

AUDIT COMMITTEE

Internal Audit Monitoring 21 September 2011

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2010/11 Internal Audit Plan and to seek Members' approval for a change to the plan and endorsement of a future schedule of audit work.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.
- (2) That the proposed change to the 2011/12 internal audit plan set out in paragraph 2.3 is approved.
- (2) That the schedule of potential audits for the remainder of 2011/12 as set out in paragraph 2.6 is approved.

1.0 Introduction

- 1.1 The 2011/12 Internal Audit Plan was approved by the Audit Committee at its meeting on 29th June 2011. This report is based on the monitoring position up to 31st August 2011.

2.0 Report

Monitoring Position as at 31st August 2011

- 2.1 A detailed monitoring report as at 31st August 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 31/08/11	Remaining	Committed	Original Plan	Variance	Proposed Plan
Assurance Work						
Core Financial Systems	65	17	82	50	-32	82
Revenues & Benefits Shared Services	44	48	92	85	-7	92
Core Management Arrangements	8	1	9	110	101	81
Risk Based Assurance Audits	75	15	90	105	15	105
Follow-Up Reviews	15	55	70	70	0	70
Sub-Total, Assurance	207	136	343	420	77	430
Consultancy Work						
Support Work	14	10	24	30	6	30
Efficiency & VfM	0	30	30	30	0	30
Ad-Hoc Advice	15	40	55	65	10	65
Sub-Total, Consultancy	29	80	109	125	16	125
Other Work						
Other Duties (Non-Audit)	4	8	12	15	3	15
Audit Management	23	32	55	55	0	55
Sub-Total, Other Work	27	40	67	70	3	70
Contingencies						
Investigations	9	0	9	30	21	30
General Contingency	0	0	0	40	40	40
Sub-Total, Contingencies	9	0	9	70	61	70
Total	272	256	528	685	157	695

- 2.2 The monitoring position takes account of ongoing and planned work commitments. The summary shows that overall, current commitments total 528 days compared with the original plan of 685 days. It is now estimated that 695 days can be delivered, which gives an uncommitted resource of 167 days. This includes the general contingency of 40 days and a balance of 21 days set as contingency for investigation work.
- 2.3 Within the main programme of assurance work, the audits of core financial systems and, to a lesser extent, the Revenues and Benefits Shared Service have exceeded the original plan. This reflects the additional work required in a new approach to these audits and a wider than normal programme, covering all significant systems in this year. It is proposed to meet the shortfall in these areas from the additional 10 days deliverable with the balance (29 days) by re-directing resources from the "Core Management Arrangements" section of the assurance programme. This is reflected under the "Proposed Plan" column of the table and the Committee is asked to approve this change.
- 2.4 Otherwise, the current position with the plan does not show any particular pressures developing. At this point in the year, it is considered prudent to maintain the existing level of contingencies (both general and investigations); this leaves an available, uncommitted resource of 106 days.

2.5 The section's major work programme in the near future is concerned with audits of the Revenues and Benefits Shared Services' systems as operated by Preston City Council. This work, which will result in reports to Preston City Council's management and Audit Committee, is currently estimated to take 40 days. It is anticipated that, following this first year, efficiencies will be possible in auditing the shared service arrangements, resulting in a reduced number of audit days.

2.6 A schedule of further audits for the remainder of the year is currently being drawn up in consultation with Management Team and an update will be provided at the meeting. Potential topics identified at the time of writing are:

- Shared Services arrangements with Lancashire County Council
- Environmental Services' enforcement
- Changes in the Housing Revenue Account
- Winter maintenance arrangements
- Complaints policy and procedures

3.0 Details of Consultation

3.1 Management Team has been consulted in developing the plan.

4.0 Options and Options Analysis (including risk assessment)

4.1 The options available to the Committee are either to endorse the proposed changes to the plan and the schedule of future audits, or to propose an alternative course of action.

5.0 Conclusion

5.1 There are no significant pressures within the audit plan at present. A minor realignment of the original plan allocations is required to address additional time spent on core financial systems during the first half of the year and the programme of audits for the rest of the year continues to be developed in consultation with senior management.

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

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report
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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
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MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Internal Audit Plan 2011/12

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