

Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 12 February 2013

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**Title: Internal Audit Progress Report,
10 November 2012 to 25 January 2013**

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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 & Audit Committee on 22 November 2012 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (10 November 2012 to 25 January 2013) 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 2012/13

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2012/13 referred to in this report has been approved by Strategic Management / Corporate Management Team and endorsed by the Performance & Audit Committee. CMT have been consulted with on the revisions made to the Internal Audit Programme 2012/13 following its review July 2012
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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 22 November 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 10 November 2012 and 25 January 2013

7. Since the last report to the Committee:
- i) Between 10 November 2012 and 25 January 2013, 6 audits from the 2012/13 audit programme have been completed and Final Reports issued with a total of 7 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 is presented at Appendix A(i);
 - ii) There are 3 risk level 4 or 3 highest priority recommendations arising from the final reports, details of these are presented at Appendix A(ii);
 - iii) Between 10 November 2012 and 25 January 2013, work started on 4 audits from the 2012/13 Audit Programme, of which 1 has been completed and final report issued.

details of performance against the revised Internal Audit Work Programme 2012/13 is presented at Appendix A(iii).

Audit Work Programme 2012/13 Review & Revision

8. The Internal Audit Work Programme 2012/13 presented at Appendix A(iii) 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 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; a third review in December 2012 once confirmation was received from Ernst & Young of their audit intentions for 2012/13
9. As of 25 January 2013, Internal Audit year to date work against the revised audit programme is:
 - i) 33 out of 34 Audits commenced (97%)
 - ii) 18 out of 34 Audits completed to draft report stage (53%)
 - iii) 2 out of 34 Audits completed to Interim report stage (5%)
 - iv) 18 out of 34 Audits completed and Final Reports Issued (53%)

Recommendations Implemented 10 November 2012 to 25 January 2013

10. There are no risk level 3 and 4 highest priority recommendations which have been implemented between 10 November 2012 and 25 January 2013.

Recommendations Not Implemented by due date at 25 January 2013

11. At 25 January 2013, there was 1 agreed level 3 recommendation and 1 agreed level 2 recommendation 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.