

**Meeting: AUDIT COMMITTEE**

Agenda Item:

**Date: 8 June 2009**

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## **INTERNAL AUDIT PROGRESS REPORT**

Author - Gursh Bains                      Ext No. 2426

Lead Officer - Clare Fletcher   Ext No. 2933

### **1. PURPOSE**

- 1.1 The purpose of this report is for the Audit Committee to receive and consider progress against the 2009/10 Internal Audit Plan and approve the amendment to the audit plan.

### **2. RECOMMENDATION**

- 2.1 The Internal Audit quarterly report as at 22 May 2009 be noted and the amendment to the audit plan is approved.

### **3. BACKGROUND**

- 3.1 The Audit Committee receive periodic progress updates against the Audit Plan, the most recent of which was brought to this Committee on 17 March 2009.
- 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. CONSIDERATIONS**

#### **Progress against the 2009/10 Audit Plan**

- 4.1 Progress against the Internal Audit Plan is attached, see Appendix A. The following reports and assignments have been issued or completed in the period:
- Cash and Payments
  - Council Tax
  - Creditors

- Housing Benefits
- Main Accounting System
- National Non Domestic Rates (NNDR)
- Payroll
- Sundry Debtors
- Asset Management
- Risk Management
- Corporate Governance
- Officer Interests in Contracts
- Integra IT Application Review
- Northgate IT Application Review
- Input into the Annual Governance Statement
- IT Post Implementation Reviews, Antares, eDemocracy and Insurance
- 17 sets of Probity checks on interim contract payments
- One Experian Check
- Ad hoc advice was provided on six occasions, which included advice on the ATM machine and a letter from a resident

4.2 The Audit Committee requested at its meeting on 17 March 2009 to receive the Treasury Management report, this is included as Appendix B.

4.3 A carry forward from the 2008/09 audit plan of 12 audits totalling 140 days is detailed in Appendix A, these audits will be incorporated into the 2009/10 audit plan when it is next presented to the Audit Committee. The delivery of the carry forward should be achievable within the existing resources subject to audits being delivered within the budgeted time allocation. As at 22 May 2009, 8% of the 2009/10 audit plan (including the 2008/09 carry forward) has been delivered.

4.4 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. Three audit activities have overrun by more than 100% in this period, Creditors, NNDR and Council Tax. There are three main reasons for the overruns:

- Due to staff sickness, more than one auditor was involved in completing the fieldwork, this resulted in each auditor spending time to understand the system.
- Flowcharts of the system processes and controls had to be developed as reliance could not be placed on the previous system documentation.
- There is still an underlying issue with the delivery of audit assignments within the budgeted time allocation.

4.5 The measures outlined previously to the Audit Committee to improve Internal Audit delivery rates continue to be implemented and developed. It is anticipated that delivery rates need to further improve and measures will continue to be in place until the desired levels of performance are achieved.

#### **Amendments to the 2009/10 Audit Plan**

- 4.6 The following amendment to the 2009/10 Audit Plan has been agreed with the Head of Finance and is detailed in paragraph 4.7 for Audit Committee approval.
- 4.7 An additional five days to be taken from Contingency and added to the Car Parks audit to cover season tickets.

### **High priority recommendations**

- 4.8 It was agreed at the Audit Committee meeting on 12 January 2009 that future Internal Audit progress update reports would include the high priority recommendations and their implementation status. Appendix C details seven high priority recommendations that have been formally agreed with Council officers. Internal Audit can report that two recommendations have been fully implemented, four have been partially implemented and one is not yet due for implementation. Revised implementation dates has been agreed with Management for the recommendations that have not been fully implemented. Members will continue to be updated at future Audit Committees, the recommendations that are shown as fully implemented will not be included in future reports.

## **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 2009-10 Audit Plan as at 22 May 2009
- Appendix B - Treasury Management Final Report
- Appendix C - High Priority Recommendations