

# PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

3 March 2009

## Report of the Director of Governance and Procurement

### ITEM 11 INTERNAL AUDIT PLAN 2008-09 PROGRESS

#### **Purpose of the Report**

The report summarises the status of the 2008-09 Audit Plan and also outlines the key findings from final audit reports and follow-up work completed since the previous progress report considered by this Committee at the meeting held 18 November 2008.

Appendix A sets out a summary of progress against the Audit Plan as at 31 January 2009.

The Committee is as asked to consider and approve the proposed amendments to the Audit Plan for 2008/09 as set out on page 3 of the report.

#### **Recommendation**

The Committee as asked to note and approved the proposed amendments to the 2008/09 Internal Audit Plan as follows, for the reasons set out in the report:

- (1) Contract Management – Client Functions: to be postponed and included in the 2009/10 Audit Plan,
- (2) Climate Change: to be postponed and included in the 2009/10 Audit Plan.

#### **Background**

##### Key Financial Systems

During the reporting period the following final reports have been issued for key financial systems audits:

*Salaries/Wages:* Substantial Assurance

*Debtors:* Moderate Assurance

A number of medium and low priority recommendations were made relating to updating and expanding procedure notes, and further improving processes.

*Creditors:* Moderate Assurance

Recommendations were made that procedures needed to be regularly updated and reviewed. An isolated instance was also found where one payment over £50,000 had not been authorised by a second signatory, as required.

*Council Tax:* Substantial Assurance

*Non- Domestic Rates:* Substantial Assurance

## Strategic & Service Risk Audits

During the reporting period five final reports have been issued in respect of audits completed from the audit plan. All these reports were issued with opinions of 'Moderate Assurance', the main findings and recommendations being as follow:

### *Concessionary Travel (National Scheme): Moderate Assurance*

Two high level recommendations were made; one relating to ensuring a written Service Level Agreement is in place with the County Council, and one relating to the need to obtain written documentation to substantiate payments made to the County Council for bus and rail travel.

### *Civic Buildings – Repairs & Maintenance: Moderate Assurance*

High level recommendations were made relating to giving consideration as to the most effective ownership of repairs and maintenance budgets (ie. whether budgets should continue to be split between Property Services and the service managers who occupy the buildings).

### *Charnwood Grants: Moderate Assurance*

Whilst no high level recommendations were made, a number of medium and low level recommendations were raised relating to further improving and strengthening procedures and controls.

### *Land Charges: Moderate Assurance*

No high level recommendations were made, but some medium and low level suggestions were made to further improve procedures and controls.

### *Staff Selection & Recruitment: Moderate Assurance*

Two high level recommendations were made relating to the need to ensure CRB checks are completed where required before allowing staff to commence employment, and ensuring that probationary reviews are completed for new staff according to specified requirements.

## Special Investigations

Internal Audit have continued to be involved in one special investigation during the period, as summarised below:

### *Information Security Review:*

An Internal Audit report on the investigation arising from the eBay hard disk incident has now been finalised, which gave a Limited Assurance opinion. Responses to the recommendations made by the independent IT security consultant on the Council's arrangements have also now been finalised. Now that the court case involving the former officer involved in the original incident has been concluded, it is proposed that a report on the investigations be presented to the meeting of the new Audit Committee scheduled for 25 March 2009.

### National Fraud Initiative

The Council has supplied the required data according to the Audit Commission's requirements and timetable, including electoral roll data for the first time.

Data matches are expected to be received shortly, and will be appropriately followed-up and investigated.

### Outstanding Recommendations

Directors receive reports on a monthly basis listing internal audit recommendations that should have been implemented. As at 31 December 2009, 58% of the recommendations due to be implemented had been actioned by their due dates, and new implementation dates had been agreed for the remainder.

### Internal Audit Plan 2008/09

The following amendments to the agreed Internal Audit plan for 2008/09 are proposed:

#### *Contract Management – Client Functions*

This audit was originally included to review the client management functions assuming the Shared Services contract commenced in the summer of 2008. However, as any contract will now not start until the summer of 2009, it is proposed to postpone this audit and include it in the Audit Plan for 2009/10.

#### *Climate Change*

This audit was included to review the Council's preparations for the several climate change indicators which form part of the new National Indicator set, which have replaced BVPIs for 2009/10 onwards. However, 2008/09 has been a baseline setting year for these indicators, and work is still ongoing to establish results for some of the new indicators. Therefore it is proposed to postpone this audit until early in 2009/10 so that the full set of results is available to review, and it will therefore be included in the Audit Plan for 2009/10.

Assuming that these proposed amendments are agreed, it is anticipated that the target of completing 95% of the amended 2008/09 Audit Plan can be achieved.

### Performance Indicators for Internal Audit

The following summary outlines the results against the local performance indicators for Internal Audit for the 3<sup>rd</sup> Quarter of the financial year 2008/09 (as at 31.12.08), unless otherwise stated.

<b>Indicator</b>	<b>Target</b>	<b>Result</b>	<b>Notes</b>
Percentage of clients satisfied or very satisfied with the service provided by Internal Audit	95%	100%	
Percentage of audits programmed for the	95% (annual)	52% (at 31/1/09)	As at 31 January 2009, assuming that the Committee agree the

current year that have been completed to final report stage by the year end.			proposals to postpone the two audits from the 2008/09 Audit Plan until 2009/10 as set out in this report, progress against the amended 2008/09 plan is as follows: Final reports issued: 52% Draft reports issued: 14% In progress: 20%
Percentage of agreed recommendations arising from internal audit and performance improvement reviews implemented by the agreed date.	80%	58%	Revised implementation dates have been agreed in respect of all recommendations which have not been implemented by the original agreed dates.

Background Papers:

None

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## Appendix A - Internal Audit Plan – Status Report as at 31/1/2009

Audit	Current Position	Audit Opinion
<b>Key Financial Systems</b>		
Salaries/Wages	Final Report	Substantial Assurance
Debtors	Final Report	Moderate Assurance
Creditors	Final Report	Moderate Assurance
Cash/Cashiers	In progress	
Council Tax	Final Report	Substantial Assurance
Non Domestic Rates	Final Report	Substantial Assurance
Housing/Council Tax Benefits	In progress	
Treasury Management	Draft Report	
Accountancy /budgetary control	In progress	
Capital Programme	In progress	
<b>Strategic &amp; Service Risk Audits</b>		
Data Quality BVPIs & NIs	Final Report	Moderate Assurance
Data Protection & Records Management	In progress	
Contract Management - Client Functions	Postponed to 2009/10	
Charnwood Grants Scheme	Final Report	Moderate Assurance
ALMO - Financial & Performance Monitoring	Scheduled for March 09	
Climate Change	Scheduled for March 09	
Business Continuity	Scheduled for Feb 09	
Staff Recruitment & Selection	Final Report	Moderate Assurance
Anti Fraud & Corruption	Draft Report	
Land Charges	Final Report	Moderate Assurance
Building Control - Fee Income	Final Report	Moderate Assurance
Environmental Health - Food Safety	Scheduled for Feb 09	
Civic buildings & Offices - Repairs & Maintenance	Final Report	Moderate Assurance
Telephones & Mobile Phones	Final Report	Moderate Assurance
Civil Parking Enforcement	Final Report	Moderate Assurance
Economic Development	In progress	
Concessionary Travel - National Scheme	Final Report	Moderate Assurance
Grounds Maintenance	Draft Report	
Waste Contract - Review of Tender Process	Scheduled for March 09	
Garden Refuse - Brown Bin Scheme	Draft Report	
Computer Audit – Information Security Review	Final Report	Limited Assurance