

AUDIT COMMITTEE

20th January 2010

Internal Audit Monitoring

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2009/10 Internal Audit Plan.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.**
- (2) That the proposed adjustments to the Internal Audit Plan as set out in paragraph 2.9 are approved.**

1.0 Introduction

- 1.1 The 2009/10 Internal Audit Plan was approved by the Audit Committee at its meeting on 30th June 2009. A number of adjustments to the plan were approved by the committee at its meeting on 23 September 2009. This report is based on the monitoring position up to 30th November 2009.

2.0 Report

- 2.1 A detailed monitoring report as at 30th November 2009 is attached as Appendix A. In summary, the position as that date was as shown in the following table.

Area of work	Resources (audit days)				
	Actuals to 30/11/09	Remaining	Committed	Approved Plan	Variance
Assurance Work					
Core Financial Systems	41	62	103	90	+13
Core Management Arrangements	43	51	94	75	+19
Risk Based Assurance Audits	80	70	150	225	-75
Follow-Up Reviews	70	0	70	64	+6
Sub-Total, Assurance Work	234	183	417	454	-37
Consultancy Work					
Support Work	77	19	96	87	+9
Efficiency & VfM	8	14	22	50	-28
Ad-Hoc Advice	36	13	49	49	0
Sub-Total, Consultancy Work	121	46	167	186	-19
Audit Management	46	12	58	54	+4
Other Duties (Non-Audit)	24	4	28	28	0
Investigations	182	14	196	175	+21
General Contingency	0	0	0	20	-20
Total	607	259	866	917	-51

- 2.2 Whilst this summary shows that, overall, audit resources are not yet fully committed (there being 51 days available for allocation), there continue to be variances in some areas which are creating pressures within the plan.
- 2.3 Most significantly, the major investigation, which was completed in November 2009 took a few more days than anticipated when reported to the committee in September. More recently, a further investigation required into an income collection issue has made a further call on audit resources. Overall, it is anticipated that this work will require a further 21 days adding to the investigations budget.
- 2.4 Under the heading of Consultancy, the revised allocation for Support Work (87 days) is also likely to be exceeded by around 9 days. This is mainly the consequence of additional work being undertaken in the partnership mapping and evaluation programme which is the subject of a separate report on the agenda.
- 2.5 The third area where planned allocation has been exceeded (by an additional commitment of 4 days) is in audit management, which covers planning, monitoring and reporting to committee.
- 2.6 There is scope to mitigate these additional commitments, which total 34 days, through reductions in some other areas. The main available source is that for Efficiency and VfM which is currently under-committed by 28 days. The overall plan can be balanced by reallocating this resource and by using 6 days from the remaining balance of the general contingency (20 days).

- 2.7 It would also be possible to divert resources from the programme of assurance work. As this constitutes the core element of internal audit work on which management and the Audit Committee will rely in evaluating the council's internal control and governance arrangements, it should normally be regarded as a priority. It follows that diversion of resources from these programmes should be considered as a last resort.
- 2.8 A further option remains to consider using some of the consultancy services budget available to Financial Services to provide temporary staff to assist with programmed work.
- 2.9 In summary, if the core internal audit programme of assurance is to be maintained, an additional 34 days of audit resource needs to be found to balance the annual plan. This can be achieved by diverting resources within the internal audit plan, as set out in the following table:

Plan Area	Measure	Resources
Support Work	Increase plan allocation	+9
Investigations	Increase plan allocation	+21
Audit Management	Increase plan allocation	+4
Sub-total, increased allocations		+34
Efficiency & VfM Work	Reduce plan allocation	-28
General Contingency	Apply part of remaining 20 days	-6
Sub-total, reduced allocations\contingency		-34

3.0 Details of Consultation

- 3.1 Service Heads have been consulted in the development of the risk based audit assurance work programme.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 The options available to the committee are either to approve the proposed adjustments to the internal audit annual plan which are set out in the table in § 2.9, or to propose that the additional commitments identified are met by a different combination of adjustments or measures.
- 4.2 The proposed adjustments are designed to ensure that the core programme of assurance work is safeguarded, and recognise that the overall position regarding work demands will develop and change during the remainder of the year. The proposal provides the Internal Audit Manager with the authority and flexibility to manage the plan. Should any more significant issues arise before the end of the financial year, the Internal Audit Manager will advise and consult the Chairman on any proposed corrective measures.

5.0 Conclusion

- 5.1 Monitoring of the Annual Internal Audit Plan for 2009/10 shows a number of variations in demand for audit work, which need to be managed over the remainder of the year. It is anticipated at this stage that this can be managed so as not to affect the levels of assurance provided by Internal Audit's core programme of planned work.

CONCLUSION OF IMPACT ASSESSMENT

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

Not applicable

FINANCIAL IMPLICATIONS

None arising from this report

SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2009/10

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