

Internal Audit Update 2012/13

SYNOPSIS

To provide Members with: an update on the progress made by the Welland Internal Audit Consortium in the delivering the 2012/13 Audit Plan. This is in accordance with the Council's objective in relation to the effective use of resources

1. Relevant Background Details

Internal Audit reviews are completed in accordance with the annual Internal Audit Plan, previously agreed by this Committee. This report summarises progress against the Plan up to and including week 30, the latest practical date for reporting to the Committee.

2. Report

This midyear report includes details of all progress up to and including week ending Friday 26th October (week 30).

The table below lists the 2012/13 audit reports that have been finalised together with the audit opinion given for each of the systems reviewed. Further information regarding recommendations made for each report, along with outstanding recommendations from previous reports, can be found in Appendix A of this report.

Audit	Audit Assurance Level
Counter-Fraud General Arrangements	Marginal
Customer Services	Good
Homelessness	Sound
Trade Waste Service	Good
Waste Management & Recycling	Good

In addition, a number of audits have been finalised during early 2012/13 that relate to the 2011/12 audit plan. These are summarised in the table below, with outstanding recommendations for each report shown in Appendix A.

Audit	Audit Assurance Level
Local Taxation	Good
Benefits	Good
Creditors	Good
Financial Management & Promoting Value for Money	Sound
Managing DLOs	Sound
Procurement	Sound

As at 26th October the following audits are in progress, and the opinion of each will be reported as part of future review reports. As at the date of the report no significant control weaknesses had been identified during the course of 2012/13 planned work completed.

Audit	Status
Cemeteries	Field Work in Progress
Benefits	Field Work in Progress
Cash & Banking	Field Work in Progress
Creditors	Field Work in Progress
Local Taxes	Field Work in Progress
Treasury Management	Field Work in Progress

In addition to planned work in hand, the Head of Consortium has been commissioned to undertake an exercise to provide a clear understanding of the sequence of events around the disposal of a package of land on the St. James Industrial Estate: it is anticipated that a draft report will be available at or about the date of the Committee's meeting.

The Committee has already been advised of the staffing difficulties experienced by the Consortium and the impact on capacity. Two successful recruitment exercises have allowed for the appointment of two Auditors – who are already in post – and an Audit Manager who should be in post from 2nd January 2013. The Consortium's delivery model now assumes that use will be made of contract auditors to deliver specialist services and to mitigate the impact of staff vacancies. One contractor is currently working to deliver planned financial audits for the Council and a specialist IT audit contractor is working to develop a new Strategic IT Audit Plan and to design and provide expert support for the IT audits to be delivered during 2012/13. Contractors are also working at the Consortium's other client sites.

At the date of reporting an exercise is in hand to recalculate the number of days deliverable in 2012/13 and to identify what action, if any, is required to ensure delivery of an appropriate level of audit assurance. As part of that exercise work remaining has been prioritised: audits with a low priority have been identified in Appendix B. Three of the outstanding assignments were specifically commissioned by the Committee (Corporate Governance Arrangements; Strategic Decision Making & Leadership; and Managing Contracts) and the Director of Corporate Services has made additional resources available to ensure that those assignments can be delivered. The additional resources have been used to commission an experienced audit contractor to deliver high priority audits in Quarter 4.

When approving the 2012/13 Audit Plan, it was agreed that the responsible manager would attend this Committee if a report had a rating worse than Marginal. It was also agreed that where recommendations are categorised as 'delinquent' – i.e. not implemented by the agreed due date – the relevant Head of Service would be required to attend Committee to provide an explanation for the delay. At the date of reporting there were no delinquent recommendations and no audit has led to an assurance rating below the acceptable threshold.

3. Options to be considered

Not Applicable.

4. Issues to be taken into account:-

Policy Priorities

Not applicable

Financial

There are no direct financial implications as a result of this report.

Legal

Internal Audit is a statutory function as detailed in the following:

- i) Audit and Accounts Regulations 2003 [England]
- ii) Section 151 of the Local Government Act 1972

Performance Information

Indicator	Measure of...	Target	Actual
Percentage of available time spent on chargeable work	Efficiency	88%	75% This reflects high level of management time spent in year to date on restructuring the audit team and carrying out recruitment exercises. The productive percentage should rise in the second half of the year.
Percentage of audits completed within budget	Effectiveness	More than half within budget	Insufficient information to date in 2012/13
Customer Satisfaction	Quality	3.5	Insufficient information to date in 2012/13

Best Value

The assurance ratings provided in respect of the Council's internal control environment is a predictor of the Council's capacity to manage its resources so as to deliver value for money.

Human Rights

There are no direct human rights implications as a result of this report.

Equalities

There are no direct equalities implications as a result of this report.

Sustainability

There are no direct sustainability implications as a result of this report.

Community Safety

There are no direct community safety implications as a result of this report.

5. Conclusion

This report provides an update of the work undertaken and the results of the work as part of the 2012/13 audit plan. There are no significant control issues to report from any of the audits undertaken so far this year.

6. Recommendation

That the Committee receive the report and note the work carried out by Welland Internal Audit Consortium.

Background Papers

Internal Audit Files and Reports

External Consultations

Not applicable

List of Appendices

Appendix A – A detailed report on outstanding audit recommendations

Appendix B – Status of planned audit work

Officer to Contact

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Analysis of Audit Recommendations

Appendix A

Outstanding Recommendations

		Summary of Recommendations					
		High		Medium		Low	
Audit	Assurance Level	Made / bfw	Outstanding	Made / bfw	Outstanding	Made / bfw	Outstanding
Counter Fraud General Arrangements	Marginal	1	1	3	3	1	1
Customer Services	Good					2	2
Homelessness	Sound			2	1		
Trade Waste Service	Good			1	1		
Waste Management & Recycling	Good			1	1		
Corporate Governance Arrangements 2011/12						6	6
External Funding Management 2011/12				1	1		
Housing Rents 2011/12						1	1
Managing Absence 2011/12						1	1
Managing & Maintaining Council Housing 2011/12				1	1	1	1

		Summary of Recommendations					
		High	Medium	Low			High
Audit	Assurance Level	Made / bfw	Outstanding	Made / bfw	Audit	Assurance Level	Made / bfw
Payroll 2011/12				1	1		
Payroll 2010/11						1	1
Procurement 2011/12				1	1	3	3
	Totals	1	1	11	10	16	16

Appendix B**Internal Audit Plan 2012-13 Status Report @ November 2012**

ENTITY NAME	STATUS
Fundamental Financial Systems	
Benefits	In Progress
Budgeting & Budgetary Control	Scheduled & Resourced for delivery in Q3
Cash & Banking	In Progress
Creditors	In Progress
Debtors	Scheduled & Resourced for delivery in Q3
Fixed Assets	Scheduled & Resourced for delivery in January 2013
Housing Rents	Scheduled & Resourced for delivery in January 2013
Local Taxes	In Progress
Main Accounting System	Scheduled & Resourced for delivery in January 2013
Payroll & Employee Benefits	Scheduled & Resourced for delivery in Q3
Treasury Management	In Progress
IT Audit	
Corporate ICT - TBC	High Priority
Counter Fraud Arrangements	
Counter-Fraud - General Arrangements	Final Report Issued
Governance & Performance	
Service Planning	Low Priority
Business Continuity	High Priority
Corporate Health & Safety	Low Priority
Performance Monitoring & Management	High Priority
Asset Management & Maintenance	High Priority
Corporate Governance Arrangements	Scheduled & Resourced for delivery in Q3 *
Strategic Decision Making & Leadership	Scheduled & Resourced for delivery in Q3 *
Managing Contracts	Scheduled & Resourced for delivery in Q3 *
Customer Facing	
Development Control, Building Control & Enforcement	Low Priority
Use of Planning Processes	Low Priority
Customer Services	Final Report Issued
Homelessness	Final Report Issued
Trade Waste Services	Final Report Issued
Waste Management & Recycling	Final Report Issued
Cemetery	In Progress

NOTE: *Three Audits commissioned by the Committee - additional resources have been provided by s151 Officer to resource delivery. Additional resources to be used to "backfill" and ensure delivery of outstanding high priority audits