

Committee: PERFORMANCE SELECT COMMITTEE

Agenda Item

Date: 16 November 2010

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**Title: Internal Audit Progress Report,
06 September 2010 to 31 October 2010**

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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 21 September 2010 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (06 September 2010 to 31 October 2010) be noted

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

The Revised Internal Audit Work Plan 2010/11

Impact

- 5.

Communication/Consultation	The Revised Internal Audit Work Plan 2010/11 referred to in this report has been approved by Strategic Management and endorsed by this Committee at its previous meeting
Community Safety	none
Equalities	none
Health and Safety	none

Human Rights/Legal Implications	none
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. 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 revised 2010/11 audit plan;
 - 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 06 September 2010 to 31 October 2010

7. Since the last report to the Committee:
- i) 5 audits from the 2010/11 audit plan have been completed and Final Reports issued with a total of 7 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 4 risk level 4 or 3 highest priority recommendations arising from the final reports, details of these are presented at Appendix A;
 - iii) Between 06 September 2010 and 31 October 2010, 2 further audits from the 2010/11 plan have been completed to draft report stage.

Audit Plan 2010/11 Review

8. Appendix A also provides details of overall performance against the revised audit plan to date. As of 31 October 2010, Internal Audit year to date work against the audit plan is:
- i) 17 out of 27 Audits commenced (63%)
 - ii) 11 out of 27 Audits completed to draft report stage (41%)
 - iii) 9 out of 27 Audits completed and Final Reports Issued (33%)

Key Financial Audits for completion to draft report stage by 31 December 2010

9. 2 of the agreed 7 Key Financial Audits have been completed to draft report stage. Our timetable for the remaining 5 audits has been amended to some extent by bringing forward audit work on the NNDR and Council Tax audits and deferring further testing for the Corporate Budgets and Corporate

Reconciliation audits due to short term unavailability of Finance Section resources. However, we do not consider there will be any overall delay in the completion of all 7 of the agreed audits to draft report stage by 31 December 2010.

Recommendations Implemented 06 September 2010 to 31 October 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 by due date at 31 October 2010

11. There are 3 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. There are 0 previously agreed risk level 1 and 2 lower priority recommendations not implemented in accordance with their agreed due date.

Risk Analysis

13.

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	1 Action is already being taken towards the implementation of the recommendations contained in the reports.	2 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.