

Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 23 June 2011

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**Title: Internal Audit Progress Report,
16 January 2011 to 10 June 2011**

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Item for Information

Summary

1. To report to the Performance & Audit Committee details of work undertaken by Internal Audit since the last report to the Performance Select Committee on 01 February and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (16 January 2011 to 10 June 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 Plan 2010/11

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2011/12 referred to in this report has been approved by Strategic Management and endorsed by the Performance Select Committee at its February 2011 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 management and members with:
- i) Details of the work completed by Internal Audit since the last report to the Members of the Performance Select Committee in February 2011;
 - 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) Performance against the Internal Audit Work Programme 2011/12;
 - v) Details of any risk level 3 and 4 highest priority recommendations not implemented within the agreed timescale;
 - vi) Details of any risk level 1 and 2 lower priority recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 16 January 2011 to 10 June 2011

7. Since the last report to the Committee:
- i) All audit work on the 2010/11 plan was completed by 21 April 2011
 - ii) Between 16 January and 21 April 2011, 8 audits from the 2010/11 audit plan were completed and Final Reports issued with a total of 17 recommendations made. All final audit reports issued have been copied to Performance Select Committee members and are available on the Council's Intranet. An overall summary of final reports issued together with an analysis of agreed recommendations is presented at Appendix A;
 - iii) There are 8 risk level 4 or 3 highest priority recommendations arising from the final reports, details of these are presented at Appendix A;
 - iv) Between 01 April 2011 and 10 June 2011, work has started on 6 audits from the 2011/12 Audit Programme, of which 2 have been completed to draft report stage, details of performance against the audit programme is presented at Appendix A.

Audit Work Programme 2011/12

8. The Internal Audit Work Programme 2011/12 at Appendix B differs from the audit plans of previous years as it is designed to meet the forthcoming changes anticipated throughout 2011/12. It is a rolling programme of planned audit work rather than the traditional static 12 month plan and will be subject to regular review and updating at strategic points throughout the year.
9. The Internal Audit risk assessment 2011/12 has been calculated by taking into account Corporate & Divisional Plans & Risk Registers; whether an audit is

one of the Key Financial audits which are part of our managed audit agreement with the Audit Commission; previous audit history and length of time since last audit.

10. The planned work areas for quarters 1 & 2 of 2011/12 have been agreed with SMB and Senior Management .

11. Overall performance against the Internal Audit Work Programme 2011/12 to date is reported in Appendix A. As of 10 June 2011, Internal Audit year to date work against the audit programme is:

- i) 6 out of 30 Audits commenced (20 %)
- ii) 2 out of 30 Audits completed to draft report stage (7 %)
- iii) 0 out of 30 Audits completed and Final Reports Issued (0 %)

Recommendations Implemented 16 January 2011 to 10 June 2011

12. There are 8 risk level 3 and 4 highest priority recommendations which have been implemented; a summary is presented at Appendix C.

Recommendations Not Implemented by due date at 10 June 2011

13. There are no previously agreed recommendations not implemented in accordance with their agreed due date.

Risk Analysis

14.

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.