

Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 15 February 2012

8

Title: Internal Audit Progress Report, 05
November 2011 to 03 February 2012

Author: Sheila Bronson, Internal Audit Manager
01799 510610

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 17 November 2011 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (05 November 2011 to 03 February 2012) 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 Internal Audit Programme 2011/12

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. Strategic and Senior Management have been consulted with on the planned work areas for quarters 3 & 4 of 2011/12.
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 and Audit Committee at its meeting 17 November 2011;
 - ii) A summary of the risk level 3 and 4 highest priority recommendations made and agreed;
 - iii) Performance against the Internal Audit Work Programme 2011/12;
 - iv) Details of any risk level 3 and 4 highest priority recommendations not implemented within the agreed timescale;
 - v) Details of any risk level 1 and 2 lower priority recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 05 November 2011 to 03 February 2012

7. Since the last report to the Committee:
 - i) 4 audits from the 2011/12 audit programme have been completed and Final Reports issued with a total of 13 recommendations made. All final audit reports issued have been copied to Performance and Audit 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 3 or 4 highest priority recommendation arising from the final reports, details of this are presented at Appendix A;
 - iii) Between 05 November 2011 and 03 February 2012, 5 further audits from the 2011/12 audit programme have been completed to draft report stage.

Audit Work Programme 2011/12 Review and Revision

8. As of 03 February 2012, Internal Audit year to date work against the revised audit programme is:
 - i) 19 out of 25 Audits commenced (76%)
 - ii) 16 out of 25 Audits completed to draft report stage (64%)
 - iii) 11 out of 25 Audits completed and Final Reports Issued (44%)

9. Priority has been given to ensuring completion of the Key Financial audits which are part of our managed audit agreement with the Audit Commission. All of the Key Financial Audits on which we have carried out specific sample testing in line with Audit Commission requirements have been completed to draft stage. Work has commenced on the remaining Key Financial Audits for completion by 30 April 2012.
10. We expect to achieve our target of 90% of audits completed to draft report stage by 31 March 2012.

Recommendations Implemented 05 November 2011 to 03 February 2012

11. There are 4 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 03 February 2012

12. At 03 February 2012, there is 1 previously agreed recommendation not reported in Covalent as having been fully implemented in accordance with its agreed due date; a summary is presented at Appendix B.

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.