



GA.24 11/12

Governance & Audit
Committee

26th September 2011

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Subject: Internal Audit Plan 2011/2012 – Quarter 2 Progress Report

Report by:

Lucy Pledge (Head of Service – Corporate Audit & Risk Management – Lincolnshire County Council)

Contact Officer:

Russell Stone, Financial Services Manager
Russell.Stone@west-lindsey.gov.uk

Purpose / Summary:

The report gives members an update of progress, by the Audit partner, against the annual programme agreed by the Audit Committee on the 5th April 2011.

RECOMMENDATION(S):

- 1) **Members consider the content of the report and identify any actions required.**
- 2) **Future progress reports only include outstanding recommendations where the audit resulted in 'No' or 'Limited' assurance.**

IMPLICATIONS

Legal: None directly arising from the report

Financial: None directly arises from the report.

Staffing: None.

Equality and Diversity including Human Rights:
*NB: A full impact assessment **HAS TO BE** attached if the report relates to any new or revised policy or revision to service delivery/introduction of new services.*
None arising from this report

Risk Assessment: N/A

Climate Related Risks and Opportunities: None arising from this report

Background Papers: No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Call in and Urgency:

Is the decision one to which Rule 14 of the Scrutiny Procedure Rules apply?

Yes

No

Key Decision:

Yes

No

DISCUSSION

1. Introduction

The purpose of this report is to:

- Advise of progress being made with the Audit Plan.
- Provide details of the audit work during the period
- Provide details of the current position with agreed management actions in respect of previously issued reports.

2. Audit Work in the period June to August 2011

The following audit work has been undertaken during this period:

Partnership Management

We have completed a review of partnership management and found that a programme of work is in place to align partnership management with the localism bill. As the localism programme is early in its development we made recommendations for the authority to consider when forming partnership governance arrangements which management has agreed to incorporate into the programme as it develops.

We will schedule a review of the progress made by the localism programme into the 2011/12 audit plan to report on how this has developed.

Housing Benefit Subsidy

We have completed the annual work on behalf of the Audit Commission to provide evidence to support their sign off of the 2010/11 Benefits Subsidy claim. We are pleased to report that no errors were identified.

Governance Arrangements

We are undertaking a review of the actions and progress made by the Council in response to the Audit Commission Review of Governance Arrangements (December 2010). This work is at draft report stage and the indicative opinion is substantial assurance.

Anti Social Behaviour

The Council is a partner in a county wide approach to dealing with anti social behaviour as part of a home office pilot. We are undertaking work to:

- Review the arrangements for managing the pilot in terms of project management/risk management/issues/budget/resources etc. Our aim is to obtain assurance that the project is being effectively managed and if there are any key issues for the Council.
- Develop an audit framework which can be used by all partners to assess their performance in meeting targets

This work will be completed during September 2011.

General Assurance Work

We have commenced a piece of work to give an overall picture of assurance, be it audit, third party, or management assurance, against the Council's critical services, and strategic and emerging risks. The work will result in the

development of an assurance 'map' and it is our intention to present the first version of the map to the Committee in December 2011.

3. Progress with the Implementation of Recommendations

Appendix B shows the outstanding audit recommendations as at 31st August 2011.

There are only recommendations outstanding for audits which were given 'substantial' assurance. It is recommended that in future we only report outstanding recommendations where the audit resulted in 'No' or 'Limited' assurance.

4. Audit Plan 2011/12

Appendix C shows the progress made against the annual audit plan as approved by the Committee on 5th April 2011.

5. Performance Information

Internal Audit performance is measured against a range of indicators. For those measures performance is shown below:

Performance Indicator	Target	Actual (April – August 2011)
1. Actual audits versus planned (by no of audits)	95%	83% *
2. % of Reports issued within 2 weeks of closure meeting	90%	100%
3. Annual plans finalised	By March	By April
4. Quality of Service Client questionnaire scoring good to excellent	Good to excellent	Good to Excellent

APPENDICES (If applicable) - these are listed below and attached at the back of the report.

(if no appendices are attached, please delete this entire box)

APPENDIX A	Assurance Definitions
APPENDIX B	Outstanding Audit Recommendations as at 31 August 2011
APPENDIX C	Progress against the Annual Audit Plan 2011/2012

Appendix A

Internal Audit Standard Assurance Definitions

Assurance Classification	
Full Assurance	The controls are in place to manage the risks and are being effectively operated. The risk of the activity not achieving its objectives is low.
Substantial Assurance	There are some improvements needed in the application of controls to manage risks. However, the controls are in place and operating sufficiently so that the risk to the activity not achieving its objectives is medium to low.
Limited Assurance	The controls to manage the risks are not always being operated or are inadequate. Therefore, the risk of the activity not achieving its objectives is medium to high.
No Assurance	The controls to manage the risks are not being operated or are not present. Therefore the risk of the activity not achieving its objectives is high.

Further classification may be necessary to support any Assurance given which is not 'Full Assurance'. As a very broad guide the following may also be used as a consistency check when considering the level of assurance

Assurance Classification	
Full Assurance	Objectives of the activity are met. A few low risk recommendations.
Substantial Assurance	Objectives of the activity are generally met. There are low or medium risk recommendations.
Limited Assurance	Some of the objectives of the activity are not being met. There are low, medium and a few high risks.
No Assurance	Most or all of the objectives are not being met. Large number of medium and high risks.

End of Appendix A

Appendix B

Outstanding Audit Recommendations as at 31 August 2011

Audit Area	Date	Assurance	Number of Recs	Implem'd	Agreed date for implem't passed			Direction of Travel
					H	M	L	
Resources								
FMS Accounting	Apr 2011	Substantial assurance	7	5	1	1		▲ Revised date 31/03/12
Payroll	Feb 2011	Substantial assurance	3	2	1			▲
Neighbourhoods & Health								
Information Governance	Oct 2010	Substantial assurance	5	1		2		▲ Revised date 30/09/11
Asset Management	Nov 2010	Substantial assurance	3	1		2		▲ Revised date 31/03/12

★ = Ahead of plan

● = On plan

▲ = Behind plan

End of Appendix B

Appendix C

Progress against the Annual Audit Plan 2011/2012

NOTE: This plan is indicative only – the programming of audits cannot be absolute as undertaking an audit depends on the availability of resources and the auditee (impact of leave, sickness, other service priorities for the auditee etc).

Service Area	Original Days	Status	Quarter to be initiated			
			Q1	Q2	Q3	Q4
Neighbourhoods & Health						
Health Programme	5				✓	
Revenue Contracts	5	Completed	✓			
Building Control	3	Completed	✓			
Sub Total	13					
Resources						
Use of Consultants	5				✓	
IT Audit	10				✓	
Housing Benefit Subsidy	20	Completed		✓		
Housing Benefits	10	In progress		✓		
Planning	5					✓
Finance Systems	25					✓
Sub Total	75					
Strategy & Regeneration						
Anti-Social Behaviour	5	In progress	✓			
Housing Standards	5				✓	
Employment & Skills Development	5	In progress		✓		
Risk Management	5				✓	
Sub Total	20					
Assurance						
Corporate Governance	10				✓	
Project Management	5	In progress		✓		
Sub Total	15					
Emerging Risks						
Customer First Programme	10				✓	
Joint Planning Unit	10					✓
Joint Revenue & Benefits Unit	5					✓
Sub Total	25					
Assurance mapping	10	In progress		✓		
Total Non-Audit	21					
Total Plan for 2011-12	179					

End of Appendix C