

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 12 January 2009

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INTERNAL AUDIT PROGRESS REPORT

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1. PURPOSE

1.1 The purpose of this report is for the Audit Committee to receive and consider:

- progress against the 2008-09 Internal Audit Plan during the period 1 September 2008 to 31 December 2008;
- proposed amendments to the audit plan; and
- proposed deferrals to the audit plan.

2. RECOMMENDATION

2.1 The Internal Audit progress report as at 31 December 2008 to be noted and the proposed amendments and deferrals to the audit plan are approved.

3. BACKGROUND

3.1 The Audit Committee receive an Annual Internal Audit Report from the Chief Internal Auditor and the External Audit Opinion on the effectiveness of internal audit as part of the Council's annual governance report. This is supplemented by quarterly updates, the most recent of which was brought to this Committee on 23 September 2008.

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 the quarterly progress report also includes proposed amendments to the agreed annual audit plan.

4. CONSIDERATIONS

Progress against the 2008/09 Audit Plan

4.1 Progress against the Internal Audit Plan for 2008-09 is attached, see Appendix A.

The following reports and assignments have been issued or completed in the period:

- Treasury Management
- CCTV
- Garages
- Taxi Licensing
- Mortgages
- BVPIs
- Follow Up (Strategy, database and templates)
- Development Control Follow Up
- Housing Advice Follow Up
- Homelessness Follow Up
- 32 sets of Probity checks on interim contract payments
- 15 Financial Appraisals
- The National Fraud Initiative data was submitted to the Audit Commission
- Preparation and co-ordination of the Office of Surveillance Commissioners visit
- An Ethics and Probity Course was delivered
- Ad hoc advice was provided on eight occasions, which included advice on development of Integra e-series, reconciliation of cheque numbers and insurance claims work.

Internal Audit work is in progress on eleven other audits.

46% of the 2008-09 audit plan days have been delivered, this means that the current 2008/09 audit plan will not be fully delivered by 31 March 2009. However we are currently on schedule to deliver all the key financial systems audits by the 31 March 2009.

Stevenage Homes have appointed an external Internal Audit provider to deliver their Internal Audit services from 1 January 2009. This has increased the available resources to deliver the Council's Internal Audit plan.

The audit plan allocates a set number of days against each audit. The number of days taken to deliver individual audits to date have exceeded their time allocations. However, the following measures have been taken to address this:

- The vacant senior auditor was filled in November 2008, this has increased the supervisory and management capacity.
- Post Audit Assessments are completed for each audit, from which performance improvement action plans for individual auditors are developed and monitored.
- Targeted monthly training sessions for Internal Audit staff.
- Weekly monitoring on the progress in the delivery of the Key Financial Audits by the Head of Finance.
- Proposed deferral of six operational audits into April 2009.

Proposed amendments to the 2008/09 Audit Plan

4.2 In addition to the measures identified above the following amendments to the 2008-09 have been agreed with the Head of Finance and are proposed for Audit Committee approval:

- Release of Covenants to be removed from the audit plan (not a risk on the strategic risk register) - 8 days to be added to contingency.
- Contaminated Land to be removed from the audit plan (not a risk on the strategic risk register) - 8 days to be added to contingency.
- Licensing Act to be removed from the 2008/09 audit plan and added to the 2009/10 audit plan (significant change in system due to take place in 2009/10) - 10 days to be added to contingency.
- Noise Nuisance to be removed from the audit plan (not a risk on the strategic risk register) - 8 days to be added to contingency.
- Contract Management to be removed from the audit plan (significant coverage within Probity checks undertaken as part of the Internal Audit work on Current Contracts) - 16 days to be added to Current Contracts and 4 days to be added to contingency.
- Replacement of Pericles to be removed from the 2008/09 audit plan and added to the 2009/10 audit plan (Pericles will not be replaced in 2008/09) - 5 days to be added to contingency.
- Annual Governance Statement to be added to the audit plan (to provide assurance on the system of internal control as part of AGS process) - 5 days to be taken from contingency.
- Follow Ups (strategy, database and templates) to be added to the audit plan (a strategy, database and templates are required to undertake effective follow ups) - 10 days to be taken from contingency.
- Ad hoc advice additional days to be added to the audit plan (to provide ad hoc advice to Council Officers) - 10 days to be taken from contingency.

2009/10 Audit Plan

4.3 The deferral of the six 2008/09 audits into April 2009 will reduce the available resources to deliver the 2009/10 audit plan. The available resources to deliver the 2009/10 audit plan are being reviewed in view of the 2008/09 deferrals and a draft 2009/10 audit plan will be presented to the Audit Committee for approval in March 2009.

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.

5.3 Policy Implications

5.3.1 None identified at this time.

BACKGROUND DOCUMENTS

None

APPENDICES

Appendix A - Progress against the 2008-09 Audit Plan as at 31 December 2008.