



AGENDA ITEM: 7

AUDIT AND GOVERNANCE COMMITTEE:

26 June 2012

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

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SUBJECT: REPORT ON INTERNAL AUDIT ACTIVITY APRIL TO JUNE 2012

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To report on progress against the 2012/13 Audit Plan to date.

2.0 RECOMMENDATIONS

2.1 That members note the progress in the year to date and direct any questions to the Internal Audit Manager who will be present at the meeting.

3.0 BACKGROUND

3.1 The April meeting of this Committee approved the Internal Audit Plan for 2012/13 and resolved that a written report be brought back quarterly to enable members to monitor progress against it.

4.0 INTERNAL AUDIT ACTIVITY TO DATE

4.1 A report summarising progress for the year to date is attached and the Internal Audit Manager will be present to answer questions in relation to it.

5.0 RESOURCE ISSUES

5.1 An auditor left to take up a position with another organisation in March. The vacancy created is equivalent to 0.8 of a full time post. The plan was drawn up on the basis of a full complement of staff and the shortfall has been partly filled

through the Council's vacancy clearance process by temporarily increasing the hours of another member of staff by 0.2 of a full time post. As a result the section is currently running with the equivalent of 0.6 of a full time vacancy.

- 5.2 A vacancy will inevitably affect the service's ability to achieve adequate audit coverage and a solution is being progressed through the appropriate channels.

6.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 6.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

7.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 7.1 All the activity referred to in this report is covered by existing budget provisions.

8.0 RISK ASSESSMENT

- 8.1 This report summarises progress against the internal audit's work programme for the year. Internal Audit activity is a key element of assurance to this committee that risks are being properly managed so as to increase the likelihood that the Council will achieve its overall objectives.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

1. Internal Audit Update Report

Audit and Governance Committee June 2012.

Internal Audit Update Report 2012/13 to date

Background

The audit manager brings an update report of progress against the plan to each meeting of Audit and Governance Committee. Although this report is presented in June the update covers a period of just over two months in order to meet the timetable for the production of reports for this meeting. Time is always taken up at the start of the new financial year with the completion of audits commenced in the previous year and the period has included five public holidays, an election day and at the time of writing 27 days lost through a vacancy.

Work to date

An annual review of audit and other regulatory bodies work from the previous year is necessary for the preparation of the Internal Audit Annual Report and agreement of Annual Governance Statement (elsewhere on this agenda) and has been completed.

Standing themes which operate across years have continued including the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies including police authorities, local probation boards, fire and rescue authorities, local councils and a number of private sector bodies in order to prevent and detect fraud.

Another standing item is internal audit scrutiny of contracts, aspects of this work are undertaken continually throughout the year as required in addition to the regular audit reviews of the operation of contract procedures.

The section has also continued to monitor and provide guidance on emerging arrangements for management and performance monitoring for the contract for revenues and ICT services. (Once the Annual Plan was approved the Audit Manager also met with representatives of One Connect Ltd to discuss arrangements for audits of financial systems now secured under the contract).

The move to the provision of services under contract has also required some changes to the Council's own controls, for example those relating to the operation of creditors and debtors systems and internal audit have been actively involved in the developing arrangements.

Further work on developing controls included the implementation of a new official purchasing system for Housing Stock and Corporate Property which has also been completed. This took advantage of the opportunity created to streamline processes using the new QL housing management software. The revised procedures are now in place and work to test their effectiveness in operation will be undertaken later in the year when they have bedded in.

A planned audit has commenced in relation to the Matrix Agency Agreement through which the Council now procures agency staff when required. This operates through an electronic procurement system which has been rolled out to all services.

In addition to this the section has responded to a number of issues including some work relating to the operation of the Council's car loan scheme.

There are no formal investigations underway at this time however time has been spent examining and taking action in relation to a matter referred to internal audit following communications from a member of the public.

Summary

The service is operating with a vacancy the effects of which have been reduced by temporarily increasing the hours of an existing member of staff. Progress against the plan has not fallen significantly behind schedule at this early stage in the year and steps are being taken to secure the resources required for satisfactory completion of the remainder of the plan.