

# AUDIT COMMITTEE

18<sup>th</sup> January 2017

## Internal Audit Monitoring

### Report of Internal Audit & Assurance Manager

#### PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2016/17 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 results of recent audit activity (sections 2 - 3 of the report) are noted.

#### 1.0 Audit Plan Monitoring to 19<sup>th</sup> December 2016

- 1.1 The 2016/17 Internal Audit Plan was approved by the Audit Committee at its meeting on 29<sup>th</sup> June 2016 with a number of variations approved at the meeting on 14<sup>th</sup> September 2016. This report is based on the monitoring position up to 19<sup>th</sup> December 2016 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 19<sup>th</sup> December 2016

Area of work	Resources (audit days)					
	Actuals to 19/12/16	Remain-ing	Comm-itted	Current Plan	Variance	Proposed Plan
<b>Assurance Work</b>						
Core Financial Systems	12	18	30	50	20	30
Revenues & Benefits Shared Services	1	39	40	40	0	40
Core Management Arrangements	45	5	50	50	0	50
Risk Based Assurance Audits	92	53	145	120	-25	145
Follow-Up Reviews	16	14	30	35	5	30
<b>Sub-Total, Assurance</b>	<b>166</b>	<b>129</b>	<b>295</b>	<b>295</b>	<b>0</b>	<b>295</b>
<b>Consultancy Work</b>						
Ad-Hoc Advice	43	10	53	50	-3	53
Corporate Risk Management	2	8	10	20	10	10
Support Work	10	5	15	20	5	15
<b>Sub-Total, Consultancy</b>	<b>55</b>	<b>23</b>	<b>78</b>	<b>90</b>	<b>12</b>	<b>78</b>
<b>Other Work</b>						
Other Duties (Non-Audit)	118	24	142	130	-12	142
Audit Management	33	7	40	40	0	40
<b>Sub-Total, Other Work</b>	<b>151</b>	<b>31</b>	<b>182</b>	<b>170</b>	<b>-12</b>	<b>182</b>
<b>Contingencies</b>						
Investigations	4	6	10	10	0	10
General Contingency	0	0	0	10	10	0
<b>Sub-Total, Contingencies</b>	<b>4</b>	<b>6</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>10</b>
<b>Total</b>	<b>376</b>	<b>189</b>	<b>565</b>	<b>575</b>	<b>10</b>	<b>565</b>

1.3 The monitoring position takes account of ongoing and planned work commitments. This shows that overall, current commitments total 565 days compared with the currently approved plan of 575 days, giving an uncommitted resource of 10 days. This equates to the unused balance of the general contingency of 10 days.

1.4 As reported to the September meeting of the Committee, internal audit staff resources had been diverted, between March and September 2016 to cover both the management and day-to-day operation of the Council's corporate information management functions. Adjustments to the plan approved by the Committee at that meeting identified in a shortfall in resources in the plan of 40 days. That position has been maintained in the intervening period, resources available from the current staffing for the remainder of the year being 149 days.

### Proposals

1.5 The proposals incorporate a reduction in time spent on follow-up reviews (5 days), corporate risk management (10 days), support work (5 days) and the transfer of 10 days from the general contingency. Arrangements are in hand to secure additional resources to provide the additional 40 days required to complete the plan. This has been built into the revised budget for 2016/17 and will be therefore be met from within existing budgets.

1.6 These proposals seek to maintain the main programme of Assurance Audit work.

## 2.0 Results of Internal Audit Work to 19<sup>th</sup> December 2016

2.1 This report covers audit work and reports issued since the last update report to Committee on 14<sup>th</sup> September 2016. Summary reports have been issued to Members for consideration and are also posted on the Council's Intranet. The reports issued have been:

Audit Title		Report Date	Assurance Level	
<b>New Audit Reports</b>				
16/0971	Council Housing Rent Collection and Arrears Management	14/11/16	Substantial	✓
16/0974	Williamson Park – Cash and Banking	04/11/16	Substantial	✓
16/0975	Licensing – Taxis	14/12/16	Substantial	✓
<b>Follow-up Reviews</b>				
15/0956	Stores	16/11/16	Limited	⚠
15/0963	Safeguarding Adults	23/12/16	Limited	⚠

## 3.0 Matters Arising from Audit Reviews

3.1 The key conclusions and action points in relation to those reports where a “Limited” assurance opinion has been given are:

### 3.2 15/0956 - Stores (Limited)

Very good progress has been made with implementation of the agreed actions, improvements having been made in relation to stocktaking, record keeping and security checks on stock leaving the depot. However, reviews are still ongoing in relation to key areas including purchasing, stock management and ensuring that the most effective use is being made of the Stores system. Therefore, the level of assurance which can be provided at this time remains at limited. However, revised target implementation dates have been agreed to take into account work in progress, which once complete should result in substantial assurance being provided.

### 3.3 15/0963 – Safeguarding Adults (Limited)

Good progress has been made with implementation of the agreed actions, improvements having been made in relation to the corporate induction presentation and the information available on the council's intranet and Website. At the time of producing this report, a number of actions were in the process of being addressed in relation to some key areas; these include the revision of the Safeguarding Adults Policy, the launch of the revised safeguarding e-learning modules and a review of safeguarding training needs across the council. Whilst the level of assurance which can be provided at this time remains at limited, revised target implementation dates early in 2017 have been agreed to take into account work in progress, which once complete, will enable the assurance level to be raised to substantial.

## 4.0 Details of Consultation

4.1 Management Team and senior service managers continue to be consulted in developing the plan.

**5.0 Options and Options Analysis (including risk assessment)**

5.1 Regarding the Internal Audit Plan, the options available to the Committee are either to approve the proposed changes or to propose an alternative course of action.

**6.0 Conclusion**

6.1 Adjustments in plan allocations and the exploration of options to secure additional resources, within existing budgets, are being proposed to maintain the core elements of the internal audit plan.

**CONCLUSION OF IMPACT ASSESSMENT  
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Not applicable

**FINANCIAL IMPLICATIONS**

Any options for securing additional resources to maintain the audit plan can be met from within existing budgets.

**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 2016/17

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