

AUDIT COMMITTEE

Internal Audit Monitoring Report 26 June 2013

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2013/14 Internal Audit Plan and update Members on the results of recent audits. Also, to seek Members' approval for the proposed supply of internal audit work to an external body, with an associated change to planned resource allocations.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.
- (2) That the proposal to supply up to 25 days of audit resource to the Lake District National Park Authority in 2013/14 is approved and the audit plan adjusted as set out in § 1.6 to take account of this arrangement.
- (3) That the results of recent audits (sections 2-3 of the report) are noted.

1.0 Audit Plan Monitoring to 31st May 2013

- 1.1 The 2013/14 Internal Audit Plan was approved by the Audit Committee at its meeting on 24th April 2013. This report is based on the monitoring position up to 31st May 2013 and a detailed monitoring report as at that date is attached as Appendix A. In summary, the position at that date was as shown in the following table.

1.2 Summary of monitoring position at 31st May 2013







Area of work	Resources (audit days)					
	Actuals to 31/05/13	Remain-ing	Comm-itted	Current Plan	Variance	Proposed Plan
Assurance Work						
Core Financial Systems	10	0	10	100	90	100
Revenues & Benefits Shared Services	6	3	9	60	51	60
Core Management Arrangements	8	14	22	80	58	80
Risk Based Assurance Audits	38	50	88	140	52	140
Follow-Up Reviews	19	41	60	60	0	60
Sub-Total, Assurance	81	108	189	440	251	440
Consultancy Work						
Support Work	6	10	16	40	24	40
Ad-Hoc Advice	17	48	65	65	0	65
Sub-Total, Consultancy	23	58	81	105	24	105
Other Work						
Other Duties (Non-Audit)	0	15	15	15	0	15
Work for Other Bodies	2	0	2	10	8	25
Audit Management	8	42	50	50	0	50
Sub-Total, Other Work	10	57	67	75	8	90
Contingencies						
Investigations	0	0	0	30	30	30
General Contingency	0	0	0	40	40	40
Sub-Total, Contingencies	0	0	0	70	70	70
Total	114	223	337	690	353	690

- 1.3 The monitoring position takes account of ongoing and planned work commitments. This shows that overall, current commitments total 337 days, compared with the current plan of 690 days, giving an uncommitted resource of 353 days. This includes both the general contingency of 40 days and contingency for investigation work of 30 days.
- 1.4 At this early stage in the year there is no indication of any pressures arising within the plan.
- 1.5 As reported to the last meeting of the Committee, audit work had been carried out in 2012/13 on behalf of the Lake District National Park Authority (LDNPA) and a provision of 10 days was included in the 2013/14 plan in case further opportunities arose. Two further days have been supplied to the LDNPA in May 2013 to provide necessary internal audit certificates for two grant claims.

- 1.6 Further discussions with the LDNPA have led to a request for the council's internal audit function to provide up to 25 days audit resource during 2013/14, to help fulfil the authority's internal audit plan. Given the resources available for, and current lack of identifiable pressures within the City Council's plan, it is felt that undertaking this work can be managed with a minimal impact on the levels of audit assurance provided to the City Council. It is proposed to find the additional 15 days required by reducing the budget for Risk Based Audits by 10 days and the budget for Support Work by 5 days. Members are asked to approve both the proposal to provide audit resources to the LDNPA and the associated changes to the plan.

2.0 Results of Internal Audit Work to 31st May 2013

- 2.1 This report covers audit work and reports issued since the Results of Audit Work were last reported to Committee on 24th April 2013. Summary reports have been 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				
12/0861	Debt Management – Council Housing	29/05/13	Limited	
12/0878	Affordable Warmth	30/05/13	Limited	
12/0862	Housing and Council Tax Benefits 2012/13	05/06/13	Substantial	
Follow up Reviews				
12/0859	Income Management	22/04/13	Substantial	
12/0860	Markets	10/05/13	Substantial	
12/0847	AONB	14/05/13	Substantial	
12/0821	RMS – Partnership with Forrest	15/05/13	Substantial	

3.0 Matters Arising from Audit Reviews

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

3.2 12/0861 Debt Management – Council Housing (Limited)

- Both the corporate system (Civica) and Council Housing's system (Anite) facilitate the management of debts in accordance with Financial Regulations and Procedures.
- A way forward is to be determined on the system(s) to be used, ensuring corporate financial monitoring arrangements are met.
- Housing rent arrears and associated costs managed in Anite, are pursued in accordance with corporate debt recovery procedures and effective monitoring arrangements are in place.
- Actions have been agreed to improve charging and billing arrangements in respect of rechargeable repairs.
- Procedures and processes have been developed over the past twelve months to improve the administration and collection of Lifeline charges and these should be fully operational during 2013/14.

- A review of leaseholder charging arrangements is needed to ensure accurate and prompt invoicing which is in line with legislation.
- Procedures for reconciling rent arrears between Anite and the general ledger are robust.

An action plan has been developed, setting out measures to address the issues arising from the audit. Progress will be reviewed and reported to the Audit Committee in line with normal follow-up arrangements.

3.3 12/0878 Affordable Warmth (Limited)

- The Authority's aims and objectives are to be defined, and a strategy developed, to ensure a co-ordinated approach is taken to helping vulnerable households achieve affordable warmth.
- Ownership of the Authority's aims and objectives in relation to affordable warmth is to be defined, and roles and responsibilities formally agreed.
- As a member of the Fylde Coast and Lancaster Affordable Warmth Group, the Authority has access to a useful network to share knowledge and skills.
- Good arrangements are in place for identifying vulnerable households which the Authority is seeking to help achieve affordable warmth.
- Robust arrangements are in place for monitoring and reporting on performance.
- Arrangements for funding affordable warmth objectives beyond March 2014, when current funding ends, are to be reviewed.
- Arrangements are in place for keeping up to date with impending changes brought about by the transfer of public health responsibilities.

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 options available to the Committee are either to endorse the proposed changes to the plan or to propose an alternative course of action.

6.0 Conclusion

6.1 There are no unmanageable pressures within the audit plan at present. Some realignment of plan allocations is required to reflect additional time spent on Core Financial Systems and 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)

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 2013/14

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