

AUDIT COMMITTEE

Internal Audit Monitoring 19 September 2007 Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest monitoring position regarding the 2007/08 Internal Audit Plan.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.
- (2) That the proposed revision to the Audit Plan attached at Appendix B is endorsed.

1.0 Introduction

- 1.1 The 2007/08 Internal Audit Plan was approved by the Audit Committee at its meeting on 27th June 2007. This report is based on the monitoring position as at 10 August 2007, details of which are attached as Appendix A.

2.0 Proposal Details

Progress with Planned Assignments

- 2.1 Work In Progress brought forward as at 01 April 2007.

Fourteen jobs from the 2006/07 plan were still in progress at 01 April 2007 and 36 days have been spent in the current year on completing these. At the time of writing, all of these jobs have been, or are nearing completion. It is expected that all work will be finalised within the days provided (47.8 days) for work in progress.

- 2.2 2007/08 Planned Work

Appendix A sets out the progress made with the assignments for 2007/08 to date, showing the actual days spent on the 29 audit jobs allocated up to 10 August 2007. All these assignments are ongoing and within the number of days allocated, save for the following jobs:

Job Title	Current over-run	Reason
Project Management Development (Support Work)	-2.1	Ongoing work in establishing the LAMP methodology and supporting the Projects & Performance Officer who took up post in early July 2007. Internal Audit involvement now substantially complete
Williamson Park Investigation	-1.7	Work has been finalised and report being drafted

Current and Future Workload

- 2.3 The monitoring report as at 10 August 2007 is attached as Appendix A. In summary, the position as at that date (excluding work in progress brought forward) was as follows:

	Totals	Allocated Work	Unallocated
Annual Plan (days)	840.0	391.0	449.0
Delivered at 10/08/07	195.8	195.8	0.0
Remaining at 10/08/07	644.2	195.2	449.0

- 2.4 In line with the Internal Audit Strategy approved by the Audit Committee on 27 June 2007, the annual work programme is being developed as the year proceeds to help identify and meet emerging audit and assurance needs.
- 2.5 The “Core Financial Systems” section of the plan will be addressed predominantly in the third and fourth quarters of the year, with particular attention being given to those systems being replaced during the year (Civica Financials). This is a section of work on which the external auditors seek to place reliance in their own opinion work.
- 2.6 Following a report to Corporate Management Team on 06 July 2007, consultation with the Section 151 Officer and Monitoring Officer, and discussions with the Council’s new external auditors, it is proposed to include the following assignments in the plan:
- Local Area Agreement / enhanced two tier working / neighbourhood management (the potential for a joint approach with the external auditors is being considered)
 - External funding arrangements
 - Records management
 - PAYE
 - Data Quality and Escendency development
- 2.7 Other topics to have arisen recently include revised guidance on corporate governance in local government, issued by the chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). An assignment is being proposed to consider the implications for the Council of this revised guidance, including particular consideration of its relevance to the Audit Committee.
- 2.8 As the fair pay process progresses, discussions have been held about the need for independent assurance on the project itself but particularly on the integrity and reliability of the computer systems dealing with the job evaluations and pay modelling (two separate systems). It is proposed that the Internal Audit Manager takes on this role and an allocation of 20 days is proposed to cover this work.
- 2.9 In discussing our respective audit plans with the external auditor, consideration is being given to the scope of any computer / IT related work. At this stage, a programme of work has not been developed, but an indicative allocation of 40 days under “Core Operational Systems” is proposed to cater for this area of work.
- 2.10 A revised draft work schedule incorporating these proposed assignments (with indicative budget allocations) is attached as Appendix B. Actual budget allocations to individual assignments are determined following initial briefing and scoping meetings. This work schedule would result in 686 of the planned 840 days being allocated, leaving 154 remaining unallocated.

3.0 Details of Consultation

3.1 Not applicable

4.0 Options and Options Analysis (including risk assessment)

4.1 At this point, there are no variances in the plan significant enough to warrant a formal revision. The options available relate to the proposed assignments, specifically their relevance in terms of Internal Audit's provision of assurance.

4.2 The main risk to consider is that the developing internal audit programme might not be effective in providing the expected levels of assurance to management and the Council (via the Audit Committee). It is felt that the process adopted, involving Corporate Management Team and the Council's statutory officers and liaising with the external auditor ensures as far as possible that internal audit work plans are suitably focused, relevant and effective.

4.3 The options are to a) endorse the proposed assignments and revised work programme as attached, or b) endorse the revised work programme subject to any additional/alternative assignments being considered for inclusion.

5.0 Officer Preferred Option

5.1 The officer preferred option is option a) that the proposed assignments and work programme set out in Appendix B is endorsed.

6.0 Conclusion

6.1 Good progress is being made with the 2007/08 Internal Audit Plan and no major difficulties are envisaged at this stage.

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 Section 151 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 2007/08

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