



Internal Audit Monitoring 20 September 2006

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2006/07 Internal Audit Plan.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.
- (2) That, in the light of identified over-runs (set out in paragraphs 2.4 to 2.6), the Internal Audit Manager continues to monitor the programme, seeking approval for any adjustments necessary from the next meeting of the Committee and, if more urgent action is required, reporting in the interim to the Chairman.

1.0 Introduction

- 1.1 The 2006/07 Internal Audit Plan was approved by the Audit Committee at its meeting on 26 April 2006. This report is based on the monitoring position as at 18 August 2006.

2.0 Proposal Details

- 2.1 A detailed monitoring exercise was undertaken by the Internal Audit team on 19 July 2006 and this has been updated for the purposes of this report to the 18th August 2006. Taking account of work to complete audit assignments from the 2005/06 plan, this still represents a relatively early position statement.
- 2.2 A monitoring report as at 18 August 2006 is attached as Appendix A. In summary, the position as that date was as follows:

Days originally planned (approved audit plan)	924
Adjustments to the plan (provisional)	+5
Revised plan	929
Days undertaken to 18 August 2006-08-18	312
Days remaining	617

- 2.3 The provisional adjustment of an additional 5 days reflects work on the audit of contract final accounts, provision for which was omitted from the plan approved by the Committee in April.
- 2.4 At this time, progress with the main elements of the plan is good. The one area that needs to be considered at this stage is the impact of ongoing work being undertaken by Internal Audit staff in supporting a number of corporate initiatives/projects, notably:
- the implementation of a corporate project management methodology;
 - development of the procurement strategy; and
 - implementation of the corporate risk management strategy.
- 2.5 At 18 August, these three pieces of work (covered by the heading “Project Support” on page 1 of the attached monitoring report) had accounted for 57.6 days against an approved budget of 60 days. Whilst all three projects are included in the Council’s Improvement Plan, the most significant element to date has been the work being undertaken by the Principal Auditor in coordinating the development and implementation of the corporate project management methodology, which has taken 32.6 days so far. Excellent progress has been made with this piece of work, which is seen as crucial to the Council’s continued improvement and the accomplishment of targets set out in the Improvement Plan.
- 2.6 Along with the other project support work, it is currently envisaged that, if Internal Audit staff are to continue in their current roles, the final outturn for this section of the plan is likely to be around 100 days, compared with the approved budget of 60. At this stage in the plan, it would be too early to contemplate drawing on the General Contingency (45 days) or committing to any postponements or reductions in budget for other planned activities. It is therefore recommended that the Committee give its approval for Internal Audit to continue to support these projects, and that the Internal Audit Manager continues to monitor the position and reports in more detail to the next meeting of the Committee.

3.0 Details of Consultation

- 3.1 Not applicable

4.0 Options and Options Analysis (including risk assessment)

- 4.1 In terms of the anticipated budget over-runs identified, the main options are:
- a) Allocate days from the General Contingency of 45 days;
 - b) Adjust the plan by reducing allocations of time to other activities; and
 - c) Continue to monitor progress and develop proposals to address the situation in the next round of monitoring and reporting to the Committee.
- 4.2 At this relatively early stage in the year, it is probably too soon to consider allocating time from the General Contingency, or making a commitment to changing the remainder of the programme.

5.0 Officer Preferred Option

5.1 The officer preferred option is therefore option c) - that of continuing to monitor progress, developing proposals to address the over-runs and reporting to the next meeting of the Committee. There is a possible drawback in this, in that the next meeting of the Committee is scheduled for four months time, on 24 January 2007 which would leave little time to implement significant changes to the plan. Consequently, if ongoing monitoring indicates that more urgent review is necessary, it is proposed that the Internal Audit Manager agree this with the Head of Financial Services and report the action taken to the Chairman.

6.0 Conclusion

6.1 At present, good progress is being made with the 2006/07 Internal Audit Plan and no major difficulties are envisaged. With regard to ongoing Internal Audit involvement in a number of significant corporate projects, it is proposed that this work be continued, with the position and implications for the remainder of the plan being monitored and managed for the time being.

CONCLUSION OF IMPACT ASSESSMENT

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

Not applicable

FINANCIAL IMPLICATIONS

None arising from this report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2006/07

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