

## Internal Audit Progress Report

Performance Select Committee, 1 February 2011, item 9

**Committee:** PERFORMANCE SELECT COMMITTEE

**Agenda Item**

**Date:** 01 February 2011

**9**

**Title:** Internal Audit Progress Report,  
01 November 2010 to 15 January 2011

**Author:** Sheila Bronson, Internal Audit Manager  
01799 510610

Item for note

---

### Summary

1. To report to the Performance Select Committee details of work undertaken by Internal Audit since the last report to this Committee on 16 November 2010 and to provide an update on implemented and outstanding internal audit recommendations.

### Recommendations

2. That the Internal Audit Progress Report (01 November 2010 to 15 January 2011) 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

## Internal Audit Progress Report

Performance Select Committee, 1 February 2011, item 9

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 01 November 2010 to 15 January 2011

7. Since the last report to the Committee:
  - i) 7 audits from the 2010/11 audit plan have been completed and Final Reports issued with a total of 10 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 5 risk level 4 or 3 highest priority recommendations arising from the final reports, details of these are presented at Appendix A;
  - iii) Between 01 November 2010 and 15 January 2011, 2 further audits from the 2010/11 plan have been completed to draft report stage.

### Specific Areas of Concern identified in Work Undertaken

8. There is one specific area of concern that we feel should be brought to the attention of Members arising from our Audit of Corporate Reconciliations 2010/11 which resulted in the level 4 recommendation at Appendix A. As detailed in the Findings & Recommendations section of the final report circulated to Members, staff shortages in Financial Services had resulted in a number of quarterly reconciliations not being carried out as required in the first 2 quarters of 2010/11. We are pleased to report that remedial action is being undertaken and that most of the outstanding reconciliations completed by 31 December 2010 and the remainder to be completed by 31 January 2011. We shall also be responding to a request from the Principal Accountant to work with him in establishing, evaluating and prioritising the numerous reconciliations currently being undertaken throughout the authority.

## Internal Audit Progress Report

Performance Select Committee, 1 February 2011, item 9

### **Audit Plan 2010/11 Review**

9. Appendix A also provides details of overall performance against the revised audit plan to date. As of 15 January 2011, Internal Audit year to date work against the audit plan is:
- i) 25 out of 27 Audits commenced (93%)
  - ii) 18 out of 27 Audits completed to draft report stage (67%)
  - iii) 16 out of 27 Audits completed and Final Reports Issued (59%)

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

10. All 7 of the agreed Key Financial Audits were completed to draft stage by 23 December 2010 and to final report stage by 06 January 2011. Work has now commenced on the remaining key financial managed audits and we do not consider there will be any delay in the completion of these audits by the agreed deadline of 30 April 2011.

### **Recommendations Implemented 01 November 2010 to 15 January 2011**

11. There are 5 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 15 January 2011**

12. There are no previously agreed risk level 3 and 4 highest priority or 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.