

AUDIT COMMITTEE

Internal Audit Monitoring Report 19 September 2012

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2012/13 Internal Audit Plan, seek Members' approval for a change to planned resource allocations, and advise Members of the results of recent audits.

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 2.4 is approved.**
- (3) That the results of recent audits (sections 3-5 of the report) are noted.**
 - 1.1 This report now combines the content of the "Internal Audit Monitoring" and the "Results of Internal Audit Work" reports which have previously been submitted to Audit Committee.
 - 2.0 Audit Plan Monitoring to 6th August 2012**
 - 2.1 The 2012/13 Internal Audit Plan was approved by the Audit Committee at its meeting on 18th April 2012. This report is based on the monitoring position up to 6th August 2012 and a detailed monitoring report as at that date 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 06/08/12	Remain-ing	Comm-itted	Original Plan	Variance	Proposed Plan
Assurance Work						
Core Financial Systems	31	10	41	60	19	60
Revenues & Benefits Shared Services	6	0	6	85	79	85
Core Management Arrangements	5	10	15	110	95	95
Risk Based Assurance Audits	62	24	86	135	49	125
Follow-Up Reviews	17	38	55	60	5	55
Sub-Total, Assurance	121	82	203	450	247	420
Consultancy Work						
Support Work	34	21	55	30	-25	60
Ad-Hoc Advice	31	34	65	65	0	65
Sub-Total, Consultancy	65	55	120	95	-25	125
Other Work						
Other Duties (Non-Audit)	9	6	15	15	0	15
Audit Management	16	39	55	55	0	55
Sub-Total, Other Work	25	45	70	70	0	70
Contingencies						
Investigations	10	0	10	30	20	30
General Contingency	0	0	0	40	40	40
Sub-Total, Contingencies	10	0	10	70	60	70
Total	221	182	403	685	282	685












- 2.2 The monitoring position takes account of ongoing and planned work commitments. The summary shows that overall, current commitments total 403 days compared with the original plan of 685 days, giving an uncommitted resource of 282 days. This includes the general contingency of 40 days and a balance of 20 days set as contingency for investigation work.
- 2.3 At this stage in the year, the only significant point arising in the plan is in the time allocated to "Support Work" which currently shows an over-commitment of resources of 25 days. This has mainly arisen through work with the Complaints Officer Working Group established following completion of the internal audit into the complaints policy and procedures. The work of the Group is now nearing completion.
- 2.4 To meet an anticipated 30 days overspend on the Support Work element of the plan it is proposed to reduce the allocations to "Core Management Arrangements" by 15 days, "Risk Based Assurance Work" by 10 days and "Follow-Up Reviews" by 5 days. The Committee is asked to approve these changes.
- 2.5 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 that for investigations).

- 2.6 Following a request raised at the last Audit Committee, proposals for an audit of septic tank management arrangements have been drawn up and agreed with the relevant Service Heads; this audit is now underway.
- 2.7 Drawing on the results of the annual governance review (elsewhere on this agenda), audit proposals are currently being developed for Management Team's consideration in relation to:
 - The performance management framework
 - Partnership working and administration arrangements

3.0 Results of Internal Audit Work to 6th August 2012

- 3.1 This report covers audit work and reports issued since the Results of Audit Work were last reported to Committee on 12th April 2012. Summary reports are issued to Members for consideration and are also posted on the Council's Intranet.
- 3.2 The list below gives the assurance opinion issued for areas audited since the last meeting.

Audit Title		Report Date	Assurance Level	
New Audit Reports – none issued since the last meeting				
11/0831	Williamson Park		Limited	
11/0829	Housing Rents		Substantial	
11/0833	Asset Management		Substantial	
11/0842	Purchase Ordering and Creditor Payments		Substantial	
11/0830	Consultancy Commissioning and Procurement		Substantial	
11/0837	Complaints Policy and Management		Minimal	
12/0851	Disabled Facilities Grants		Substantial	
12/0850	Whistleblowing Policy and Processes		Substantial	
Follow up Reviews				
10/0799	IT Standards and Change Control		Limited	
10/0819	Purchasing Cards		Substantial	
10/0810	Payroll		Substantial	
10/0762	Planning Probity		Substantial	

4.0 Matters Arising from Audit Reviews

- 4.1 The key action points in relation to those reports where a “Limited” or “Minimal” assurance opinion has been given are:

4.2 11/0831 Williamson Park (Limited)

- 4.2.1 Relevant buildings at the Park are to be included on the corporate building conditions survey to ensure they are treated in the same way as the council's other municipal buildings. This should involve the production of a planned maintenance and inspection programme which will significantly improve current arrangements.
- 4.2.2 The costs and benefits of utilising a cash collection service are to be explored, current arrangements being insecure and insurance limits relating to transferring cash occasionally being exceeded.
- 4.2.3 Stock control arrangements are to be strengthened in compliance with Financial Regulations and Procedures following the recent introduction of the new till system.
- 4.2.4 Energy contracts have been reviewed. A move to a new gas supplier from May 2013 will deliver savings. The currently contracted electricity tariff compares favourably with other available rates and will be maintained.

4.3 11/0837 – Complaints (Minimal)

- 4.3.1 The audit found that, whilst public accessibility to the complaints policy is good, the definition of complaint was not universally understood throughout the council, Service approaches to complaints management varied and complaints data was not being captured completely and consistently, thus potentially leading to significant or consistent failings going unnoticed. However, there was a clear desire and willingness throughout the council to improve arrangements and, following the audit, an officer working group was established to work on a comprehensive review of the Authority's approach to complaints handling.
- 4.3.2 The officer working group has developed proposals for a revised Customer Comments, Compliments and Complaints Policy, which Management Team has considered and which has now been issued for consultation to relevant officers. In tandem with this, attention is being given to the information systems needed to capture relevant data in relation to complaints and provide the information to enable more effective management of complaints.

4.4 10/0799 - IT Standards and Change Control (Limited)

- 4.4.1 A change control policy has been drafted and is awaiting formal approval prior to it being published on the Intranet. A number of actions remain outstanding as they are reliant on the introduction of the above change control policy. Work in these areas had been put on hold during the shared service negotiations with Lancashire County Council (One Connect Ltd).

5.0 Update on Previous Assurance Opinions

- 5.1 There is one area where the assurance opinion has remained at "Limited", this being the audit of Information Management and Security, the follow-up report for which was issued in November 2011.
- 5.2 The follow-up report concluded that effective information management and security was being seen as increasingly important and there was a corporate willingness to improve. It has been recognised that the improvement programme is a long-term and ongoing process. Cultural aspects of

information management are seen as a major factor in achieving further improvement, with senior managers having a key role to play.

- 5.3 It is proposed that a review of progress is built in alongside current audit work in relation to information security and involvement with the Information Management Group and that an update report brought to the next meeting of the Audit Committee.

6.0 Details of Consultation

- 6.1 Management Team continues to be consulted in developing the plan.

7.0 Options and Options Analysis (including risk assessment)

- 7.1 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.

8.0 Conclusion

- 8.1 There are no unmanageable pressures within the audit plan at present. A minor realignment of the original plan allocations is required to reflect additional time spent on Support Work issues. The programme of audits for the rest of the year continues to be developed in consultation with senior management.

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)
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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	Contact Officer: Derek Whiteway Telephone: 01524 582028 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/comm/audit/120919IAMon
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Internal Audit Plan 2012/13