

Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 22 November 2012

6

Title: Internal Audit Progress Report,
04 August to 09 November 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 & Audit Committee on 16 August 2012 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (August to 09 November 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	<p>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.</p> <p>CMT have been consulted with on the revisions made to the Internal Audit Programme 2012/13 following its review July 2012</p>
----------------------------	---

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 16 August 2012;
 - ii) A summary of the risk level 3 and 4 highest priority recommendations made and agreed;
 - iii) Performance against the Internal Audit Work Programme 2012/13;
 - 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 04 August to 09 November 2012

7. Since the last report to the Committee:
- i) Between 04 August and 09 November 2012, 11 audits from the 2012/13 audit programme have been completed with 10 Final Reports issued with a total of 30 recommendations made (no Final Report is issued on completion of Annual Governance Statement work). 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 is presented at Appendix A;
 - ii) There are 10 risk level 4 or 3 highest priority recommendations arising from the final reports, details of these are presented at Appendix A;
 - iii) Between 04 August and 09 November 2012, work started on 16 audits from the 2012/13 Audit Programme, of which 2 have been completed and final reports issued and 2 have been completed to draft report stage.

Details of performance against the revised Internal Audit Work Programme 2012/13 is presented at Appendix A.

Audit Work Programme 2012/13 Review & Revision

8. The Internal Audit Work Programme 2012/13 presented at Appendix A is a rolling programme of planned audit work subject to regular review and updating at strategic points throughout the year. The first review was undertaken in July 2012. A second review was undertaken in September 2012 to allocate initial time to preliminary key financial work ahead of confirmation from the new External Auditor, Ernst & Young, of work that may be required under any new managed Audit Protocol for 2012/13
9. As of 09 November 2012, Internal Audit year to date work against the revised audit programme is:
 - i) 29 out of 39 Audits commenced (74 %)
 - ii) 14 out of 39 Audits completed to draft report stage (36 %)
 - iii) 2 out of 39 Audits completed to Interim report stage (5 %)
 - iv) 12 out of 39 Audits completed and Final Reports Issued (31 %)

Recommendations Implemented 04 August to 09 November 2012

10. 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 09 November 2012

11. At 09 November 2012, there was 1 agreed recommendations reported in Covalent as not being implemented in accordance with their agreed due date; a summary is presented at Appendix B

Risk Analysis

12.

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.