

# **AUDIT COMMITTEE**

**14<sup>th</sup> September 2016**

## **Internal Audit Monitoring**

### **Report of Internal Audit and Assurance Manager**

#### **PURPOSE OF REPORT**

To advise Members of the latest monitoring position regarding the 2016/17 Internal Audit Plan, seek approval for proposed variations to the plan, and update Members on the results of recent audits.

**This report is public**

#### **RECOMMENDATIONS**

- (1) That the current monitoring position is noted.**
- (2) That the proposed revisions to the audit plan, as set out in the table in §1.2, are approved.**
- (3) That the results of recent audit activity (sections 2 - 3 of the report) are noted.**

#### **1.0 Audit Plan Monitoring to 10<sup>th</sup> August 2016**

- 1.1 The 2016/17 Internal Audit Plan was approved by the Audit Committee at its meeting on 29<sup>th</sup> June 2016. This report is based on the monitoring position up to 10<sup>th</sup> August 2016 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 10<sup>th</sup> August 2016

Area of work	Resources (audit days)					
	Actuals to 10/08/16	Remaining	Committed	Current Plan	Variance	Proposed Plan
<b>Assurance Work</b>						
Core Financial Systems	12	0	12	50	38	50
Revenues & Benefits Shared Services	0	40	40	40	0	40
Core Management Arrangements	26	10	36	50	14	50
Risk Based Assurance Audits	31	36	67	120	53	120
Follow-Up Reviews	5	30	35	50	15	35
<b>Sub-Total, Assurance</b>	<b>74</b>	<b>116</b>	<b>190</b>	<b>310</b>	<b>120</b>	<b>295</b>
<b>Consultancy Work</b>						
Ad-Hoc Advice	17	33	50	50	0	50
Corporate Risk Management	1	19	20	20	0	20
Support Work	0	0	0	20	20	20
<b>Sub-Total, Consultancy</b>	<b>18</b>	<b>52</b>	<b>70</b>	<b>90</b>	<b>20</b>	<b>90</b>
<b>Other Work</b>						
Other Duties (Non-Audit)	92	38	130	55	-75	130
Audit Management	13	27	40	40	0	40
<b>Sub-Total, Other Work</b>	<b>105</b>	<b>65</b>	<b>170</b>	<b>95</b>	<b>-75</b>	<b>170</b>
<b>Contingencies</b>						
Investigations	0	0	0	20	20	10
General Contingency	0	0	0	20	20	10
<b>Sub-Total, Contingencies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>40</b>	<b>20</b>
<b>Total</b>	<b>197</b>	<b>233</b>	<b>430</b>	<b>535</b>	<b>105</b>	<b>575</b>




- 1.3 The monitoring position takes account of ongoing and planned work commitments. This shows that overall, current commitments total 430 days compared with the currently approved plan of 535 days, giving an uncommitted resource of 105 days. This includes both the general contingency of 40 days and the unallocated contingency for investigation work (20 days).
- 1.4 Delivery of the audit plan has, to this point in the year, been heavily affected by the need for internal audit staff resources to be diverted, from March 2016, to cover both the management and day-to-day operation of the Council's corporate information management functions. This is demonstrated in the 75 days over-commitment of resources to "Other Duties (Non-Audit)". This situation has now been resolved following the appointment of both an Information Governance Manager and Information Governance Assistant.

### Proposals

- 1.5 The proposals incorporate a reduction in time spent on follow-up reviews (15 days) and the transfer of 10 days each from the investigations contingency and the general contingency. This reduces the current over-commitment in the plan from 75 days to 40 days. Options are to be explored for securing additional resources to meet this shortfall, from within existing budgets.
- 1.6 These proposals seek to maintain the main programme of Assurance Audit work.

## 2.0 Results of Internal Audit Work to 30<sup>th</sup> August 2016

- 2.1 This report covers audit work and reports issued since the last update report to Committee on 29<sup>th</sup> June 2016. Summary reports have been issued to Members for consideration and are also posted on the Council's Intranet. The reports issued have been:

Audit Title		Report Date	Assurance Level	
<b>New Audit Reports</b>				
15/0966	Sundry Debtors	04/07/16	Substantial	
15/0972	Driver Certificate of Professional Competence	19/07/16	Limited	
15/0965	Section 106 Agreements	22/08/16	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 15/0972 – Driver Certificate of Professional Competence (Limited)

Although Managers are confident that all appropriate drivers have a valid Driver Certificate of Professional Competence (CPC), a limited assurance opinion has been given on the basis that this could not be demonstrated due to the lack of available supporting documentation. Actions have been agreed to ensure that a comprehensive record of those drivers requiring a valid CPC in order to carry out their duties is produced, along with a record of those drivers that currently hold a valid CPC, the expiry dates and a record of all training that has been undertaken.

### 3.3 15/0965 – Section 106 Agreements (Limited)

A limited assurance opinion has been awarded on the basis that although the majority of systems and controls in place in respect of S106 agreements are appropriate and are working well, there are some concerns surrounding the effectiveness of current monitoring arrangements. Effective monitoring of agreed trigger points is fundamental in ensuring that contributions are received within specified timescales. Actions have been agreed to strengthen controls in this area and ensure that all income or other agreed provisions due, are appropriately and promptly identified and received.

## 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 Regarding the Internal Audit Plan, the options available to the Committee are either to approve the proposed changes or to propose an alternative course of action.

## 6.0 Conclusion

- 6.1 Adjustments in plan allocations and the exploration of options to secure additional resources, within existing budgets, are being proposed to maintain the core elements of the internal audit plan.

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

Not applicable

**FINANCIAL IMPLICATIONS**

It is anticipated that any options for securing additional resources to maintain the audit plan can be met from within existing budgets.

**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 2016/17

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