

AUDIT COMMITTEE

Internal Audit Monitoring

15th February 2012

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2011/12 Internal Audit Plan and to seek Members' approval for proposed adjustments to the plan.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.**
- (2) That the proposed adjustments to the 2011/12 internal audit plan set out in paragraphs 2.1 to 2.8 are 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 and some minor adjustments were approved by the Committee on 21st September 2011. This report is based on the monitoring position up to 18th January 2012.

2.0 Report

Monitoring Position as at 18th January 2012

- 2.1 A detailed monitoring report as at 18th January 2012 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 18/01/12	Remaining	Committed	Approved Plan	Variance	Proposed Plan
Assurance Work						
Core Financial Systems	81	27	108	82	-26	108
Revenues & Benefits Shared Services	79	28	107	92	-15	107
Core Management Arrangements	28	2	30	81	51	30
Risk Based Assurance Audits	175	17	192	105	-87	192
Follow-Up Reviews	47	13	60	70	10	60
Sub-Total, Assurance	410	87	497	430	-67	497
Consultancy Work						
Support Work	31	9	40	30	-10	40
Efficiency & VfM	0	0	0	30	30	0
Ad-Hoc Advice	41	14	55	65	10	55
Sub-Total, Consultancy	72	23	95	125	30	95
Other Work						
Other Duties (Non-Audit)	12	3	15	15	0	15
Audit Management	50	11	61	55	-6	61
Sub-Total, Other Work	62	14	76	70	-6	76
Contingencies						
Investigations	9	0	9	30	21	9
General Contingency	0	0	0	40	40	18
Sub-Total, Contingencies	9	0	9	70	61	27
Total	553	124	677	695	18	695

- 2.2 The monitoring position takes account of ongoing and planned work commitments. The summary shows that overall, current commitments total 677 days compared with the approved plan of 695 days, giving an un-committed balance of 18 days. Pending allocation, these 18 days will remain within the “general contingency”.
- 2.3 Within the main programme of assurance work, the audits of core financial systems and the Revenues and Benefits Shared Service have exceeded the approved plan by a total of 41 days. This reflects additional work required in developing and refining a new approach to these audits, covering all significant systems in this year and in establishing arrangements with Preston City Council to enable audit work to proceed.
- 2.4 There is also a significant overspend of resources (87 days) on the Risk Based Assurance audit section of the plan, this arising mainly from the audits of the RMS Partnering Contact and the specific piece of work concerning the Hala Flats Pebbledashing job and also from the audit into Consultancy Commissioning and Procurement. This is partially offset by an “underspend” of 51 days in the “Core Management Arrangements” section of the plan and 10 days in conducting follow-up reviews.
- 2.5 Other areas of the plan showing a minor overspend are “Support Work” (10 days and “Audit Management” (6 days).

- 2.6 It is proposed to meet these shortfalls (83 days total) by applying 22 days from the the General Contingency and through savings identified elsewhere in the plan, under the following:
- Efficiency & VfM 30 days
 - Ad-hoc Advice 10 days
 - Reduction in the investigations contingency 21 days
- 2.7 Clearly, at this point in the year, with resources for the final quarter of the year almost fully committed to the work programme set out in Appendix A, completion of the plan is at risk should any additional responsive work (investigations, etc) be required.
- 2.8 These adjustments are reflected under the “Proposed Plan” column of the table and the Committee is asked to approve the changes.
- 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 Internal Audit resources for the final quarter of 2011/12 are now almost fully committed to the current work programme. Some realignment of the approved plan allocations is required to address additional time spent on assurance audit work during the middle of the year.

CONCLUSION OF IMPACT ASSESSMENT

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

Not applicable

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 Plan 2011/12

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