

## Agenda Item 12

Audit and Governance Committee

3<sup>rd</sup> December 2009

TC



Internal Audit activity report for the period 1<sup>st</sup> October 2009 to 31<sup>st</sup> December 2009, to include:

- Audit Plan Monitoring to 31<sup>st</sup> December 2009
- Audit Report Executive Summaries

The attached Activity Report gives brief details on the staffing situation within the Council's Audit and Governance section and highlights Internal Audit activity for the third quarter, indicating where audits are progressing well and identifies those that have slipped against the internal audit plan. Members will note the progress made and also be informed of the audits that remain outstanding.

### Recommendations

Members are asked to note and keep under review the:

- **Audit Plan Monitoring Document**
- **Audit Performance Indicators**
- **Internal Audit Reports - Executive Summaries**
- **The requirement for a follow-up report on Car Parks pending enquiries by Internal Audit)**

#### a) **Reasons for Recommendation**

To ensure that progress is made on the plans of Internal Audit in line with Member expectations.

#### b) **Alternative Options**

None

#### c) **Risk Considerations**

Local authorities are required to "make arrangements for the proper administration of their financial affairs" and/or "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices".

The Operational (Service) Risks are:

AUD-RK-0027 – The provision of an efficient and effective audit and governance service

AUD-RK-0081 – Fraud, Theft and/or irregularity of financial resources

AUD-RK-0082 – Fraud, Theft and/or irregularity of physical assets

#### d) **Policy and Budgetary Considerations**

None

#### e) **Date for Review of Decision**

N/a

## Main Body of the Report

### Audit Staffing

The Service has managed to retain an external contractor (audit consultant) who is assisting in the training and supervision of the Trainee Auditor. The part-time Principal Auditor is on maternity leave and no date has yet been given for her return. A tendering exercise to complete part of the internal audit work plans has been completed, the results of which appear in a separate report attached to this Agenda.

### Audit Activity

- **Appendix 1 – Audit Plan Monitoring Document**

This schedule provides a summary of activity for the period and assists Members in following the progress of audits.

#### Interpretation:

#### First Quarter – April to June 2009

The first quarter consists of a variety of shorter and mid-length audits the largest of which was the National Indicator work which covers a specialist area and this is reported separately in this meeting.

All work has been completed for this quarter.

#### Second Quarter – July to September 2009

The second quarter consists of a mix of more complex audits, such as Procurement and Contract Audit. One audit remains outstanding (although at draft report stage).

#### Third Quarter – October to December 2009

The third quarter consists of a mix of larger audits of a financial and regulatory nature, such as Revenues and Income and Cashiers. The team is making progress on completing this quarters' work. Over half this quarters' audits have been started and are at differing stages of completion.

#### Unplanned and Ad-hoc Audit Work

There has been no unplanned or ad-hoc work other than the usual provision of advice to Heads of Service, Managers or staff.

#### Audit Performance Indicators

- **Percentage of planned audits commenced** (three quarters) – 85%
- **Percentage of planned audits completed** (three quarters) – 60%
- **Feedback responses at least 'satisfactory'**

<b>Audits completed and Feedback requested</b>	<b>Feedback Reports Returned</b>	<b>Feedback Reports Marked 'Satisfactory'</b>	<b>Feedback Reports Marked 'Unsatisfactory'</b>
<b>First Quarter</b>			
5	5	5	0
<b>Second Quarter</b>			
7	4	4	0
<b>Third Quarter</b>			
0			
<b>Fourth Quarter</b>			
0			

- **Recommendations ‘accepted’ versus ‘recommendations made’**

Total Recommendations made in 1 <sup>st</sup> Quarter	55	Total Recommendations accepted in 1 <sup>st</sup> Quarter	55
Total Recommendations made in 2 <sup>nd</sup> Quarter	35	Total Recommendations accepted in 2 <sup>nd</sup> Quarter	35
Total Recommendations made in 3 <sup>rd</sup> Quarter	N/A	Total Recommendations accepted in 3 <sup>rd</sup> Quarter	N/A

- **Percentage of audits completed within the planned time**  
12 audits completed – 1 over-ran one day (92%)

**Internal Audit Report Executive Summaries – for discussion**

- Housing Management
- Housing Needs
- Car Parks
- Safeguarding Children

**Conclusion**

The role of Internal Audit continues to change and expand according to demand; changing legislation and the requirements of our external review agencies. This report covers the period 1<sup>st</sup> October 2009 to 31<sup>st</sup> December 2009. A report covering the period 1<sup>st</sup> January 2010 to 31<sup>st</sup> March 2010 will be presented at the next meeting of the Audit and Governance Committee scheduled for 18<sup>th</sup> March 2010.

Legal Implications

No legal observations

Financial Implications

No financial observations

Consultation on Reports to the Executive

None

Background Papers

- Specified appendices

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Internal Audit and Governance

Audit & Governance Committee  
3<sup>rd</sup> December 2009