

Audit Committee

Results of Internal Audit Work

22nd September 2010

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.
- (2) That in relation to previous audits where the assurance level has not yet reached "reasonable" (as set out in Appendix A):
 - a) Regarding audit ref 07/0701 - Procurement and Contract Management - that Audit Committee consider the update report of the Head of Financial Services and determine whether they would wish any further action to be taken regarding the outstanding issues.

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 31 August 2010

- 2.1 This report covers audit work and reports issued since the Results of Audit Work were last reported to Committee on 30th June 2010. 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 last meeting.

Audit Title		Report Date	Assurance Level	
New Audit Reports				
08/0730	Climate Change	09/06/10	Limited	
08/0750	Academy/Civica Interfaces	25/06/10	Limited	
08/0759	Housing Standards	08/07/10	Limited	
Follow up Reviews				
07/0701	Procurement and Contract Management	25/06/10	Limited	
08/0742	Risk Management	29/06/10	Reasonable	
08/0733	Planning for Floods	13/07/10	Reasonable	

3.0 Matters Arising from Audit Reviews

- 3.1 Members' attention is drawn to the audits where a "reasonable" level of assurance has not been achieved as follows:

08/0730 – Climate Change

Acknowledging the council's high level commitment to and progress in implementing measures to address climate change, the audit focused on the following:

- reducing CO2 emissions and resource use from council buildings and activities (mitigation),
- making sure that the council is better prepared to cope with the impacts that climate change may have on its service delivery (adaptation), and
- the council's preparedness to deal with the requirements of the Carbon Reduction Commitment

A Climate Change Strategy has been developed which brings together the council's aims and objectives in relation to dealing with climate change and the council has made a public commitment to reduce its carbon emissions through improved energy management. It has adopted a Climate Change Strategy which includes specified targets for achieving these aims and objectives.

The most significant issue raised in the audit related to the council's capacity to deliver aspects of the strategy. The council is currently at risk of failing to effectively plan to adapt to the impacts of climate change, and it is unlikely that the national target set in this area (NI188) will be achieved during 09/10. Work is ongoing to identify the capacity to develop a Local Climate Impacts Profile, which is fundamental to progressing to the next level of NI188.

Work is ongoing to develop capacity to deliver the objectives of the Climate Change Strategy through identifying, allocating and co-ordinating internal resources, consideration of new working practices, and seeking external resources and support. This has been led and co-ordinated by the designated leads on Climate Change related issues at Cabinet and Management Team level.

The recently formed Climate Change Officer Working Group and Bright Sparx Team have been developed with a view to improving awareness, and achieving a co-ordinated approach to climate change related issues. A substantial proportion of the action plan resulting from the audit is being taken forward by the officer working group.

As regards the government's Carbon Reduction Commitment initiative, the council's consumption of electricity is currently below the threshold for participation. Monitoring arrangements are to be further developed to ensure the council is adequately prepared to participate in the Carbon Reduction Commitment scheme should current thresholds be reduced.

08/0750 Academy/Civica Interfaces

The audit considered known concerns relating to the balancing of data transferred between the council's Academy systems (employed in Revenues Services) and the Authority Financials systems (Financial Services).

Sufficient information was being provided by the various systems to enable accurate accounting entries to be made and the majority of feeders were operating robustly. In some areas, however, balancing of the feeders could only be achieved with a significant degree of manual intervention. The problems related specifically to the transfer of data from the Academy Council Tax and NDR systems, for which a "fix" is necessary to ensure that the feeders are working accurately and efficiently.

08/0759 Housing Standards (Limited)

The audit considered the position following the transfer of the housing strategy role to the Policy and Regeneration Service and the measures being taken to align and coordinate strategic and operational activity.

Effective consultation arrangements are in place between the Council and the local Fire Authority, which are to be strengthened further through a formal partnering agreement. Good arrangements are in place to ensure enforcement action taken is fair and consistent.

The limited opinion given on current arrangements reflects the conclusion that an up to date Housing Strategy is needed to ensure the council is able to meet its statutory duties per the Housing Act 2004. Future work programmes and performance targets will need to be linked to any newly developed Housing Strategy.

4.0 Update on Previous Assurance Opinions

- 4.1 Appendix A provides the updated position for all audits where the level of assurance has not yet reached "reasonable". A copy of the follow-up report for the audit of Procurement and Contract Management is attached for information as Appendix B in relation to a verbal update which will be provided by the Head of Financial Services.

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

- 5.1 Internal Audit has been reviewing the council's policies and strategies relating to financial crime and irregularity. A revised draft policy and strategy are nearly complete and ready for consultation. These should be ready for consideration by Audit Committee in November 2010.
- 5.2 Following on from the audit of Climate Change, internal audit has been contributing to an ongoing review of the council's "grey fleet" arrangements (i.e. travel not using council owned vehicles). This is being led by a sub-group of the Climate Change Officer Working Group, drawing on conclusions and recommendations arising from a "green fleet" review undertaken by the Energy savings Trust.

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

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 Files

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