

Audit Committee

13 March 2008



Internal Audit 2007/08 progress report

Report of the Head of Internal Audit and Risk Management

Purpose of the report

1. The purpose of this progress report is to advise Members of the Audit Committee of the work undertaken by Internal Audit between 01 April 2007 and 31 January 2008 and provide detail on the progress made against the annual audit plan for the financial year 2007/08. This is the second of a series of regular progress reports prepared each financial year as part of the Authority's overall governance arrangements and is in accordance with best practice.

Reporting of key observations

2. Our work in this financial year has identified 972 issues including 6 critical (fundamental control issue which could impact across the Authority and should be addressed immediately), and 244 of high priority (fundamental Service / Establishment control issue which should be addressed immediately). We identified five reviews, details of which are attached as Appendix 2, where the combination / number of critical / high priority issues is considered significant enough to bring to Members' attention. In each case, Managers have provided suitable responses to how they intend to address the issues identified. Follow up work in relation to the 972 issues identified has recently started and Service Managers have confirmed that 136 of our recommendations have been implemented.

Performance against targets in 2007/08

3. We reported in December 2007, the necessity to reduce the number of audit days by 746 to realign resources to activities. In the ten-month period under review, Internal Audit has delivered 1,283 productive audit days equivalent to 86% of the revised total days planned. Of the 127 reports issued, 101 were delivered within fifteen working days, which at 80% falls short of our 90% internal target, this number rising to 121 (95%) within CIPFA's 30 day target. Performance against the Internal Audit effectiveness targets is strong with 100% of recommendations being accepted. Analysis of the thirty one customer satisfaction surveys returned in relation to work completed, rated the performance of Internal Audit across three review areas as good at 1.32 (very good = 1, good = 2, satisfactory =3, poor =4). A summary of work undertaken by Service is included for Members' information as Appendix 3.

Recommendations

4. Members are requested to:
 - i note the progress made in relation to the Audit Plan to date and the performance against targets,
 - ii note the critical and high priority issues identified.

Background Papers - **Audit Files & Working Papers**

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Appendix 1: Implications

Local Government Reorganisation

(Does the decision impact upon a future Unitary Council?)

No

Finance

There are no direct financial implications arising for the Council as a result of this report, although we aim through our audit planning arrangements to review core systems in operation and ensure through our broad programme of work that the Council has made safe and efficient arrangements for the proper administration of its financial affairs.

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and disorder

None

Sustainability

None

Human rights

None

Localities and Rurality

None

Young people

None

Consultation

None

Health

None

Appendix 2: Extraction of Critical and High Priority Issues

Review Area	Date of Review	No. Recommendations	Summary of Issues	Management Response and Further Action
Strategic Civil Alliance	June 2007	1 Critical 2 High	A first review of this area, considering whether the Alliance is an effective mechanism for delivering the Council's current Civil Engineering programme and meets future needs beyond 2009. Issues raised in relation to ability of Alliance in current form to maximise benefits to the Council in the long term.	Management response received confirming that future delivery mechanism is already being considered through the Alliance Board. Follow up work currently under way to confirm progress made in recommendation implementation.
Traveller Liaison Service	June 2007	4 High	A first review of this area, looking at budget planning and financial management arrangements within the Traveller Liaison Service. Issues were identified in relation to the detail available in preparing budgets for the six Traveller sites and monitoring of costs incurred. Financial procedures were operated in an informal manner at the site selected for our visit.	Comprehensive management response received in relation to each recommendation made. Follow up work currently under way to confirm progress made in recommendation implementation.
Business Continuity Planning	October 2007	6 High	The review focussed upon the Council's business continuity arrangements. The key issues identified related to formally issuing the high level plan, ensuring the IT disaster contingency arrangements are incorporated into the plan and developing the detailed service specific plans.	Comprehensive management response received in relation to each recommendation made. Follow up work currently under way to confirm progress made in relation to the implementation of the recommendations.

Review Area	Date of Review	No. Recommendations	Summary of Issues	Management Response and Further Action
Computer Purchasing Policy	November 2007	8 High	The review focussed upon the arrangements for the purchase and disposal of PCs/laptops. The key recommendations related to the lack of documented procedures in place and also ensuring that the asset register is kept up to date with all relevant details.	Comprehensive management response received in relation to each recommendation made. Follow up work currently under way to confirm progress made in relation to the implementation of the recommendations.
Payroll BACS	January 2008	3 High	A core review that sought to compare the content of net pay files extracted from the Council's Payroll system, Resource Link, with copies of the BACS transmission files. Issues raised in relation to conventions for naming and maintaining copies of the BACS transmission files.	Comprehensive management response received detailing mechanism to be utilised by management in actioning recommendation made.

Appendix 3 : Progress Report - Internal Audit Plan 2007/08

Key Indicators of Performance

Service	No. of Reviews	Planned Days	Actual days	Critical	High	Medium	Recommendations					
							Low	Total	Accepted	Awaited	Rejected	Implemented
Core Systems	32	157	118.5	0	13	18	5	36	17	19	0	5
Adult and Community Services	33	177	174.9	0	54	114	41	209	153	56	0	68
Chief Executive's Office	2	20	22.5	0	0	0	0	0	0	0	0	0
Children and Young People's Services	39	109	126.1	0	20	109	32	161	125	36	0	18
FMSiS - Schools	138	368	292.2	0	76	278	21	375	232	143	0	8
Corporate Services	14	38	25.9	0	1	13	2	16	10	6	0	10
Customer Services	15	91	56	0	30	29	3	62	57	5	0	6
Environment	12	73	57.6	1	15	22	12	50	50	0	0	12
Pension Fund	7	40	50.8	0	9	3	0	12	4	8	0	3
Service Direct	1	5	5.1	0	0	3	0	3	0	3	0	0
External Bodies	5	24	26.8	0	6	15	2	23	6	17	0	6
Other Corporate Activities	11	391	326.5	5	20	0	0	25	23	2	0	0
	309	1493	1282.9	6	244	604	118	972	677	295	0	136

Other Indicators of Performance

% of reports issued within 15 working days 80% (101 out of 127)
 Customer Satisfaction 1.32