

<b>Committee:</b>	<b>Performance Select Committee</b>	<b>Agenda Item</b>
<b>Date:</b>	<b>02 February 2010</b>	<b>7</b>
<b>Title:</b>	<b>Internal Audit Progress Report (01 November 2009 to 15 January 2010)</b>	
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## Summary

- 1 To report to the Performance Select Committee details of work undertaken by Internal Audit since the last report to this Committee on 17 November 2009 and to provide an update on implemented and outstanding internal audit recommendations.

## Recommendations

That the Internal Audit Progress Report (01 November 2009 to 15 January 2010) be noted.

## Background Papers

Internal Audit Final Reports 2009/10

Internal Audit Work Plan 2009/10

## Impact

Communication/Consultation	The Internal Audit Reports and Work Plan 2009-10 referred to in this report have been circulated to Members
Community Safety	none
Equalities	none
Finance	none
Health & Safety	none
Legal implications/ Human Rights	none
Sustainability	none
Ward-specific impacts	none

Workforce/Workplace	none
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## Situation

- 2 The purpose of this report is to provide to management and members:-
- i) Details of the work completed by Internal Audit since the last report to the Committee
  - ii) Summary of the risk level 3 and 4 highest priority recommendations made and agreed.
  - iii) Performance against the 2009/10 audit plan.
  - iv) Details of risk level 3 and 4 highest priority recommendations not implemented within the agreed timescale.
  - v) An analysis of other lower priority recommendations outstanding.

## Work Undertaken by Internal Audit 01 November 2009 to 15 January 2010

- 3 Since the last report to the Committee:
- (i) 2 audits from the 2009/10 audit plan have been completed and Final Reports issued with a total of 2 recommendations made.  
  
All final audit reports issued have been copied to Performance Select Committee members.  
  
An overall summary of final reports issued together with an analysis of recommendations agreed is presented at Appendix A.
  - (ii) There are 2 risk level 3 highest priority recommendations arising from the final reports, details of these are presented at Appendix A.
  - (iii) Between 01 November 2009 and 15 January 2010, 6 further audits from the 2009/10 plan have been completed to draft report stage.

## Audit Plan 2009/10 (progress to date and proposed postponements until the 2010/11 audit plan)

- 4 Appendix A also provides details of overall performance against the audit plan to date. As of 15 January 2010, Internal Audit year to date work against the audit plan is:
- o 26 out of 35 Audits commenced (74%)
  - o 17 out of 35 Audits completed to draft report stage (49%)
  - o 11 out of 35 Audits completed and Final Reports Issued (31%)
- 5 To date auditor days taken completing 2009/10 audits to draft stage are exceeding allocated days by 34 net days. Significant excess days have been

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either in new audit areas where allocation was an estimate of days required or where additional audit field work was needed as a result of potential problems identified and / or at the request of Chief Auditees. Additional work on these has also been attributed to Consultancy and General Advice to auditees.

- 6 Ad-hoc audit work on Legionella and Fuel Usage has taken in excess of 15 auditor days to date and further time is needed to revisit and complete the Legionella and Trade Waste Audits and to carry out our audit fieldwork and complete the Fuel Usage Audit.
- 7 Residual 2008/09 audit work carried out in quarter 1 2009/10 used 40 auditor days against the original allocation of 15 days, for similar reasons given at 5 above.
- 8 Reduction in allocated days on remaining audits has been made where the scope of audits can be reduced without affecting the quality of the audit assurance work. We have a commitment to Audit Commission to complete all agreed Key (Managed) Audits to draft stage by 30 April 2010.
- 9 Strategic Management agreed at their meeting on 13 January 2010 to the postponement of four of the remaining 2009/10 audits to the 2010/11 audit plan and to increase the time allocated to residual audit work on the 2010/11 plan to 25 days to allow completion of the 2009/10 plan by 30 June 2010.

### **Recommendations Implemented 01 November 2009 to 15 January 2010**

- 10 There are 9 risk level 3 and 4 highest priority recommendations which have been implemented, a summary is presented at Appendix B.

### **Recommendations Not Implemented at 15 January 2010**

- 11 (i) There are 12 previously agreed risk level 3 and 4 highest priority recommendations not implemented in accordance with the agreed due date, a summary is presented at Appendix B.  
  
(ii) There are 5 risk level 1 and 2 recommendations flagged as overdue in Covalent at 15 January 2010, a summary is presented at Appendix B.

**Risk Analysis**

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	<p>1 = Little or no Likelihood</p> <p>Action is already being taken towards the implementation of the recommendations contained in the reports.</p>	<p>2 = Some impact – action may be necessary</p> <p>There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified.</p>	<p>Internal audit reports are followed up to ensure compliance.</p> <p>There are escalation procedures in the event of non compliance.</p>

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.