

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 22 September 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 2009/10 Internal Audit Plan and approve the amendments to the audit plan.

2. RECOMMENDATION

- 2.1 The Internal Audit quarterly report as at 10 September 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 Annual Internal Audit Plan, the most recent of which was brought to this Committee on 8 June 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:
- Absence Management
 - Equalities and Diversity
 - Fleet Management

- National Indicators
- Delivery of two Ethics and Probity training courses
- Development of a programme of RIPA compliance probity checks and the completion of quarter 1 checks
- Mortgages Follow Up of previous audit report recommendations
- 28 sets of Probity checks on interim contract payments
- 32 Experian checks were completed
- Ad hoc advice was provided on 25 occasions, which included advice on Members Allowances and Travel Warrants.

4.2 As at 10 September 2009, 31% of the 2009/10 audit plan has been delivered (excludes unused contingency). This is 13% lower than the target level that would be required to complete the Audit Plan by 31 March 2010. Based on the current in-house team delivery capacity and the use of an external service provider, see paragraph 4.4 below, it is anticipated that 95% of the Audit Plan can be completed by 31 March 2010. Internal Audit resources will be prioritised to ensure completion of the Key Financial System audits.

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 audit activity that has been completed in this period has overrun by more than 100%. However the Car Parking audit, which is currently in progress, has already exceeded its budget allocation by more than 300% so far. There are two main reasons for this overrun:

- A significant number of control weaknesses have been identified
- There is still an underlying issue with the delivery of audit assignments within the budgeted time allocation

Staffing

4.4 One of the Internal Auditors left the employment of the Council on the 28 August 2009. The options to resource the completion of the 2009/10 Internal Audit Plan are being considered. One option would be to use an external service provider, it is anticipated that this option would be able to purchase the delivery of 16% of the Audit Plan. The cost of using an external service provider can be met from existing Internal Audit budgets.

Proposed amendments to the Audit Plan

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 An additional 15 days to be taken from the contingency and added to ad hoc advice. This is because significantly more ad hoc advice requests have been made than anticipated and the ad hoc advice budget has also been used to undertake short investigations/specials.

4.7 The follow up audit programme has been reduced by 20 days, these days are to be

added to contingency. This amendment is required as a number of follow up audits need to be deferred to 2010/11, as some of the recommendation implementation dates within audit reports fall outside of the 2009/10 financial year.

High priority recommendations

- 4.8 It was agreed at the previous Audit Committee that future Internal Audit progress update reports would include the high priority recommendations and their implementation status. Appendix B details five high priority recommendations that have been formally agreed with Council officers. Internal Audit can report that two recommendations have been fully implemented and three are partially implemented. Members will continue to be updated at future Audit Committee, 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 10 September 2009
- Appendix B - High Priority Recommendations