft report	4.68
Opportunity to comment on audit findings	4.93
Clarity and conciseness of final report	4.79
Prompt issue of final report	4.70
Audit recommendations will improve control	4.72
The audit was constructive and added value	4.71
Overall Average Score	4.79

- 3.2.38 The excellent customer satisfaction results reflect our commitment to delivering a quality product to the highest professional standards that adds value and improves the Council's operations.
- 3.2.39 Table 4 below provides a broad indication of progress against the Internal Audit Plan for 2016/17 and a comparison against performance reported to the Committee at the previous meeting in September 2016. The number of audits planned and delivered during the year will increase as the blocks of time allocated for areas of work (such as contract reviews and schools) are broken down to

specific audit assignments and to address emerging issues through the use of contingency time. The table does not include fraud and irregularity work or advice issued to managers arising from adhoc requests for audit support.

Table 4: Audit Plan 2016/17 Progress

Number of individual audit assignments	Planned		In progress		Completed	
	Sept 2016	Current position	Sept 2016	Current position	Sept 2016	Current position
Audit Plan 2016/17	54	33	15	21	22	48
Follow up audits ⁴	17	11	4	5	3	8

- 3.2.40 Current levels of resources within Internal Audit are sufficient to ensure that an evidence-based Head of Internal Audit opinion can be provided on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 3.2.41 The PSIAS require that an external assessment of the Internal Audit function should be carried out at least once every five years. The external assessment has been completed by Nottingham City Council and the results of the review are to be reported to the Committee as a separate agenda item at this meeting. The assessment has resulted in a conclusion that we conform with the PSIAS.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This report did not highlight any consultation and engagement considerations.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and Best Council Plan

- 4.3.1 The terms of reference of the Corporate Governance and Audit Committee require the Committee to review the adequacy of the Council's corporate governance arrangements. This report forms part of the suite of assurances that provides this evidence to the Committee. The Internal Audit Plan has links with each of the Council's strategic objectives and has close links with the Council's value of spending money wisely.

⁴ This includes seven Spending Money Wisely (off-contract spend) reviews

4.4 Resources and value for money

- 4.4.1 The Internal Audit Plan includes a number of reviews that evaluate the effectiveness of financial governance, risk management and internal control arrangements that contribute towards the Council's value of spending money wisely.
- 4.4.2 The Internal Audit Quality Assurance and Improvement Programme and service development work that is reported to the Committee demonstrates a commitment to continuous improvement in respect of efficiency and effectiveness.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 None.

4.6 Risk Management

- 4.6.1 The Internal Audit Plan has been and will continue to be subject to constant review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process incorporates a review of information from a number of sources, one of these being the corporate risk register.
- 4.6.2 The risks relating to the achievement of the Internal Audit Plan are managed through ongoing monitoring of performance and resource levels. This information is reported to the Committee.

5 Conclusions

- 5.1 There are no issues identified by Internal Audit in the September to December 2016 Internal Audit Update Report that would necessitate direct intervention by the Corporate Governance and Audit Committee.

6 Recommendations

- 6.1 The Corporate Governance and Audit Committee is asked to receive the Internal Audit Update Report covering the period from September to December 2016 and note the work undertaken by Internal Audit during the period covered by the report. The Committee is also asked to note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period.
- 6.2 Members are invited to provide any suggestions on the coverage of the Audit Plan for 2017/18 arising from the work of this Committee. These will be incorporated into the audit planning process.

7 Background documents

- 7.1 None.