

AUDIT COMMITTEE

Internal Audit Monitoring Report 18 September 2013

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2013/14 Internal Audit Plan, seek approval for proposed variations to the plan, and update Members on the results of recent audits.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.**
- (2) That the proposed revisions to the audit plan, as set out in the table in §1.2, are approved.**
- (3) That the allocation of time to undertake work in support of the corporate programme of service reviews, as set out in §1.6, is approved.**
- (4) That the results of recent audits (sections 2-3 of the report) are noted.**

1.0 Audit Plan Monitoring to 27 August 2013

- 1.1** The 2013/14 Internal Audit Plan was approved by the Audit Committee at its meeting on 24 April 2013 with some minor adjustments approved at the meeting on 26 June 2013. This report is based on the monitoring position up to 27 August 2013 and a detailed monitoring report as at that date is attached as Appendix A. In summary, the position at that date was as shown in the following table.

1.2 Summary of monitoring position at 27 August 2013

Area of work	Resources (audit days)					
	Actuals to 27/08/13	Remain-ing	Comm-itted	Current Plan	Variance	Proposed Plan
Assurance Work						
Core Financial Systems	29	1	30	100	70	60
Revenues & Benefits Shared Services	6	0	6	60	54	50
Core Management Arrangements	12	12	24	80	56	70
Risk Based Assurance Audits	123	18	141	130	(11)	190
Follow-Up Reviews	32	28	60	60	0	60
Sub-Total, Assurance	202	59	261	430	169	430
Consultancy Work						
Support Work	8	10	18	35	17	25
Ad-Hoc Advice	36	34	70	65	(5)	70
Sub-Total, Consultancy	44	44	88	100	12	95
Other Work						
Other Duties (Non-Audit)	1	9	10	15	5	10
Proposal re corporate service review work (see § 1.6)						25
Work for Other Bodies	2	23	25	25	0	25
Audit Management	20	30	50	50	0	50
Sub-Total, Other Work	23	62	85	90	5	110
Contingencies						
Investigations	9	2	11	30	19	30
General Contingency	0	0	0	40	40	40
Sub-Total, Contingencies	9	2	11	70	59	70
Total	278	167	445	690	245	705

- 1.3 The monitoring position takes account of ongoing and planned work commitments. This shows that overall, current commitments total 445 days compared with the current plan of 690 days, giving an uncommitted resource of 245 days. This includes both the general contingency of 40 days and contingency for investigation work of 30 days.
- 1.4 With non-availability levels (sickness absence, training, etc) having been low during the first part of the year a review indicates that 705 chargeable days should be achievable for the year, an increase of 15 on the current plan.
- 1.5 Within the Assurance Work section, proposals are made to reallocate resources to reflect an increased commitment to the Risk Based element of the programme. The total number of days planned on assurance work remains the same.

- 1.6 Members' attention is drawn to the proposal for work during the second half of the year in support of the corporate programme of service reviews. The proposal at this stage relates specifically to the Internal Audit Manager's involvement in a planned review of council-wide arrangements for processing payroll. At this point, it is proposed to allocate 25 days to be used for this, and other reviews. This can be met from the anticipated increase in chargeable days mentioned above and other minor reductions in Support Work and other Non-Audit Duties. These changes would not therefore have any impact on the main programmes of planned audit activity. Members are specifically asked to approve this variation to the plan.
- 1.7 Other than the proposals set out above, no other significant pressures have been identified within the plan and there are no proposals at this stage to utilise any of the general contingency.

2.0 Results of Internal Audit Work to 27 August 2013

- 2.1 This report covers audit work and reports issued since the Results of Audit Work were last reported to Committee on 26 June 2013. Summary reports have been issued to Members for consideration and are also posted on the Council's Intranet.
- 2.2 The list below gives the assurance opinion issued for areas audited since the last meeting.

Audit Title		Report Date	Assurance Level	
New Audit Reports				
13/0875	Visitor Information Centres	01/07/13	Substantial	✓
13/0888	Licensing Income	15/07/13	Substantial	✓
13/0891	Creditors 2013/14	14/08/13	Substantial	✓
13/0877	Property Related Service Contracts	20/08/13	Limited	⚠
Follow up Reviews				
12/0838	Payroll Systems Replacement	09/08/13	Substantial	✓

3.0 Matters Arising from Audit Reviews

- 3.1 The key conclusions and action points in relation to those reports where a "Limited" or "Minimal" assurance opinion has been given are:

3.2 13/0877 Property Related Service Contracts - (Limited)

- The management of corporate property related service contracts is to be centralised with a view to providing a more co-ordinated approach.
- Arrangements are to be formalised to ensure that property related responsibilities are clearly defined in relation to each of the council's buildings.
- Policies, procedures, guidance and training requirements are to be reviewed and revised.
- A corporate automated system is to be developed to monitor compliance with statutory regulations and/or health and safety requirements.
- A review is to be carried out with a view to standardising the approach to procuring service contracts and maximising economies of scale.

An action plan has been developed, setting out measures to address the issues arising from the audit. Progress will be reviewed and reported to the Audit Committee in line with normal follow-up arrangements.

4.0 Details of Consultation

4.1 Management Team continues to be consulted in developing the plan.

5.0 Options and Options Analysis (including risk assessment)

5.1 The options available to the Committee are either to approve the proposed changes to the plan or to propose an alternative course of action.

6.0 Conclusion

6.1 There are no unmanageable pressures within the audit plan at present. Some realignment of plan allocations is required to reflect a greater proportion of audit time being spent on the risk-based element of the assurance programme. The programme of audits for the rest of the year continues to be developed in consultation with senior management.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None directly arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2013/14

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