

Internal Audit Progress Report (16 January 2010 to 15 July 2010)

Performance Select Committee, 27 July 2010, item 11

Committee: Performance Select Committee

Agenda Item

Date: 27 July 2010

11

Title: Internal Audit Progress Report
(16 January 2010 to 15 July 2010)

Author: Sheila Bronson, Audit Manager, 01799
510610

Item for
Information

Summary

- 1 To report to the Performance Select Committee details of work undertaken by Internal Audit since the last report to this Committee on 02 February 2010 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

That the Internal Audit Progress Report (16 January 2010 to 15 July 2010) be noted

Background Papers

Internal Audit Final Reports 2009/10

Internal Audit Work Plan 2009/10

Internal Audit Work Plan 2010/11

Impact

Communication/Consultation	The Internal Audit Reports 2009/10 and Work Plans 2009/10 and 2010/11 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

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) A summary of the risk level 3 and 4 highest priority recommendations made and agreed;
 - iii) Performance against the 2009/10 and 2010/11 audit plans;
 - iv) Details of risk level 3 and 4 highest priority recommendations not implemented within the agreed timescale;
 - v) Details of risk level 1 and 2 lower priority recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 16 January 2010 to 15 July 2010

- 3 Since the last report to the Committee:
- (i) 19 audits from the 2009/10 audit plan have been completed and Final Reports issued with a total of 41 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 agreed recommendations is presented at Appendix A.
 - (ii) There are 24 risk level 4 and 3 highest priority recommendations arising from the final reports, details of these are presented at Appendix A.
 - (iii) There is 1 audit from the 2009/10 audit plan to be finalised, this is currently at draft report stage awaiting management final agreement.
 - (iv) Between 01 April 2010 and 15 July 2010, work has started on 10 audits from the 2010-11 work plan, of which 1 is at draft report stage.

Audit Plan 2010/11 Review

- 4 The initial Internal Audit work plan 2010/11 drafted in January 2010 for approval by this committee at its February 2010 meeting is subject to review as resources and circumstances dictate.

- 5 In January 2010, 25 days were allocated to allow for completion of the 2009/10 audit plan by 30 June 2010, however this did not accurately reflect the actual time required due to the underestimation of days required in new audit areas and additional audit field work on audits.
- 6 Also in January 2010, no allowance was made within the Productive Non-Specific Audit Work for Anti-Fraud and Corruption work. From 01 April 2010, Internal Audit assumed responsibility for promoting the Council's anti-fraud and corruption policies and the Internal Audit Manager was confirmed as the Council's Key Contact for the Audit Commission's National Fraud Initiative (NFI). 5 days to date have already been used for this work and an anticipated further 15 days will be needed.
- 7 Review and amendment to the 2010/11 Internal Audit Plan will need to be carried out to accommodate these two specific areas and possible resource issues later in the year. Potential areas for review have been noted at Appendix A (iii) – Performance Against the 2010/11 audit plan. Specific proposals for amendment to the plan will be agreed with Strategic Management and brought to the November meeting of this committee.

Recommendations Implemented 16 January 2010 to 15 July 2010

- 8 There are 20 risk level 3 and 4 highest priority recommendations which have been implemented; a summary is presented at Appendix B.
- 9 In the Internal Audit Annual Report and Opinion 2009-10 presented at the previous meeting of this Committee, note was made of 3 recommendations made in Audits from the 2008-09 audit plan still in progress. All three of these recommendations have now been implemented.
- 10 There are 80 recommendations made in Audits from the 2009-10 audit plan currently being monitored through Covalent, of which
 - 65 have been implemented
 - 2 cancelled following follow-up reviews
 - 11 remain in progress as they have not yet reached their agreed due date for implementation and will continue to be monitored through Covalent with progress reported to this committee during 2010-11

Recommendations Not Implemented by due date at 15 July 2010

- 11 There are 2 previously agreed risk level 3 and 4 highest priority recommendations not implemented in accordance with their agreed due date, a summary is presented at Appendix B.
- 12 All risk level 1 or 2 lower priority recommendations have been implemented in accordance with their agreed due date.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	Action is already being taken towards the implementation of the recommendations contained in the reports.	There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified.	Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non compliance.

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.