

# Audit Committee

## Internal Audit Reviews Update

Item no: 09

**Report by:** David Sanni                      **Job title:** Head of Financial Accounting

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**Contact Officers:** Pat Stothard, Head of Audit & Risk Management (City of London Corporation)  
Jeremy Mullins, Audit Manager (City of London Corporation)

**Telephone:** 020 7934 9704                      **Email:** [pat.stothard@cityoflondon.gov.uk](mailto:pat.stothard@cityoflondon.gov.uk)  
[jeremy.mullins@cityoflondon.gov.uk](mailto:jeremy.mullins@cityoflondon.gov.uk)

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### Summary

The purpose of this report is to provide the committee with an update of internal audit work that has been undertaken since the last committee update report made at the June 2016 meeting.

Work on the 2016-17 Internal Audit Plan is progressing: one audit of London Council Grants has been completed to final report stage and one audit of Procurement of Goods and Services has been completed to draft report stage. The fieldwork of a further audit of Key Financial Controls is currently on-going.

### Recommendations

The Audit Committee is asked:

- To consider and comment on the contents of the Grants review attached at Appendix B;
  - To note the position on outstanding internal audit recommendations detailed in the log attached at Appendix C; and
  - To note that there were no significant control weaknesses identified in the reviews completed during the period.
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## Background

1. At its meeting on 24 March 2016 the Audit Committee approved the internal audit plan for 2016/17 that was proposed by the City of London's Internal Audit section under the terms of the service level agreement for financial support services.
2. The status of the 2016/17 is summarised in the progress report included at Appendix A.

## Internal Audit Review

### Grants

3. Information was reviewed relating to grant funded projects within the grants data base system 'GIFTS'. In addition, discussions were held with the Principal Grants Manager and members of the Grants Team to ascertain procedures over applications, monitoring, financial checking and value for money.
4. Based on sample testing and discussion with staff, this review concluded that, generally, there is a satisfactory level of control over: checking and assessing applications for funding; monitoring project progress to agreed outcomes; and assessing performance and the achievement of value for money. The general monitoring framework, in place, is sound; however, scope exists to improve the processes for checking the financial stability of organisations prior to and during funding. (For example, obtaining three sets of accounts for applicants at application stage; increasing the number of financial checks undertaken on accounts in response to the following the closure of Eaves Housing For Women charity; and logging checks made on the GIFTS system).
5. Management accepted all three recommendations and will implement them all by 31 January 2017.

Recommendations	Red	Amber	Green	Total
Made	0	3	0	3
Accepted	0	3	0	3

## Internal Audit Recommendations Log

6. A record of internal audit recommendations from previous reviews which still have outstanding recommendations can be found at Appendix C. The log provides an update on the action taken to implement the recommendations that arose from the review of London Councils ICT strategy, security, operations and business continuity completed in February 2014 and the ICT Strategy review completed in May 2016.
7. The log shows that all but one of the eighteen recommendations from the 2014 ICT review have been implemented. The technical solution for the recommendation in relation to the two factor authentication access controls (recommendation 7) has been implemented and tested. The system is ready to be rolled out to all staff once the support arrangements with the ICT service desk are in place.
8. The Audit Committee is asked to note the updated position on the outstanding internal audit recommendations detailed in the log attached at Appendix C.

## **Conclusion**

9. The review of the internal audit report has not revealed any significant control weaknesses.
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## **Financial Implications for London Councils**

None

## **Legal Implications for London Councils**

None

## **Equalities Implications for London Councils**

None

## **Appendices**

- Appendix A: Internal Audit Plan Progress Report 2016/17
- Appendix B: Internal audit report on Grants review
- Appendix C: Internal audit recommendation log

## **Background Papers**

Audit Committee report on Internal Audit Planned Work 2016/17 dated 24 March 2016  
Internal audit work file 2016/17