

Audit Committee

Results of Internal Audit Work

24th September 2008

Report of Internal Audit Manager

PURPOSE OF REPORT

To inform the Committee of the results of Internal Audit work for the period.

This report is public

RECOMMENDATIONS

(1) That the report is noted.

1.0 Introduction

1.1 Part of the Audit Committee's terms of reference is:

"To receive and review the findings of both Internal and External Audit examinations and to ensure that management takes appropriate action to implement agreed recommendations and to remedy any internal accounting, organisational or operational control weaknesses identified." (Constitution part 3, section 7, § 10)

2.0 Results of Internal Audit Work to 22 August 2008

2.1 This report covers audit work and reports issued since the last report to Committee on 25th June 2008. Summary reports are issued to Members for consideration and are also posted on the Council's Intranet.

2.2 If there are any specific questions about a report, or more detailed information is required, it would be helpful if Members could contact the Internal Audit Manager on telephone number 582028 or email dwhiteway@lancaster.gov.uk prior to the meeting.

2.3 The list below gives the assurance opinion issued for areas audited since the June 2008 meeting under the revised reporting processes, with the 'Headline Messages' arising from these audits set out in § 3.0.

Audit Title		Report Date	Assurance Level	
New Audit Reports				
07/0710	Ordering and Payments 2007/08	02/07/08	Reasonable	✓
Follow-Up Reviews				
07/0696	National Non Domestic Rates (NNDR)	08/08/08	Reasonable	✓

3.0 Matters Arising from Audit Reviews

3.1 There are no audits to bring to Members attention where a “minimal” and “limited assurance” opinion has been issued.

3.2 The following are the ‘Headline Messages’ arising from the reports completed since the June 2008 meeting:

Ordering and Payments 2007/08

- The Authority Financials Purchasing system introduced in December 2007 has improved on previous ordering arrangements
- The new system facilitates prompt and accurate payments to creditors
- Arrangements will be enhanced through the introduction of electronic transaction logs on the use of corporate procurement cards and the recent implementation of the Electronic Document Management system relating to creditor invoices
- Work is ongoing to make best use of system audit reports to enhance overall control and to improve efficiencies through the wider use of procurement cards and payments by BACS rather by cheques

National Non-Domestic Rates (Follow-up Review)

- NNDR is well managed and the risk outstanding from the original audit is being addressed through the introduction of an interface between the Academy (NNDR) system and the General Ledger within the Authority Financials system. Control is being further enhanced through the introduction of monthly reconciliations of the two systems from September 2008 and the publication of related procedural guidance
- 3.3 The Internal Audit Manager has responded to a question from a Member of the Committee for further information in relation to the purchase of ‘standard equipment’ following the Ordering and Payments audit. The Internal Audit Manager has advised that individual Services are required to achieve ‘best value’ when purchasing goods and that arrangements are in place to ensure that the market is periodically tested through corporate tendering procedures.

4.0 Update on Previous Assurance Opinions

4.1 Appendix A provides an updated position for all those audits where the level of assurance provided has not yet reached “reasonable”. The Internal Audit Manager will provide Committee with a verbal update on each of the audits.

5.0 Results of Responsive Audit Work (Advice, Support and Investigations)

5.1 Since the issue of the audit report on Partnership Arrangements (June 2008) the Principal Auditor has been heavily involved in developing the framework for the performance management and scrutiny of the Council’s major partnerships, including an exercise to identify the number and type of existing partnerships and the introduction of a Partnership Development and Evaluation Toolkit aimed at evaluating the effectiveness of individual partnerships and the Council’s involvement in them.

5.2 Following an Executive Decision taken by the Cabinet Portfolio Holder for Performance Management and Efficiency (implementation date 22 August 2008) the toolkit will be piloted by the Community Safety and Museums Partnerships with a view to the results being reported to a future meeting of the Budget and Performance Panel and the toolkit being used by other major partnerships later in the year.

6.0 Details of Consultation

6.1 Not applicable

7.0 Options and Options Analysis (including risk assessment)

7.1 Not applicable

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

None identified

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

Legal Services have been consulted and has no further comments

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Files

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