

AUDIT COMMITTEE

Internal Audit Monitoring Report 24 April 2013

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the final monitoring position regarding the 2012/13 Internal Audit Plan, and advise Members of the results of recent audits.

This report is public

RECOMMENDATIONS

- (1) That the final monitoring as at 31 March 2013 position is noted.**
- (2) That the results of recent audits (sections 2 to 3 of the report) are noted.**

1.0 Audit Plan Monitoring to 31 March 2013

- 1.1 The 2012/13 Internal Audit Plan was approved by the Audit Committee at its meeting on 18 April 2012 and updated at its meetings on 19 September 2012 and 23 January 2013. This report provides the final out-turn monitoring position as at 31 March 2013 and a detailed monitoring report as at that date is attached as Appendix A. In summary, the final position at 31 March was as shown in the following table.

1.2 Summary of monitoring position at 31 March 2013 (final out-turn)

Area of work	Resources (days)			
	Original Plan	Revised Plan (23/01/13)	Actuals	Variance
Assurance Audit				
Core Financial Systems	60	111	129	(18)
Revenues & Benefits Shared Services	85	64	65	(1)
Core Management Arrangements	110	40	36	4
Risk Based Assurance Audits	135	150	134	16
Follow-Up Reviews	60	55	52	3
Sub-Total, Assurance Work	450	420	416	4
Advice & Support Work	95	144	145	(1)
Investigations	30	30	12	18
Audit Management	55	49	57	(8)
Other Duties (Non-Audit)	15	21	21	0
Work for Other Bodies (LDNPA)	0	0	11	(11)
General Contingency	40	21	0	21
Total Chargeable Days	685	685	662	23

- 1.3 As reported through the year, within the main programme of Assurance Work, additional time has been taken on audits of core financial systems, this being mainly in the areas of Purchasing Ordering and Creditor Payment Processes in Environmental Services and in Income Management. As can be seen from the report at Appendix A, a wide programme of assurance audits has been carried out and the majority of audits have been completed.
- 1.4 Elsewhere in the plan, the most significant change has been in the time allocated to "Support Work". The budget for this work was increased at previous meetings of the Committee from 30 to 79 days. The out-turn for the year was 71 days. This reflects the work (now complete) associated with the Complaints Officer Working Group and the development of a new Customer Complaints policy. Other significant areas have been the review of Contract Procedure Rules (completed) and Financial Regulations (ongoing) and ongoing work associated with Information Security and the Public Services Network.
- 1.5 In the last quarter, the Internal Audit team has undertaken two short pieces of audit work for the Lake District National Park Authority (based at Kendal).
- 1.6 Overall, the number of chargeable days delivered in the year was down by 23 days on the plan. There are a number of factors contributing to this outcome, including an increase in internal training activities and duties associated with structural/managerial changes within the Council. A full report on the audit plan outturn and performance for the 2012/13 year will be included in the Internal Audit Manager's annual report which will be presented to the Committee's meeting in June 2013.

2.0 Results of Internal Audit Work to 31 March 2013

- 2.1 This report covers audit work and reports issued since the Results of Audit Work were last reported to Committee on 23 January 2013. Summary reports are issued to Members for consideration and are also posted on the Council's Intranet.
- 2.2 The list below gives the assurance opinion issued for areas audited since the last meeting.

Audit Title		Report Date	Assurance Level	
New Audit Reports				
12/0859	Income Management	08/01/13	Substantial	✓
12/0864	National Non-Domestic Rates 2012/13	04/03/13	Substantial	✓
12/0866	Council Tax 2012/13	19/03/13	Maximum	✓✓
12/0838	Payroll Systems Replacement – ResourceLink Aurora	26/03/13	Substantial	✓
12/0857	Purchase Ordering and Creditor Payment Processes within Environmental Services	26/03/13	Limited	⚠
Follow up Reviews				
12/0850	Corporate Whistleblowing Arrangements	28/01/13	Substantial	✓
11/0833	Asset Management (Inventories)	13/03/13	Limited	⚠

3.0 Matters Arising from Audit Reviews

3.1 The key conclusions and action points in relation to those reports where a “Limited” assurance opinion has been given are:

3.2 12/0857 Purchase Ordering and Creditor Payment Processes within Environmental Services (Limited Assurance)

- There is a good segregation of duties in place in relation to the ordering, receiving and paying for goods and services.
- With the exception of invoices relating to insurance claims, payments are made in accordance with the Prompt Payment Code.
- Several payment processes are inefficient, the number of officers being involved in paying invoices being more than needed for compliance purposes.
- The use of three systems to manage rechargeable repairs is inefficient, open to error and causes delays in invoicing tenants which has a detrimental impact upon the prospects of collecting debt.

3.3 11/0833 Asset Management (Inventories) - (Limited Assurance)

- Guidance is currently being developed for Services regarding the maintenance and management of inventories.
- The current financial limit in relation to items to be included in inventories is to be reviewed with a view to a more appropriate limit being introduced.
- A central record of furniture is currently being developed to be maintained by Resources (Property Group).
- Inventories recording civic regalia/heritage items are to be brought up to date.

4.0 Details of Consultation

4.1 Management Team continues to be consulted in developing the plan.

5.0 Options and Options Analysis (including risk assessment)

5.1 The report is for information only and there are no decision proposals to consider.

6.0 Conclusion

- 6.1 Whilst the number of audit days delivered during the year is down on the plan, a wide range of assurance audits have been delivered and completed during the year. Further detail and analysis of the outturn and outcomes of audit work will be reported to the June meeting of the Committee in the Internal Audit Manager's Annual Report.

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 2012/13

Contact Officer: Derek Whiteway

Telephone: 01524 582028

E-mail: dwhiteway@lancaster.gov.uk

Ref: aud/comm/audit/130424IAMon