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INTERNAL AUDIT PROGRESS REPORT

Author – Gursh Bains ext. 2426

Lead Officer – Clare Fletcher ext. 2933

Contact Officers – Gursh Bains ext. 2426 and Clare Fletcher ext. 2933

1. PURPOSE

- 1.1. The purpose of this report is for the Audit Committee to receive and consider progress against the 2010/11 Internal Audit Plan and approve the amendments to the Audit Plan.

2. RECOMMENDATIONS

- 2.1. The Internal Audit quarterly report as at 20 August 2010 be noted and the amendments to the Audit Plan be approved.

3. BACKGROUND

- 3.1. The Audit Committee receive periodic progress updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 14 June 2010.
- 3.2. The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also includes proposed amendments to the agreed annual audit plan.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1. Progress against the 2010/11 Internal Audit Plan is attached, see Appendix A. The following 2010/11 reports and assignments have been issued or completed in the period:
 - National Indicators (draft report issued)
 - Disabled Facilities Grants (draft report issued)
 - Insurance Extended Follow Up
 - CCTV Follow Up
 - Officer Interests in Contracts Follow Up
 - Delivery of one Ethics and Probity training course
 - 33 sets of Probity checks on interim contract payments
 - 21 Financial Appraisals
 - Ad hoc advice/assurance was provided on ten occasions, which included advice on the petty cash float and a scam letter.

- 4.2. As at 20 August 2010, 43% of the 2010/11 Audit Plan has been delivered. This is 4% higher than the target level that would be required to complete the Audit Plan by 31 March 2011.
- 4.3. The Audit Committee requested at its meeting on 12 January 2009 that audits that exceed their budgeted time allocation by more than 100% should be reported to them. None of the 2010/11 audit activity that has been completed in this period has overrun by more than 100%.
- 4.4. At the Audit Committee meeting on 14 June 2010, it was requested that the Chief Internal Auditor provide the overall percentage of overruns against the budgeted time allocation to deliver the 2009/10 audit plan. The overall overrun was 28%, however if you exclude those audits that overrun by more than 100% the remaining audits were delivered 1% under the budgeted time allocation in total.
- 4.5. The following amendments to the Audit Plan have been agreed with the Head of Finance and are detailed in paragraph 4.6 and 4.7 below for Audit Committee approval.
- 4.6. In total 29 days to be taken from contingency for the following reasons:
- 2 days – To produce Insurance system notes as part of the follow up of previous audit recommendations.
 - 10 days – To participate in the 2010/11 National Fraud Initiative data exercise.
 - 7 days – Additional time required to ensure that the 72 recommendations made in the Car Parks audit report have been implemented, that the controls are working effectively, participation at Car Park audit team meetings and Audit Committee reporting.
 - 10 days – To co-ordinate and lead on investigating five whistleblowing referrals.
- 4.7. In total 2 days to be added back to contingency for the following reason:
- 2 days – Remove the Use of Resources days from the audit plan, as the Comprehensive Area Assessment (CAA) has been abolished by the new Government, therefore there is no requirement for Internal Audit input towards Use of Resources.
- 4.8. It was agreed at a previous Audit Committee that Internal Audit progress update reports would include the high priority recommendations and their implementation status. Appendix B details fifteen high priority recommendations that have been formally agreed with Council officers. A Building Control and an IT Academy System Review recommendation have not been implemented by their due date. Another five recommendations have been partially implemented and four recommendations have been implemented. The remaining four recommendations are included for information purposes as they are not yet due for implementation. Members will continue to be updated on a quarterly basis.

5. IMPLICATIONS

5.1. Financial Implications

- 5.1.1. This report is financial in nature and consequently financial implications are included in the body of the report.

5.2. Legal Implications

5.2.1. None identified at this time.

BACKGROUND DOCUMENTS

None

APPENDICES

- Appendix A - Progress against the 2010-11 Audit Plan as at 20 August 2010
- Appendix B - High Priority Recommendation

