

Internal Audit Progress Report

Performance and Audit Committee, 17 May 2012, item 7

Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 17 May 2012

7

**Title: Internal Audit Progress Report,
04 February 2012 to 04 May 2012**

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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 15 February 2012 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (04 February 2012 to 04 May 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
The Internal Audit Programme 2012/13

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programmes 2011/12 and 2012/13 referred to in this report have been approved by Strategic Management / Corporate Management Team and endorsed by the Performance & Audit Committee at its February 2012 meeting. Strategic and Senior Management have been consulted with on the planned work
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	areas for quarters 1 & 2 of 2012/13.
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 15 February;
 - 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) Performance against the Internal Audit Work Programme 2012/13;
 - 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 04 February 2012 to 04 May 2012

7. Since the last report to the Committee:
 - i) Audit work on 21 of the 25 of the audits on the Revised Internal Audit Work Programme 2011/12 was completed by 04 May 2012. There are 2 audits which have been deferred to the 2012/13 programme. The remaining 2 audits are awaiting auditee agreement on the draft Reports and management actions; final reports are expected to be issued for these audits by 31 May 2012.
 - ii) Between 04 February 2012 and 04 May 2012, 10 audits from the 2011/12 audit programme were completed and Final Reports issued with a total of 8 recommendations made. All final audit reports issued have been copied to Performance & Audit Committee members and are available on the Council's Intranet. An overall summary of final reports issued together with an analysis of agreed recommendations and overall progress on the 2011/12 programme is presented at Appendix A;
 - iii) There are 3 risk level 4 or 3 highest priority recommendations arising from the final reports, details of these are presented at Appendix A;

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- iv) Between 01 April 2012 and 04 May 2012, work has started on 6 audits from the 2012/13 Audit Programme.

Audit Work Programme 2012/13

8. As of 04 May 2012, Internal Audit year to date work against the audit programme is:
- i) 6 out of 27 Audits commenced (76%)
 - ii) 0 out of 27 Audits completed to draft report stage (0%)
 - iii) 0 out of 27 Audits completed and Final Reports Issued (0%)

Recommendations Implemented 04 February 2012 to 04 May 2012

9. 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 04 May 2012

10. At 04 May 2012, there were no agreed recommendations reported in Covalent as not being implemented in accordance with their agreed due date.

Risk Analysis

11.

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.